Fiscal 2009

Reference Document

sodexo

Making every day a better day

Summary

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→ Interview with Michel Landel

Chief Executive Officer, Sodexo

November 10, 2009

The Quality Of Life: A New Challenge For The Planet

What are the major challenges facing Sodexo today?

The year 2009 was marked by the worst **financial and economic** crisis that we have known since 1929. In this extremely difficult economic environment, Sodexo has managed to remain a growth company and the Fiscal 2009 results are satisfactory.

Beyond this difficult environment, Sodexo faces five key issues in the world, issues which often also are opportunities for development:

- First, the **aging population** in Western countries, which coincides with a very dynamic demographic trend in all emerging markets, except China. For Sodexo, it is on the one hand a challenge: that of finding the human resources in sufficient number and quality to ensure the Group's development during the next ten years; but, it is also an opportunity to further develop the Seniors segment in which we already hold leadership positions in most countries;
- The other current global challenge: **the environment**. We can only welcome the opportunity to see that there is a real public awareness worldwide. And a real commitment to action by governments that goes beyond the political divisions. The examples are not lacking, the recent World Summit on Climate in Copenhagen being a perfect illustration. I think companies need to play a leading role in this mobilization. At Sodexo, we have put in place substantial resources to play a full part in achieving this change. Our size and international presence allow us to have a true impact. We have adopted this year a battle plan, called the "Better Tomorrow Plan", that allows us to take tangible actions by mobilizing all our key partners, our employees, our clients, our consumers and our suppliers;
- We are also particularly concerned by the issue of availability, supply and cost of **raw materials**, whether it is energy or food.

  We must be flexible and anticipate that these hazards do not impact the quality and competitiveness of our offer. We also must take into account the impact on people, whether our end users, or the women and men who live in the communities where we operate. The decline in purchasing power and the increasing numbers of people affected by hunger and malnutrition are realities that we need to recognize and act on;
- We also, like all companies today, face the challenge of **innovation**. With the emergence of new countries such as Brazil, Russia, India and China, Western countries are competing on this terrain. It is necessary to be in a position to seek innovation where it is found, to continue to internationalize, to be attentive to what is best in the world and to seek to remain at the forefront of our field;
- Finally, I conclude with a particularly important challenge for Sodexo: **Quality of Life**. The crisis produced at least one good thing: it seems that it reminded humans about being human! Increasingly - and the crisis has certainly accelerated this trend - companies and societies are turning to new indicators of wealth. Last September, a Commission composed of 25 international experts, and chaired by American Nobel Prize-winning economist Joseph Stiglitz, presented a report to the President of France on the relevance of indicators of wealth and reached the conclusion

that "GDP alone is insufficient as a measure of wealth." The commission recommends that GDP be supplemented by other measuring instruments that assess general well-being and Quality of Life: health, the environment, education or services to individuals would be taken into account in statistical calculations. In a world facing a financial, economic and environmental crisis, the issue of quality of life therefore becomes crucial.

At Sodexo, after more than forty years of experience, we have seen that Quality of Daily Life was not obvious for organizations facing an unprecedented acceleration in concentration and, therefore, change.

Globalization is a war and a company that wants to earn the right to live or survive has to fight and dedicate itself entirely to its profession.

Because it is the daily aspect of this expected Quality of Life that makes it so difficult to achieve. It is not the exception that makes the difference, but the "daily" repetition of Quality of Life moments.

The 380,000 Sodexo employees around the world use their talent to enable our clients to concentrate on their profession.

Providing 365 days a year a multitude of large and small services at a high standard, this is the *"raison d'être"* of Sodexo! This is the issue of a new profession that carries the name of Quality of Daily Life Solutions.

This new profession is based on a certain idea of the individual and the conditions under which they can give the best of themselves... whether at work or away from work.

This mission is part of a context in which the company appears as a platform of stability in a world in need of points of reference and structure.

At company cannot ask more and more investment from employees without providing daily Quality of Life services essential to their life balance and performance.

Globalization imposes changes in scale and accelerated change on everyone. The resulting destabilization is real. Businesses and organizations cannot be content with minimum service in terms of attention and consideration to their employees and their host communities.

To embody the Quality of Daily Life services for Sodexo is:

- to create a new "business category" corresponding to a real need for companies and organizations,
- to give our clients the ability to optimize their performance across a range of tangible services that are assets in terms of attracting and retaining their employees, improving their processes and optimizing their infrastructure...

Why talk of Quality of Daily Life services?

We are now inventing a **new profession**.

When I say that I'm not saying we are changing our strategy. On the contrary, we are doing what we've always done: serving the needs of our clients.

And today, around the world, these needs are changing as a result of the trends we have seen: Quality of Life, therefore, long term environmental issues, the war for talent, the innovation challenge... Faced with these challenges, the needs of our clients are on three levels:

a. at the **people** level: our clients are looking for motivation and commitment from their employees, so they will be loyal to their employers and effective in their work; they look also, of course, at the satisfaction of their own customers, who they attract by being efficient in delivering a quality offer and in responding to not only to their customers' expectations, but also their values ;

b. at the **process** level, our clients also have become more demanding. Because competition constantly forces them to be ever more efficient and competitive and therefore to be always questioning ;

c. and finally, at the **infrastructure** level, because it is important that their facilities are not only strong and secure, to enable people to work in the best conditions, but also that they do not lose value over time.

It's true for our Corporate clients, but it is also true for a university who must attract the best students or for a **hospital** where:

- patients must be properly cared for and they and their relatives must receive the best possible reception;
- the hospital must also be able to attract and retain the best medical teams;
- these teams must be able to work in premises that meet the highest standards of hygiene and safety;
- the instruments used in the operating room must be perfectly prepared and sterilized;
- the transport of patients must be perfectly smooth and without long waits...

All this is what we demand from a hospital today.

I'll give you another example, very different, but the issues are exactly the same: we won a contract this year with **BHP Billiton**, a major British-Australian mining company, which operates the largest uranium mine in Australia at the Olympic Dam site and has proposed a significant expansion. For this project to succeed, they need to attract a skilled and motivated workforce. Their need and their goal is really that. And it's a true challenge, because the camp is in the Australian Outback, the largest and driest desert in the world, 560 kilometers from Adelaide, the nearest city, and the conditions are extreme. BHP Billiton turned to Sodexo to develop a service solution that creates true Quality of Life in the camp, to enable our client to easily attract and retain the necessary talent. In this situation, we designed an offer that meets every aspect of life at camp: accommodation, food, development of green spaces, transportation to the camp, recreation; everything has been designed to create a unique living environment in the heart of the desert. And we also put in place tools to measure satisfaction that allow us to ensure that we are responding well to our client's needs. And that's what they show: the indicators developed have shown, for example, that the satisfaction level for the food has risen from 61 to 87%, and for the accommodations from 58 to 88%.

There are many examples:

- at Nokia in China, an infrastructure for Quality of Life services has enabled the company to retain its employees as it moved its headquarters to the outskirts of Beijing;
- at Deutsches Herzzentrum in Berlin, our service offer for patients and staff allows the hospital to remain the global benchmark for treating cardiovascular diseases;
- at Hobart & William Smith Colleges in the U.S., we manage services and infrastructure and a sustainable development offer that positions the university at the head of national rankings;
- for KLM at Schiphol Airport, we provide a chain of integrated services ranging from foodservices to the signage, to the management of the shuttle buses, to taking care of uniforms, and to the maintenance of aircraft hangars.

You can see that with this new positioning, we are no longer simply an interchangeable provider of services; Sodexo is a real **strategic partner,** responsive to the client's objectives. For the client, we create, manage and deliver a customized service.

To better express this positioning, which is unique, we have decided to rename our two major service activities:

- "Food and Facilities Management services" is now **"On-site Service Solutions;"**
- "Service Vouchers and Cards" is now **"Motivation Solutions,"** which includes our Restaurant Pass, Gift Pass and Childcare Pass.

Our clients have asked us to extend our offer and that's what we have done, and we have chosen new names that better reflect this scope and richness. But our business, our expertise remain the same: they are the business of Quality of Life, providing solutions for foodservices, housekeeping, concierge services or maintenance.

Our job is no longer only **foodservices**... of course it still generates 72% of our revenue and we will continue to reinforce our strengths in this area, which remains a central component of our offer. It is one of the **four pillars of our development strategy**, the others being:

- become a global leader in **On-site Service Solutions**;
- become the global leader in **Motivation Solutions**;
- grow steadily our **Personal and Home Service Solutions**.

Do you know that in the United States, 63% of surgical procedures are done during a single day? Patients return home and often need home care services. Furthermore, 95% of individuals over 65 years of age in the United States live and want to remain in their home. To respond to this trend and to complete our offer to our Seniors customer segment, we are interested, for example, in non-medical home services. We therefore acquired last summer the number two company in this sector in the United States, Comfort Keepers.

The market potential is considerable. With longer life expectancies and the general aging of the population in industrialized countries, the number of seniors will continue to grow and we have to invent new Quality of Life solutions for them.

With this strategic position, what is your vision for Sodexo's medium term performance?

This positioning reinforces our confidence in the goals we set in 2005 as part of our **"Ambition 2015".** And it is perfectly aligned in the current economic crisis with our clients' need to control their costs and their tendency to turn increasingly to partners that can offer them a full range of services that will be a real source of not just savings but, even more, of added value.

Our teams around the world are mobilized to seize the opportunities that have arisen with the tougher economic environment but that are also driven by the global trends that I just mentioned.

In the medium term, Sodexo is very confident about resuming its development to achieve average annual revenues growth of 7% and reach an operating margin of 6%.

Finally, I wish to thank our clients for their loyalty, our shareholders for their confidence and our employees for all of their efforts during Fiscal 2009. As the providers of quality services that improve the Quality of Life, Sodexo's 380,000 employees contribute together to "making every day a better day."

01

History

→ History

1966	Sodexho is founded in Marseilles 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 U.S. 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 (U.S.) 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 Septemb[er] 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 in Foodservices (in particular, Score Groupe in France), Service Vouchers and Cards and Facilities Management. Acquisition of Zehnacker, a major Facilities Management company Health Care, doubling Sodexo's size in Germany.
2009	Acquisition of Radhakrishna Hospitality Services Group (RKHS), the leading provider of On-site Service Solutions in India. Acquisition of Comfort Keepers in the area of Personal and Home Solutions to Seniors in North America.

02

Our Group

→ Profile

1. QUALITY OF LIFE IN THE SERVICE OF PERFORMANCE

Quality of Life services play an important role in organizational performance. Based on this conviction, Sodexo serves as the strategic partner for companies, institutions and local authorities who place a premium on performance, as it has since Pierre Bellon founded the company in 1966.

Sharing the same passion for service, Sodexo's 380,000 employees, in 80 countries around the world, design, manage and deliver an unrivaled array of comprehensive On-Site Service Solutions and Motivation Solutions that improve the Quality of Daily Life. With this, Sodexo has invented a new form of service business that promotes the fulfilment of our employees and contributes to the economic, social and environmental development of the local communities with which we work.

Sodexo has been ranked third among the world's leading outsourcing services companies

by the International Association of Outsourcing Professionals™ (IAOP), an industry trade group. It is the fourth consecutive year that Sodexo has been ranked in the top five of the Global Outsourcing 100™.

For the second year in a row, Sodexo was the highest-ranked company in its industry category, "Facility Services".

Key Figures

Consolidated revenues:

- **14.7** billion euro
- **19.8** billion U.S. dollars

(at the average exchange rate for Fiscal 2009
1 euro = 1.3519 U.S. dollars.)

380,000 employees

33,900 sites

50 million consumers

80 countries

Source: Sodexo.

2. ON-SITE SERVICE SOLUTIONS

(Formerly: Food and Facilities Management Services)

Sodexo designs, manages and delivers comprehensive On-site Service Solutions for its clients with services that range from: foodservices to construction management, reception to the maintenance of scanners and laboratory equipment, technical maintenance, river and harbor cruises and from housekeeping to rehabilitation services at correctional facilities. Our solutions are available in eight client segments: Corporate, Defense, Justice, Remote Sites, Health Care, Seniors, Education and Sports and Leisure.

These solutions offered on client sites are complemented by our Personal and Home Service Solutions within the Corporate and Seniors segments.

Key Figures

95.3% of Group revenues

Consolidated Revenues:

- **13,989** million euro
- **18,910** million U.S. dollars

(at the average exchange rate for Fiscal 2009 1 euro = 1.3519 U.S. dollars.)

Source: Sodexo.

A world leader in On-site Service Solutions

3. MOTIVATION SOLUTIONS

(Formerly: Service Vouchers and Cards)

Employee Benefits, Incentives and Recognition, Public Benefits… Sodexo is the preferred partner of public and private organizations to design, manage and deliver Motivation Solutions to attract and retain employees, boost performance and deliver social benefits transparently and securely. The Pass, designed by Sodexo to serve a variety of purposes, from meal vouchers to gift and mobility cards, is accepted by a network of more than one million retailers and service providers worldwide.

Key Figures

4.7% of Group revenues

Consolidated revenues:

- **711** million euro
- **961** million U.S. dollars

(at the average exchange rate for Fiscal 2009 1 euro = 1.3519 U.S. dollars.)

Source: Sodexo.

12.1 billion euro in issue volume

375,000 clients (excluding individuals)

26.3 million beneficiaries

1 million affiliated partners

One of the worldwide leaders in Motivations Solutions

→ Fundamentals

Sodexo, founded in 1966 in Marseilles by Pierre Bellon, Chairman of the Board of Directors, is built on a philosophy that today unites the Group's 380,000 employees throughout the world around the same mission: **to satisfy the expectations of all stakeholders** (clients, employees, shareholders) **in choosing organic growth in revenues.**

In 1966, we defined our values, our ethical principles and our purpose that provide the direction for the women and men who contribute to Sodexo's growth.

1. OUR ROOTS

"After my studies and service in the navy, I went back to Marseille to work in my family's small, ship supplier business, run by my father and founded by my grandfather in 1895. I was, and still I am very much attached to my family, but I wanted to do something on my own and to be independent. That's how in 1966, with my father's blessing, I founded Sodexo and got my start in foodservices. Back in the 1960s, however, in France, many questioned the value of private enterprise. That's why before founding Sodexo, I asked myself, what is the purpose of creating your own company? My answers at that time formed, still form, and will continue to form the fundamental basis of our corporate philosophy."

Pierre Bellon
Chairman of the Board of Directors

2. OUR BELIEFS

Our company is the community of our clients, consumers, employees and shareholders

Our purpose is to satisfy their expectations

To reach our goals, we have chosen to focus on achieving organic growth of our revenues and results

Organic growth:

- guarantees that we are capable of satisfying, and thus retaining, our current clients;
- allows us to respond to employees' expectations: for secure jobs and opportunities for advancement;
- creates value for our shareholders.

3. OUR MISSION

Improve the Quality of Daily Life

of everyone we serve – employees in the workplace, patients in hospitals, students at schools and universities, prisoners in correctional facilities, soldiers in their barracks, or in the field, etc.

Contribute to the economic, social and environmental development

of the communities, regions and countries where we operate.

"Making every day a better day"

4. OUR CORE VALUES

Over 97% of our employees are in direct day-to-day contact, on our sites, with our clients and consumers. This demands exceptional human qualities and specific behavior that we call: Service Spirit, Team Spirit, Spirit of Progress.

Service Spirit

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

Team Spirit

- it is an absolute requirement in all of our operations, our business units and administrative offices, as well as in our management committees;
- each person's skills combine with other team members' knowledge to help ensure Sodexo's success.

Teamwork depends on the following: listening, transparency, respect for others, diversity, solidarity in implementing major decisions, respect for rules, and mutual support, particularly in difficult times.

Spirit of Progress

It is manifested through:

- our will, but also the firm belief that one can always **improve** on the present situation;
- acceptance of **evaluation and comparison of our performance**; with colleagues in the company, or with competitors;
- **self-criticism**, because understanding successes as well as failures is fundamental to continuous improvement;
- **a balance between ambition and humility;**
- optimism, the belief that for every problem there is a solution, an innovation, or some way to progress.

5. OUR ETHICAL PRINCIPLES

Loyalty

A foundation of **trust, shared** by Sodexo with its clients, employees, and shareholders, based on honest, open relations. Trust is one of the cornerstones of operations in our organization.

Respect for people

- humanity is at the heart of our business;
- Sodexo is committed to providing **equal opportunities** regardless of race, origin, age, gender, beliefs, religion or lifestyle choices;
- improving Quality of Life means according each person **respect**, **dignity** and **consideration.**

Transparency

This is one of Sodexo's major principles and a constant with all stakeholders: clients, consumers, employees, shareholders and the general public.

Business integrity

- we do not tolerate any practice that is not born of **honesty, integrity** and **fairness**, anywhere in the world where we do business;
- we clearly communicate our position on this issue to our clients, suppliers and employees and expect them to share this rejection of corrupt and unfair practices.

03

Our Strategy

→ Our Ambition

To become the premier expert in Quality of Life service solutions, with the Sodexo brand as the global reference:

- to sustain 7% annual average revenue growth;
- to achieve a consolidated operating margin of 6%;
- to become the global leader in each of the client segments we serve;
- to provide a springboard for our employees' development;
- to make Sodexo a globally known, loved and chosen brand.

Sodexo was chosen for the first time for inclusion in the 2009 edition of *Business Superbrands* published in France, the UK and the United States.

→ Our objectives and potential

1. OBJECTIVES

Sodexo manages and delivers service solutions by designing or re-thinking service solutions depending on the needs, expectations and level of development of each client.

Our Group's objectives are to:

- become a global leader in On-site Service Solutions;
- strengthen and leverage our leadership position in Foodservices;
- become a global leader in Motivation Solutions;
- steadily grow our activities in Personal and Home Solutions.

2. OUR CONSIDERABLE GROWTH POTENTIAL

Sodexo's growth potential is estimated at 50 times its current revenues.

On-site Service Solutions

A market estimated at more than 650 billion euro:

- more than 250 billion euro for Foodservices;
- more than 200 billion euro for support services;
- more than 200 billion euro for equipment and infrastructure services.

Sodexo estimate.

Motivation Solutions

A market estimated at more than 130 billion euro in issue volume.

Note: Market estimates are likely to evolve over time, given the growing reliability of information sources in the various countries.

→ Our clients' partner

At Sodexo, we believe that the Quality of Daily Life contributes to the progress of individuals and performance of organizations.

For this reason, Sodexo has become the strategic partner of businesses and organizations, creating, managing and delivering comprehensive Quality of Life service solutions that improve our clients' performance and development.

These solutions help organizations improve performance in three key areas:

- **People**

  by increasing employee, consumer and end-user satisfaction and motivation by helping them to be more effective at what they do;
- **Processes**

  in enhancing the quality, efficiency and productivity of their processes;
- **Infrastructure and equipment**

  through optimized asset utilization and reliability; and contributing to the attractiveness of living and work environments.

04

Our Quality of Life Solutions

Sodexo designs, manages and delivers comprehensive service solutions through:

- On-site Service Solutions;
- Motivation Solutions.

Our Quality of Life solutions:

- Increase people satisfaction, motivation and effectiveness;
- Enhance process quality, efficiency and productivity;
- Improve infrastructure and equipment utilization, reliability and safety.

→ Our On-site Service Solutions

Sodexo designs, manages and delivers comprehensive service solutions through On-site Service Solutions to its eight client segments:

- Corporate;
- Defense;
- Justice;
- Remote Sites;
- Health Care;
- Seniors;
- Education;
- Sports and Leisure.

1. CORPORATE

5,060	6,841	34.5%	152,767	17,537
million euro in revenues	million U.S. dollars in revenues	of Group revenues	employees	sites

1.1 Tailor-made solutions to make the difference

Sodexo is at the forefront of Corporate, contributing to our clients' performance with solutions to motivate employees and achieve optimal workplace efficiency. Our company is not only the number-two Foodservices provider worldwide in this market, but also one of the few global players capable of supporting clients at the local, regional and international levels with customized comprehensive solutions, while at the same time helping companies fulfill their social and environmental commitments.

For all these reasons, the wide array and quality of Sodexo service solutions create the highest level of value, ensuring the competitiveness of our clients and the well-being of their employees.

1.2 Market trends

1.2.1 Near Term

Due to the decline in manufacturing and demand worldwide, companies are reducing headcounts and work hours as well as cutting back on discretionary spending. Outsourcing of services is one response to the trend towards rationalization in private and public markets.

1.2.2 Longer term trends offering opportunities in comprehensive On-site Service Solutions are also emerging:

- **Sustainable Development:** companies are increasingly focused on their sustainability responsibilities and seek partners capable of supporting their commitment;
- **Quality of Life:** clients are investing in solutions that contribute to employee well being and improved organizational performance;
- **Energy:** faced with rising energy costs, clients are looking for innovative economical solutions from designing buildings systems to the use of energy-efficient materials and processes.

Source: Sodexo.

1.3 Market potential

Over 250 billion euro in estimated total market value

Including **85** billion euro in Foodservices:

- outsourcing rate: more than 70% (among the highest rates: UK and Japan above 90%; among the lowest rates: Turkey and Russia around 20%);
- outsourced market average annual growth rate: around two percent the next three years.

The market value for On-site Service Solutions (excluding Foodservices) is **around double** that of Foodservices.

Sodexo estimate.

1.4 Achievements

Europe - Balanced nutrition

Specifically suited to consumers seeking balanced nutrition in their workplace, Sodexo's **"Vitality"** offer is now available at more than 500 client restaurants in Europe. The offer is based on three principles: taste, variety and information.

International - Expertise

In acquiring Circles in the United States, James Concept in Sweden and a minority interest in West Born in France, Sodexo has strengthened its expertise in **corporate concierge services.**

Ireland - Award

The **Irish Chambers of Commerce** honored Sodexo for its initiatives to encourage well-balanced eating habits.

United States - Quality of Life

ToLive, developed in the U.S., is a package of online and on-site services to increase the satisfaction and effectiveness of employees and the productivity of the organizations that employ them. Offering Quality of Life services, experience sharing and advice, ToLive is a unique comprehensive solution.

1.5 Among our clients

Adidas, *Germany.*

AkzoNobel, *France, Germany, Italy, Netherlands, United Kingdom, Russia, Sweden.*

Alcatel, *Morocco.*

Areva, *France, Germany.*

AstraZeneca, *United Kingdom.*

AXA, *Australia, Belgium, France, Germany, Morocco, Spain, United Kingdom, United States.*

EADS, *France, United Kingdom.*

Ericsson, *Russia.*

ExxonMobil, *Italy.*

General Electric, *Canada, China, Finland, India, Norway, Poland, Russia, Sweden, United Kingdom, United States.*

HSBC-EDPI, *India.*

IBM, *Italy.*

KLM, *Netherlands.*

Nokia, *Canada, China, Denmark, Finland, Germany, India, United Kingdom, United States.*

Novartis, *India.*

Pfizer, *Italy.*

PSA, *France.*

Rechtbank, *Netherlands.*

Renault, *Morocco.*

Sanofi-Aventis, *France, India, Italy, Spain, United Kingdom, United States.*

SAP, *India.*

Schering-Plough, *Canada, France, Ireland, Poland, United States.*

Société Générale, *Czech Republic, France, Luxembourg, Morocco, Poland, United States.*

Toyota, *Belgium, Italy.*

Unilever, *Italy, Morocco.*

2. DEFENSE

489	661	3.3%	14,848	1,167
million euro in revenues	million U.S. dollars in revenues	of Group revenues	employees	sites

2.1 Serving on bases or in military operations

The global leader in Foodservices in the Defense segment, Sodexo is a strategic partner to governments around the world, committed to serving members of the armed forces and their families. Whether for peacekeeping missions far from home or for domestic bases, Sodexo offers tailor-made solutions to improve the Quality of Daily Life, including uniform cleaning, equipment maintenance, accommodation management, vehicle rental, shops and recreational activities as well as complex logistical services for military operations. The experience, skill and flexibility of Sodexo teams ensure that the military forces have all the resources required to carry out their mission.

2.2 Market trends

2.2.1 Professionalizing armies

Armed forces leaders are seeking comprehensive Quality of Life service solutions to recruit and retain their troops while controlling costs.

2.2.2 Peacekeeping operations

Foreign operations theaters demand increasingly complex logistical resources requiring outside partners who are experienced, flexible and reliable.

2.2.3 Potential

The Defense market, less impacted by the economic crisis, offers considerable development prospects, notably in France, the United Kingdom, the United States, South America and Australia.

Source: Sodexo.

2.3 Market potential

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

- outsourcing rate: more than 35% (among the highest rates: Italy around 75%; among the lowest rates: Finland: around six percent);
- outsourced market average annual growth rate: around two to three percent over the next three years*.

The market value for On-site Service Solutions (excluding Foodservices) is **about 2.5 times** that of Foodservices.

* *As and when additional governments adopt a more proactive outsourcing approach, market evaluations and growth rates will increase.*

Sodexo estimate.

2.4 Achievements

United Kingdom - Public-private partnerships

"Defense Training Review", an ambitious training project of the British Ministry of Defence, is the largest current Public-Private Partnership being considered in the UK. Sodexo, in partnership with the QinetiQ Group, joined the consortium Metrix, which has been designated "preferred bidder," to oversee design and project management for the construction of a training center in St Athans, Wales. The exclusive negotiations process will be followed by a 30-year management contract for On-site Service Solutions.

United States - Award

In December 2008, Sodexo was recognized as one of the **"Top 50 Military-Friendly Employers"** for its policy in recruiting, supporting and retaining military veterans and reservists.

2.5 Among our clients

Australia

Australian Defense Force, *52 bases [6 contracts].*

Chile

Astilleros y Maestranzas de la Armada Naval Base [ASMAR], *Temuco.*

Military Hospital, *Antofagasta.*

Naval Hospitals, *Concepcion, Talcahuano, Viña del Mar.*

Finland

Air Force Communications Site, *Tikkakoski.*

India

Naval Officers Club, *Delhi.*

RSI Army Club, *Pune.*

Poland

Military Medical Institute, *Warsaw.*

Singapore

Civil Defense Force Basic Rescue Training Centre and Academy.

Sweden

Swedish Defense Forces, *Skovde Garrison, 5 sites in the Norrbotten region and the Karlskrona Naval Base.*

United Kingdom

Garrisons *of Aldershot, Catterick, Colchester, Salisbury Plain, York.*

FRM bases *in SW England.*

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

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

United States

American Federal Institutions, *15 clients.*

U.S. Army Hospitals, *10 sites.*

U.S. Marine Corps, *53 mess halls and 8 retail operations.*

U.S. Navy, *8 retail operations, 1 Navy Hospital and 5 Facilities Management contracts.*

In theater military forces

U.S. Defense Logistics Agency *(South Korea).*

3. JUSTICE

231	312	1.6%	3,222	111
million euro in revenues	million U.S. dollars in revenues	of Group revenues	employees	sites

3.1 Comprehensive solutions to support successful re-entry

Through the experience of our specialized subsidiaries, Sodexo is a partner that is well regarded by governmental authorities for its know-how, transparency and responsibility in managing correctional facilities. To support its clients, the Group designs and implements service solutions aimed at:

- **improving the living conditions of detainees;**
- **contributing to the safety, smooth functioning and public image of prisons;**
- **providing real opportunities for prisoner rehabilitation and re-entry into society.**

In addition to providing traditional Foodservices, support services and managing facilities, Sodexo also has developed an expertise in helping prisoners prepare for their return to mainstream society. In providing training and apprenticeships and assistance in finding jobs and housing and opening bank accounts, the chances for successful resettlement are maximized. Detainees are able to build a new future and prisons take on a new dimension.

3.2 Market trends

For ethical reasons, Sodexo provides services only in countries that operate under recognized democratic principles that do not have the death penalty, in which our staff do not carry firearms and where the ultimate goal of incarceration is prisoner rehabilitation.

3.2.1 Financial crisis

Today, governments and therefore prisons must provide the same services at the same level but with reduced budgets. For many, outsourcing is the solution.

3.2.2 Prison overpopulation

Crowded prisons in some countries are prompting governments to look at all solutions that facilitate re-entry into society and reduce the rate of re-offending.

Source: Sodexo.

3.3 Achievements

France - Award

SIGES, a specialized subsidiary of Sodexo in France, received a special award "Successful entry/re-integration" from the representatives of national professional organizations. The competition, involving 75 companies, rewarded the efforts of SIGES and its "Orientation-Training-Employment" approach to prisoner reinsertion, implemented in partnership with the Prison Administration. The approach has enabled the recruitment of 100 ex-offenders each year.

3.4 Among our clients

Chile

Ministry of Justice, *3 prisons.*

France

Ministry of Justice, *17 prisons.*

Italy

Ministry of Justice, *16 prisons.*

Netherlands

Ministry of Justice, *39 prisons.*

Spain

Catalonia Government, *5 prisons.*

United Kingdom

Home Ministry, Ministry of Justice and the Scottish Prison Service, *4 prisons.*

4. REMOTE SITES

1,053	1,424	7.2%	32,055	1,604
million euro in revenues	million U.S. dollars in revenues	of Group revenues	employees	sites

4.1 Contributing to well-being and performance in extreme environments

As the world's number two in Remote Sites, Sodexo designs and delivers comprehensive On-site Service Solutions that improve the Quality of Life for people living and working in challenging onshore and offshore environments. Providing comfort, efficiency and safety, our solutions help clients with employee retention and in optimizing their processes, facilities and costs.

Sodexo's Remote Site solutions respond to:

- **technical and economic requirements at each phase of the clients' project.** From camp design to site dismantlement, Sodexo proposes value-creating solutions that meet the most demanding Hygiene, Health and Environmental standards;
- **on-site residents' expectations for services** that encourage a healthy, balanced, lifestyle and recreational activities that ensure their safety and comfort;
- **the need for societal and economic development in surrounding communities**, including through local recruiting and sourcing, training, nutritional and health awareness programs and pro-environmental initiatives.

4.2 Market trends and Potential

4.2.1 Trends

Despite the effect of prices volatility, which has delayed certain investments decisions, there is still a sustained demand for energy and other natural resources. In this context, Sodexo's Quality of Life Services are a key differentiator in attracting and retaining skilled staff to live and work in these challenging environments.

The Group continues to grow business with top mining sector players as they intensify their operations in Australia, Asia and Africa and step up exploration for future sites.

The expansion of infrastructure and civil engineering projects to develop liquid natural gas resources in Asia, Australia and the Middle-East presents a number of opportunities for Sodexo's medium-term growth.

Source: Sodexo.

4.2.2 Market potential

More than 10 billion euro
in estimated total market value
in On-site Service Solutions.

Sodexo estimate.

4.3 Achievements

Opening operations in the Dominican Republic

Barrick Gold, a prominent gold-mining company, has chosen Sodexo as a strategic partner to manage its local site. Our expertise in hiring and training local workforces and establishing local supply chain solutions were decisive in selecting the Group for this project. At the peak of operations, Sodexo will provide Foodservices as well as cleaning, laundry, concierge and maintenance services for 2,800 site residents and 1,500 day workers.

India

Sodexo's acquisition of Radhakrishna Hospitality Services Group (RKHS) in India promises new horizons for development in this country's remote site market.

4.4 Among our clients

Oil and Natural Gas

BP: *Alaska, Angola, Argentina, Gulf of Mexico, Indonesia, Norway, United Kingdom (Scotland).*

ConocoPhillips: *Alaska, Australia, Gulf of Mexico, United Kingdom (Scotland).*

ExxonMobil: *Angola, Australia, Canada, Gulf of Mexico, Norway, Russia, Saudi Arabia, Singapore, Venezuela.*

Noble Drilling: *Gulf of Mexico, Netherlands, Qatar, United Arab Emirates, United Kingdom (Scotland).*

Saudi Aramco: *Saudi Arabia.*

Seadrill: *China, Gulf of Mexico, Malaysia, Norway.*

Schlumberger: *Alaska, Kuwait, Nigeria, Qatar, Russia.*

Shell: *Gabon, Gulf of Mexico, Norway, Qatar, Russia, Sultanate of Oman.*

Statoil: *Norway.*

Total: *Angola, Congo, Gabon, Gulf of Mexico, Indonesia, Nigeria, Norway, Qatar.*

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

Mines

Barrick Gold: *Australia, Canada, Dominican Republic, Peru, Tanzania.*

BHP Billiton: *Australia, Canada, Peru.*

Rio Tinto: *Australia, Guinea Conakry, Madagascar, Peru.*

Vale: *Alaska, Australia, Brazil, Canada, New Caledonia.*

Engineering and construction

Fluor Daniel: *Dominican Republic, Qatar, Saudi Arabia.*

JGC: *Algeria, Nigeria.*

Punj Lloyd: *India, Qatar.*

SNC Lavalin: *Qatar, United Arab Emirates.*

5. HEALTH CARE

2,943	3,979	20%	60,205	4,303
million euro in revenues	million U.S. dollars in revenues	of Group revenues	employees	sites

5.1 Because good health starts with well-being

The global leader in Foodservices for the health care market, Sodexo offers a broad spectrum of Quality of Life services to meet the needs of both our clients and their patients. The Group's comprehensive service solutions and specialized teams are focused on:

- **increasing** the satisfaction of patients, their families, hospital physicians and staff to provide a more comfortable and reassuring daily life;
- **enhancing** the competitiveness and reputation of our clients' facilities through operational best practices to ensure a healthy, pleasant and compliant environment;
- **improving** the efficiency of our clients' processes by optimizing non-clinical costs.

5.2 Market trends

5.2.1 Health care expenditures

Chronic diseases are rising as the population ages, requiring costlier treatment. To control spending, many services are delivered outside a traditional hospital setting and more emphasis is placed on wellness and prevention.

5.2.2 Shortage of health care personnel

Health care providers competing for qualified staff rely on partners to create better workplace conditions that will help them attract and retain needed talent.

5.2.3 Importance of non-medical staff

Representing one-third of hospital labor costs, non-medical personnel's motivation and effectiveness is as critical to reducing costs and ensuring patient satisfaction as that of medical teams.

5.2.4 Patient consumerism

As patients become increasingly demanding about their safety and well-being, a health care provider's service offer is becoming an essential factor in its reputation.

5.2.5 Public-Private Partnerships

Hospitals and governments are looking for reliable partners to invest in the construction and operation of health care infrastructure, share costs and provide expertise in designing and implementing comprehensive service solutions.

Source: Sodexo.

5.3 Market potential

More than 150 billion euro in estimated total market value, including 45 billion in Foodservices:

- outsourcing rate: more than 30% (highest rate: Spain, about 70%, among the lowest rates: Brazil, about 10%);
- outsourced market average annual growth: around four to five percent over the next three years.

The market value for On-site Service Solutions (excluding Foodservices): about 2.5 to 3 times that of Foodservices.

Sodexo estimate.

5.4 Achievements

Brazil

Well-being

Sodexo has created a pioneering, 500-square-meter **living space** at the Sao Luiz Maternity Hospital in São Paulo featuring a relaxation center, entertainment area, 24-hour cafeteria, bookshop and Internet corner. Sodexo also manages the "Gourmand" restaurant and the "Surgical Comfort Center" for medical personnel.

Award

In Brazil, Sodexo has again been recognized for the quality of its service offer with the **Top Hospitalar 2008** award.

Germany - Acquisition

In late 2008, Sodexo acquired the independent **Zehnacker Group**, the leader in Facilities Management services for Health Care client segment in Germany.

United States

The **Battle Creek Health System,** a Sodexo engineering solutions client, is one of 10 U.S. hospitals recognized by the American Society of Healthcare Engineers for its achievement in reducing energy consumption by more than 10%.

5.5 Among our clients

Abbotsford Regional Hospital and Cancer Center, *Abbotsford, B.C. (Canada).*

AI DuPont Hospital for Children, *Wilmington, DE (USA).*

Albert Schweitzer Ziekenhuis, *2 sites (Netherlands).*

Bangkok Dusit Medical Services, *Bangkok (Thailand).*

Centre Hospitalier Universitaire, *Rennes (France).*

Clinica Alemana, *Santiago (Chile).*

Diakonische Dienste in der Heide, *Soltau (Germany).*

German Heart Institute Berlin (*Germany).*

Grupo Unimed, *8 sites (Brazil).*

Gruppo Policlinico di Monza, *6 sites (Italy).*

Hillingdon & Mount Vernon Hospitals, *NHS Trust (UK).*

Huashan Hospital, *Shanghai (China).*

ICESP – Hospital do Câncer de São Paulo, *São Paulo (Brazil).*

KCS Klinikum Catering Service, *Darmstadt (Germany).*

Medi-Partenaires, *25 sites (France).*

Nuffield Hospitals, *38 sites (UK).*

12 de Octubre Hospital, *Madrid (Spain).*

Orbis Medical Park, *Sittard (Netherlands).*

Ospedale dell'Angelo, *Mestre (Italy).*

Pantai Hospital Group *(Malaysia).*

Privatklinik Rudolfinerhaus, *Vienna (Austria).*

Shanghai No 1 People's Hospital, *Shanghai (China).*

Stockholm County Council *(Sweden).*

University Hospital of Ghent, *Ghent (Belgium).*

Vanderbilt University Hospital, *Nashville, TN (USA).*

York Central Hospital, *Toronto, ON (Canada).*

Ziekenhuis Netwerk Antwerpen *(ZNA), Antwerp (Belgium).*

6. SENIORS

904	1,222	6.2%	12,468	2,924
million euro in revenues	million U.S. dollars in revenues	of Group revenues	employees	sites

6.1 A better, more comfortable daily life for seniors

Number one worldwide in Foodservices for seniors, Sodexo contributes to their psychological, intellectual and social well-being while helping clients provide residents with a safe, healthy and enriching environment.

Through comprehensive service solutions, from medical nutrition to well-being programs and a full range of support services, Sodexo:

- **helps** inject a new dynamic into seniors' worlds through a developed understanding of their evolving needs as they grow older;
- **improves** client efficiency, profitability and reputation;
- **demonstrates** expertise through the knowledge and sensitivity of its specialized teams.

The strategic partner for major providers in this market, Sodexo is looking ahead to respond to the growing needs of seniors who live at home.

6.1.1 Market trends

Aging population

As a consequence of longer life spans, the number of vulnerable persons is increasing and the demand for personalized and specialized services is growing while confronted with a shortage of qualified staff.

Distance from family

The evolution of societies, characterized in particular by increasing participation in the workforce of women and the relative detachment of young people from their elders, drives demand for solutions to fight against social isolation and emotional fragility.

Residential services

Seniors are living longer in their homes, creating new support service needs to facilitate their life while strengthening their social links.

Political power

Governments today give priority to providing services to the disadvantaged who lack access to health care. But the growing demographic and political weight of seniors should also expedite consideration of the challenges facing an aging population.

Source: Sodexo.

6.1.2 Market potential

Close to 90 billion euro in estimated total market value,

including **30** billion euro in Foodservices:

- outsourcing rate: around 20% (highest rate: France more than 40%; among the lowest rates: Netherlands around 5%);
- outsourced market average annual growth rate: around four percent over the next three years.

The market value for On-site Service Solutions (excluding Foodservices) is **about twice** that of Foodservices.

Sodexo estimate.

6.1.3 Achievements

The Netherlands - Well-being

The "Gastvrijheidszorg Sterrengids" guide for senior residences awarded 4 stars to the **De Driestroom residence** in Breukelen in the Netherlands for the quality of services offered by Sodexo.

United States - Acquisition

In August 2009, Sodexo completed the acquisition of **Comfort Keepers**, a major provider in the U.S. of non-medical in home services for the elderly and people in need of support. Developed as a franchise system, Comfort Keepers has nearly 550 franchisees throughout the country.

6.1.4 Among our clients

Abbeyfield House, *Clitheroe (UK).*

Achieve Foundation, *Sydney, New South Wales (Australia).*

ADAPT *(Association aiding people with disabilities in professional and social environments), Châtillon (France).*

Arbor Glen, *Bridgewater, NJ (United States).*

Asbury Communities, *Inc. (United States).*

Beaumont Place, *Stalybridge (UK).*

Centro Medico P. Richiedei, *Palazzolo, Brescia (Italy).*

Domain Aged Care, *7 sites, Queensland (Australia).*

Eichenhole Nursing home *(Red Cross), Hamburg (Germany).*

Foundation Caisses d'Epargne pour la Solidarité, *75 sites (France).*

Franciscan Sisters of Chicago Service Corporation, *Chicago, IL (United States).*

Fundacion Sociosanitaria de Barcelona, *8 sites (Spain).*

Gran Hotel Philadelphia, *Rotterdam (Netherlands).*

Istituto Palazzolo Don Gnocchi, *Milan (Italy).*

Korian, *100 sites (France).*

Maison de Soins de Bettenbourg, *(Luxembourg).*

MENSA *Meulebeke (Belgium).*

MMI *Neufvilles (Belgium).*

Pension Schloss Kahlsperg in Oberalm, *Salzburg (Austria).*

Retirement Home, *City of Stockholm (Sweden).*

Shepherd Village, *Toronto, Ontario (Canada).*

Valencia Terrace, *Corona, CA (United States).*

6.2 People with disabilities

Improving the daily life of people with disabilities

As an expert in the health care and social services sector, Sodexo endeavors to make daily life safer and easier for people with disabilities. **The Group plays an active role in facilitating their integration into mainstream society and in helping change attitudes.**

6.2.1 Achievements

United States - Awards

DiversityInc, the leading U.S. magazine on diversity, ranked Sodexo in the top 10 companies most welcoming toward people with disabilities.

The "2009 Disability Matters Award" was presented to Sodexo in April 2009 within the Life at Work category. The award recognizes Sodexo's pioneering efforts and commitment in providing services to persons with disabilities and their families.

7. EDUCATION

3,309	4,473	22.5%	90,438	6,238
million euro in revenues	million U.S. dollars in revenues	of Group revenues	employees	sites

7.1 Contributing to the fulfillment of youth and the success of educational institutions

As the global leader in Education for Foodservices, Sodexo delivers a full range of On-site Services to improve the Quality of Life in schools and universities. Sodexo's experience and knowledge of the world of education help make it a strategic partner able to design and manage the solutions important to student academic success and fulfillment and to the performance and reputation of the institutions they attend.

Sodexo's "Education" offer is designed to:

- provide a variety of attractive Foodservices options for the entire educational community and encourage good nutritional habits and a healthy lifestyle;
- create the optimum environment for learning, work and daily living by managing the services that are important to keep educational institutions running smoothly including construction, maintenance, grounds keeping, cleaning and managing campus sports facilities and events.

7.2 Market trends

7.2.1 Budget restrictions

The economic crisis has put a strain on the budgets of public and private academic institutions confronting decreased funding and financial support.

In this context, the challenges facing educational facilities offer opportunities for a partner capable of helping them to respond.

7.2.2 Obesity

Obesity among young people is a concern in numerous countries, particularly in urban areas. In 2007, an estimated 22 million children under the age of five were overweight.

7.2.3 Sustainability

Education is playing an increasing role in modeling sustainable behaviors and institutions are seeking to reduce their environmental footprint by re-designing their practices.

7.2.4 Security

Security issues, ranging from alcohol and drug abuse to verbal and physical violence, have become a major preoccupation for schools and universities.

7.2.5 Globalization

Institutions are multiplying their international exchanges with Western universities opening branches abroad to respond to increasing demand for educational excellence, particularly in Asia and the Middle East.

Source: Sodexo.

7.3 Market potential

Over 150 billion euro in estimated total market value,

including 60 billion euro in Foodservices:

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

The market value for On-site Service Solutions (excluding Foodservices) is nearly double that of Foodservices.

Sodexo estimate.

7.4 Achievements

Spain - Starting good eating habits early

"Educando a comer" ("EducEating") is a new approach created by Sodexo to decorate school canteens with amusing posters that educate children age 3 to 12 on the importance of a nutritious, balanced diet and physical exercise. The concept already has been introduced in 23 schools.

Thailand

The Asian Institute of Technology's Pathum Thani campus is 160-hectares and hosts 2,300 students from 45 countries and 600 faculty and staff. Sodexo manages all services on the site, including the convention center, accommodations, mail service and sports facilities, which contribute to the international institute's reputation.

United States

Combatting infant obesity

Sodexo was the first Foodservices provider to sign the ***"School Beverage and Food Guidelines"*** of the Alliance for a Healthier Generation, a joint initiative of the American Heart Association and the William J. Clinton Foundation to reduce childhood obesity in the U.S. by 2015.

Award

The Hispanic College Fund honored Sodexo as ***"Corporation of the Year"*** for its longstanding commitment to furthering higher education for Hispanic youth. The Group has funded scholarships for 100 students since 2003.

7.5 Among our clients

Al Yasmina School, *Abu Dhabi (United Arab Emirates).*

American School of Bombay *(India).*

Asian Institute of Technology, *Pathum Thani – Bangkok area (Thailand).*

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

Bradford University *(United Kingdom).*

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

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

Dulwich College, *Beijing, Shanghai (China).*

Ecole Française de Riyadh *(Saudi Arabia).*

Endicott College, *Beverly, Massachusetts (United States).*

Garden International School, *Kuala Lumpur (Malaysia).*

Hobart and William Smith Colleges, *New York (United States).*

International School Hamburg *(Germany).*

Liessin School, *Rio de Janeiro (Brazil).*

Pontificia Universidad Catolica del Peru, *Lima (Peru).*

Providence Public Schools, *Rhode Island (United States).*

Tanglin Trust International School *(Singapore).*

Universidad Andrès Bello, *Santiago (Chile).*

Universidad Europea de Madrid *(Spain).*

Université Saint-Joseph, *Beirut (Lebanon).*

University of South Carolina, *Columbia (United States).*

University of Technology and Economics, *Budapest (Hungary).*

8. SPORTS AND LEISURE

8.1 Creating exceptional moments

A strategic partner to organizers of major sports and cultural events as well as unique leisure destinations, Sodexo develops service solutions that meet the expectations of demanding clientele around the world. Marketing and sales, foodservices, logistics, technical and artistic organization… Sodexo helps contribute to the success of prestigious events and exceptional venues.

Through our know-how, experience and commitment we ensure:

- responsiveness, efficiency, comfort and value creation for our clients;
- quality, security and innovation for their customers;
- social and environmental responsibility toward all of our stakeholders.

8.2 Market trends

8.2.1 Value creation

Impacted by the reduction in government support and sponsorship funding, clients are seeking strong value-creating solutions to attract consumers.

8.2.2 Fair trade

Foodservice offers, whose local production and purchase is visible to the consumer, is an increasingly frequent client demand in developed countries.

8.2.3 Household consumption

Families are struggling to balance their budgets and limit discretionary spending. Overseas trips and short holidays are being replaced with visits to cultural sites and other attractions in consumers' home countries.

Source: Sodexo.

8.3 Achievements

Canada

The Organizing Committee of the **2010 Winter Olympics and Paralympics** in Vancouver has selected Sodexo to provide Foodservices and housekeeping for the Athletes Villages.

United Kingdom

Sodexo was first to sign the ***"Industry Fair Pricing and Practice Charter"*** initiated by Visit London Development Group to create value around the 2012 London Olympic Games.

United States

For the second year in a row, the Conference Center at NorthPoint, managed by Sodexo in the United States, has been named a recipient of the **Pinnacle Award for 2009,** one of the most coveted awards in the hospitality industry.

8.4 Among our clients

Athletic and cultural activities

Chidren's museum of Indianapolis, *Indiana (United States).*

Cincinnati Zoo and Botanical Gardens, *Ohio (United States).*

Dallas Museum of Art, *Texas (United States).*

Detroit Institute of Art, *Michigan (United States).*

Hippodrome race courses: *Auteuil, Enghein, Longchamp, Maisons-Laffitte, Vincennes (France).*

L'Olympique Lyonnais Football Club, *Lyon (France).*

L'Olympique de Marseille Football Club*, Marseille (France).*

Le Tour de France.

Newcastle United Football Club, *Newcastle (United Kingdom).*

Seattle Aquarium, *Seattle, Washington (United States).*

The Dakar Rally, *France.*

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

Prestige Restaurants

Blenheim Palace, *Oxfordshire (United Kingdom).*

Huntington Library Gardens Café, *Pasadena, California (United States).*

Roland Garros Tennis Stadium, *Paris (France).*

The Restaurants of the Eiffel Tower, *Paris (France).*

St. Bartholomew's Church, *New York City (United States).*

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

Private Clubs, Associations and Conference Centers

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

Conference Center at NorthPointe, *Columbus, Ohio (United States).*

Johnson Space Center, *Houston, Texas (United States).*

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

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

San Ramon Valley Conference Center, *California (United States).*

Tecnológico de Monterrey *(Mexico).*

Directors Tables and Executive Dining Rooms

Bank of America, *Ottawa (Canada).*

BAT, *London (United Kingdom).*

BNP Paribas, *Head Office, Paris (France).*

EADS, *Head Office, Paris (France).*

ING Bank, *London (United Kingdom).*

→ Our Motivation Solutions

Sodexo designs, manages and delivers comprehensive service solutions through Motivation Solutions offered across 3 service categories:

- Employee Benefits;
- Incentives and Recognition;
- Public Benefits.

1. PRESENTATION AND KEY FIGURES

Revenues

- **711** million euro
- **961** million U.S. dollars

4.7% of Group revenues

4,479 employees

375,000 clients (not including individuals)

12.1 billion euro in issue volume

1.1 Simplify life, boost performance

One of the worldwide leaders in Motivation Solutions, Sodexo is the strategic partner for public and private organizations-seeking enhanced performance and Quality of Life for employees and citizens.

For 30 years, Sodexo has been contributing to their success by:

- **designing** innovative Motivation Solutions specifically adapted to their needs;
- **supporting** their implementation;
- **managing solutions and evaluating** their impact in motivating employees and citizens.

1.2 Supported by a network of 1 million affiliated partners in 31 countries, Sodexo's offer is divided into three service categories:

- **Employee Benefits** including food, gifts, transport, personal care, leisure, education and home services;
- **Incentives and Recognition** including incentive programs, loyalty programs and rewards;
- **Public Benefits** in the area of culture, solidarity, training and development and employment…

benefiting 26.3 million people throughout the world.

1.3 Market trends and market potential

1.3.1 Market trends

Social changes, competitiveness and solidarity

New lifestyles, an aging population, rising unemployment, the increasing number of women in the workplace, rapid globalization… companies and public authorities are facing new challenges:

- in high-growth markets, companies are primarily concerned with attracting and retaining talent to handle the rapid changes in those markets; in mature markets, they must satisfy employee demand for a better work-life balance;
- public authorities are looking for efficient, transparent solutions to support the social changes affecting the general public as well as to assist and protect disadvantaged populations.

These fundamental trends are driving growth in the market for Motivation Solutions.

Source: Sodexo.

1.3.2 Market potential

A market estimated at more than **130** billion euro in issue volume.

Sodexo estimate.

2. EMPLOYEE BENEFITS

Time saving

Stress reducing

Improved work-life balance

Benefiting **20.6** million employees

2.1 Quality of Life at the heart of organizations

Because management of people is a key performance factor for companies, Sodexo designs, develops and manages a wide array of life-simplifying solutions that help clients **attract, engage and retain** employees. From Restaurant Pass to Childcare Pass, Gift Pass and Transport Pass, the solutions designed by Sodexo are easy to use, customizable and cost-effective.

2.2 Achievements

Austria

Launch of ***"Kinderbetreuungs"*** childcare vouchers to facilitate the lives of employees.

Belgium

Launch of **"EcoPass"** to encourage the purchase of eco-friendly products.

Mexico - "Vivir Bien"

"Vivir Bien", a program already developed in a number of Latin American countries, has now been launched in Mexico. Via a website offering services and advice, the initiative encourages Restaurant Pass beneficiaries to adopt a **healthy diet** in a country where many are overweight.

Romania

Launch of **"Tourist Pass"** holiday vouchers for employees of private and public entities.

2.3 Among our clients

Banks - Insurance

AXA: *Chile, Colombia, Czech Republic, Italy, Philippines, Poland.*

BNP Paribas Group: *Chile, Czech Republic, Germany, Italy, Mexico, Poland, Spain, Tunisia, Turkey.*

HSBC Group: *Argentina, Colombia, India, Mexico, Philippines, Poland.*

PricewaterhouseCoopers: *Belgium, Chile, Colombia, Czech Republic, Germany, Hungary, Luxembourg, Mexico, Slovakia, Turkey.*

IT-Electronics

Flextronics: *Mexico.*

HuaWei: *Colombia, Germany, Poland, Tunisia, Turkey.*

IBM: *Colombia, Hungary, Philippines, Tunisia.*

Microsoft: *Belgium, Chile, Colombia, Czech Republic, India, Philippines, Poland, Slovakia, Tunisia.*

Samsung Electronics: *Argentina, Belgium, Colombia, Czech Republic, Germany, India, Mexico, Philippines, Poland, Romania, Tunisia.*

SAP: *Colombia, Germany, Philippines, Poland.*

Consumer goods

Coca-Cola: *Argentina, Belgium, Chile, Czech Republic, Hungary, Italy, Luxembourg, Mexico, Philippines, Poland, Slovakia.*

L'Oréal: *Chile, Colombia, Czech Republic, Philippines, Poland, Tunisia, Turkey.*

Nestlé: *Belgium, Colombia, Philippines, Poland, Slovakia.*

Nokia: *Colombia, Czech Republic, Hungary, India, Philippines, Poland, Romania, Tunisia, Turkey.*

Unilever: *Argentina, Belgium, Czech Republic, Hungary, Philippines, Poland, Spain, Tunisia.*

Industry

Johnson & Johnson: *Belgium, Chile, Colombia, Czech Republic, Hungary, Mexico, Philippines, Poland, Slovakia.*

Merck: *Argentina, Colombia, Czech Republic, Hungary, Mexico, Philippines, Poland, Romania, Turkey.*

Pfizer: *Chile, Colombia, Czech Republic, Hungary, Luxembourg, Philippines, Spain, Tunisia, Turkey.*

Siemens: *Colombia, Germany, Hungary, Philippines, Poland, Romania, Tunisia, Turkey.*

3. INCENTIVES AND RECOGNITION

Stimulation

Loyalty

Rewards...

4.1 million beneficiaries

3.1 Motivation, key to performance

Well-being Pass, Gift Pass, Leisure Pass… Sodexo designs and implements **incentive and loyalty solutions** to help clients motivate employees, stimulate sales teams, energize distribution networks and expand and retain their customer base.

3.2 Achievements

Luxembourg - Awards

Sodexo received the ***"Best Incentive and Motivation Solutions"*** award from the Luxembourg Association of Human Resources Directors.

Poland

Launch of:

- **Kupon Moto**, a reward voucher for use at petrol service stations;
- **Kupon RTV & AGD**, a reward voucher redeemable at appliance stores.

International - "Performance Suite"

This **Sodexo software program** is available online to manage and maximize B2B incentive programs.

3.3 Among our clients

Banks - Insurance

AXA: *Colombia, Philippines, Poland.*

BNP Paribas Group: *France, Poland.*

HSBC Group: *Argentina, Colombia, India, Philippines, Poland.*

PricewaterhouseCoopers: *Belgium.*

Société Générale: *India, Romania.*

IT - Electronics

HuaWei: *Colombia.*

IBM: *Philippines.*

Microsoft: *Belgium, Chile, Colombia, France, India, Philippines, Romania.*

Samsung Electronics: *Colombia, India, Philippines, Poland.*

SAP: *Philippines.*

Consumer goods

Coca-Cola: *Belgium, Philippines, Poland, Slovakia.*

L'Oréal: *Colombia, Philippines, Poland.*

Nestlé: *Belgium, Colombia, Czech Republic, France, Philippines, Poland, Slovakia.*

Nokia: *Belgium, Colombia, India, Philippines, Poland, Romania.*

Pepsico: *Philippines.*

Procter & Gamble: *Colombia, Philippines, Poland.*

Unilever: *Czech Republic, France, Philippines, Poland, Slovakia.*

Industry

Johnson & Johnson: *Belgium, Chile, Colombia, Czech Republic, Hungary, Mexico, Philippines, Poland, Slovakia.*

Merck: *Argentina, Colombia, Czech Republic, Hungary, Mexico, Philippines, Romania, Poland, Turkey.*

Pfizer: *Chile, Colombia, Czech Republic, Hungary, Luxembourg, Philippines, Spain, Tunisia, Turkey.*

Siemens: *Colombia, Germany, Hungary, Philippines, Poland, Romania, Tunisia, Turkey.*

4. PUBLIC BENEFITS

Tailor-made

Transparency

Security

Simplicity...

1.6 million citizens served

4.1 Partner of public institutions

Sodexo helps public authorities in handling their allocations for food, transport, housing, culture and education and in monitoring their support and social systems. Sodexo designs and delivers tailor-made, non monetary solutions that meet three key criteria: **transparency, security and simplicity**.

4.2 Achievements

Czech Republic

Launch of **"Asistence"** voucher to provide aid from municipalities to people who fall outside the normal social protection system.

Spain

Launch of **"Pequecheque"** to pay for the care of children up to three years old in the Murcia region.

4.3 Among our clients

Public services

National Postal Services: *La Poste (France), Hungarian Post (Hungary), Poczta Polska (Poland).*

National Transportation Services: *SNCB (Belgium), National Railways (Bulgaria), La Poste (France), Tunisair (Tunisia).*

National Telecommunication Services: *Belgacom (Belgium), Telekomunikacja Polska (Poland), Slovak Telekom (Slovakia).*

Public Authorities

Junaeb (Chile), ***City of Marseille*** (France), ***City of Paris*** (France), ***National Forestry Board*** (France), ***City of Frankfurt*** (Germany), ***City of Stuttgart*** (Germany), ***Hindustan Aeronautics Limited*** (India), ***Steel Authority of India*** (India), ***Education Department of City of Madrid*** (Spain), ***The Ministry of Defence*** (UK).

05

Corporate Governance

→ 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 and Risk Management 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, 2009

		First Elected	Term Expires
Pierre Bellon	Chairman	Nov 14, 1974	2010 [3]
Rémi Baudin [1]	Vice-Chairman	Feb 25, 1983	2010
Robert Baconnier [2]	President, ANSA	Feb 08, 2005	2011
Patricia Bellinger [2]	Company Director	Feb 08, 2005	2011
Astrid Bellon	Member of the Management Board, Bellon SA	Jul 26, 1989	2010 [3]
Bernard Bellon	Chairman of the Board of Directors, Finadvance	Feb 26, 1975	2012
François-Xavier Bellon	CEO of Bright Yellow Group Plc	Jul 26, 1989	2010 [3]
Sophie Clamens	Chairman of the Management Board, Bellon SA	Jul 26, 1989	2010 [4]
Paul Jeanbart [2]	Chief Executive Officer, Rolaco	Feb 13, 1996	2011
Michel Landel	Chief Executive Officer, Sodexo	Jan 19, 2009	2011
Nathalie Szabo	Member of the Management Board, Bellon SA	Jul 26, 1989	2010 [4]
Peter Thompson [2]	Company Director	Feb 08, 2005	2011
Mark Tompkins [2]	Company Director	Feb 05, 2002	2011

(1) Rémi Baudin has informed the Board of Directors of his decision not to seek reelection to the Board at the next Annual Meeting.
(2) Board members deemed to be independent within the meaning of the criteria of independence set forth in the AFEP-MEDEF code of corporate governance for listed companies (see Chairman's Report, p. 55 of this document).
(3) The Board of Directors will propose the reelection of these Directors for three years at the Annual Meeting on January 25, 2010.
(4) The Board of Directors will propose the reelection of these Directors for two years at the Annual Meeting on January 25, 2010.

2. INFORMATION ABOUT MEMBERS OF THE BOARD OF DIRECTORS AS OF AUGUST 31, 2009

Pierre Bellon

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

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

Background

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

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

None.

Robert Baconnier

Born April 15, 1940 in Lyon (France).
Married, 3 children.
Nationality: French.
Degree in Literature, Graduate of the Institute d'Études Politiques de Paris and of the École 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 CEO 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

- Chairman and Chief Executive Officer, ANSA
- 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

- None.

Rémi Baudin

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

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

Background

Before helping Pierre Bellon to create Sodexo, Rémi Baudin took part in a number of foreign projects for the 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, France

Background

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

Other corporate offices held

- Chairman of the Board of Directors, Nordic Windpower, Ltd (United Kingdom).

Other positions

- Member of the Board of DirectorsBoard member, YMCA of Greater Boston (Boston, U.S.);
- Member of Diversity Advisory Board of Organizational Resources Council (ORC);
- Member of the Board of Directors, "Facing History and Ourselves".

Number of Sodexo shares held: 400.

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

None.

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, France

Background

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

Other corporate offices held

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

Number of 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 is the CEO of Bright Yellow Group, a company he acquired in August 2007. This UK-based company specializes in providing in-home services to dependent persons.

Previously, François-Xavier Bellon was Sales and Marketing Director of the Global Temporary Work Division of the Adecco Group, where he spent more than 7 years. He was based in London for his last posting, but was previously Regional Vice President for Catalonia, based in Barcelona, and Head of the Orsay-les-Ulis Agency, near Paris.

François-Xavier Bellon also spent 10 years with Sodexo, where he was Chief Executive of Sodexo UK prior to resigning in May 2004. After joining Sodexo France Hôtellerie et Santé in 1995, he was successively Head of Sector and Head of Development, based in Paris, and then Chief Executive Officer of the Mexican subsidiary for five years.

Other corporate offices held

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

None.

Sophie Clamens

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

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

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 Chief Executive Officer of Corporate 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 positions

Chief Executive Officer, Sodexo France Corporate.

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
30-32 Chemin du Petit Saconnex – 1211 Geneva 19, 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).

Michel Landel

Born November 7, 1951.
Married, 3 children.
Nationality: 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 with the Chase Manhattan Bank, then in 1980 became manager of a building materials plant belonging to the Poliet Group.

He was recruited in 1984 as Head of Operations for East and North Africa, and was promoted in 1986 to Vice President for Remote Site Management in Africa. In 1989 he took over the management of activities in North America. He was involved, among othersnotably, in the 1998 merger with Marriott Management Services and in the creation of Sodexho Marriott Services. In 1999, he became Chief Executive Officer of Sodexho Marriott Services, now Sodexo. Inc.

Michel Landel was named Vice-Chairman of the Executive Committee of Sodexo in February 2000.

From June 2003 through August 2005, Michel Landel served as Group Co-President and Co-Chief Operating Officer in charge of North America, the United Kingdom and Ireland, together with Remote Site Management.

He has been Chief Executive Officer of Sodexo of September 1, 2005.

Other corporate offices held

- Sodexo, Inc. (Director).

Other positions

- Chairman of the Executive For Excellence Association (France);
- Chairman of the STOP Hunger Association in France;
- Chairman of the Sodexo Foundation in the United States;
- Member of the Management Board, 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.

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 Chief Executive Officer of Sodexo Prestige and L'Affiche in January 2006.

Other corporate offices held

- Bellon SA (Member of the Management Board);
- SEGSHMI – Société du Lido (President of the Supervisory Management Board since September 1, 2009).

Number of Sodexo shares held: 1,147.

Other positions

- Chief Executive Officer, Sodexo Prestige and L'Affiche.

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

- SEGSHMI – Société du Lido (Member of the Supervisory Board until August 31, 2009).

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 Brand 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

- 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
18 Thurloe Square, 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, and of Slater Walker France SA. 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:

- Kingkaroo (Pty) Ltd (Member of the Board of Directors) (South Africa);
- Samara Private Game Reserve (Pty) Ltd (Member of the Board of Directors) (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);
- Allied Healthcare International, Inc. (member of the Board of Directors);
- Healthcare Enterprise Group Plc (member of the Board of Directors).

Nomination of a new director

The Annual Meeting on January 25, 2010 will be invited to elect Alain Marcheteau to the Board for a period of three years expiring at the close of the Annual Meeting to approve the financial statements for the fiscal year ended August 31, 2012. The Company's Board of Directors considers him to be independent within the meaning of the criteria set forth in the AFEP-MEDEF code of corporate governance for listed companies.

Alain Marcheteau

Born September 5, 1944.
Married, 4 children.
Nationality: French.
Graduate of the Institut d'Etudes Politiques de Paris, Holder of a Masters' degree in Law and graduate of the Ecole Nationale d'Administration

Business address:
7, rue José Maria de Heredia, 75007 Paris, France

Background

Alain Marcheteau was a civil servant at the French Ministry of Transports from 1971 to 1975 and then at the Ministry of Finance (Treasury section) from 1975 to 1981. He successively became Treasurer, Chief Financial Officer, and Chief Operating Officer (Finance and Subsidiaries) of Air France from 1981 to 1991. He then was Chief Financial Officer of Suez from 1991 to 1996, Chief Executive Officer of ISM (Real Estate Leasing), a subsidiary of Crédisuez, from 1996 to 1998, and then Chief Operating Officer and Project Director with the Directorate of Suez-Lyonnaise des Eaux from 1998 to 1999. He joined the Snecma Group in 1999 as Chief Operating Officer for Economic and Financial Affairs and then, in connection with the creation of Safran in 2004, became the General Secretary and Member of the Executive Committee of Safran until July 1, 2009.

Other corporate offices held

Member of the Board of Directors:

- Aircelle (Safran Group);
- Cie Daher (Board member: member of Audit Committee and Strategy Committee);
- Ingenico (Board member: member of Audit Committee and Ethics Committee);
- Messier-Bugatti (Safran Group);
- Sagem Identification B.V. (Safran Group)
- Sagem mobiles (Safran Group);
- Sagem Sécurité (Safran Group);
- Sagem Télécommunications (Safran Group);
- Snecma Services (Safran Group);
- Soreval (Safran Group).

Other positions

- Managing partner of Associés en Gouvernance (Governance Associates).

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

Chairman and Chief Executive Officer:

- Valin Participations (Safran Group);
- Etablissements Vallaroche (Safran Group);
- Vallaroche Conseil (Safran Group).

Member of the Board of Directors:

- Labinal (Safran Group);
- Sagem Communication (Safran Group);
- Connecteurs Cinch (Safran Group);
- Snecma (Safran Group).

3. COMPENSATION OF THE CHAIRMAN OF THE BOARD OF DIRECTORS, THE CHIEF EXECUTIVE OFFICER AND NON-EXECUTIVE DIRECTORS

The disclosures within this document comply with the AFEP-MEDEF recommendations of October 2008 and included within the AFEP-MEDEF code of corporate governance for listed companies, published in December 2008, and with the AMF Recommendation of December 22, 2008 regarding the disclosure of corporate officers' compensation in reference documents.

3.1 Compensation of the Chairman of the Board of Directors and of the Chief Executive Officer

3.1.1 Compensation of the Chairman of the Board of Directors

Pierre Bellon receives no compensation or benefits in kind for his duties as Chairman of the Board of Directors of Sodexo SA. However, Sodexo provides the Chairman of the Board of Directors the use of a car, an office and an assistant for business purposes. In addition, Pierre Bellon will not receive any severance payment upon expiration of his corporate appointment. No free shares or stock options have been granted to him.

COMPENSATION PAID TO THE CHAIRMAN OF THE BOARD OF DIRECTORS

Pierre Bellon	Fiscal 2008		Fiscal 2009	
Chairman of the Board of Directors *(in euro)*	**Amounts due for fiscal year**	**Amounts paid in the fiscal year**	**Amounts due for fiscal year**	**Amounts paid in the fiscal year**
Fixed compensation	-	-	-	-
Variable compensation	-	-	-	-
Exceptional compensation	-	-	-	-
Director's fees paid by Sodexo SA	43,590	43,590	49,240	49,240
Director's fees paid by Bellon SA	200,000	200,000	200,000	200,000
Fringe benefits	-	-	-	-
TOTAL [1]	**243,590**	**243,590**	**249,240**	**249,240**

(1) In addition to his director's fees, Bellon SA pays Pierre Bellon a fixed compensation of 70,000 euro per year as Chairman of the Supervisory Board of Bellon SA.

SUMMARY OF COMMITMENTS TO THE CHAIRMAN OF THE BOARD OF DIRECTORS AS OF AUGUST 31, 2009

	Employment contract		Supplemental retirement plan		Actual or potential liability for compensation or benefits resulting from termination or change of position		Compensation in connection with a non-competition clause	
	Yes	**No**	**Yes**	**No**	**Yes**	**No**	**Yes**	**No**
Pierre Bellon **Chairman of the Board of Directors** *First elected: Nov 14, 1974* *Current term expires: January 25, 2010* [1]		X		X		X		X

(1) The Board of Directors will move the reelection of Pierre Bellon to the Board for a three year period at the Shareholders' Meeting on January 10, 2010.

3.1.2 Chief Executive Officer's compensation

Michel Landel receives no payment for the performance of his duties as Chief Executive Officer of Sodexo SA. However, under his employment contract with Bellon SA his compensation package comprises:

- a fixed salary;
- an annual performance bonus of up to 100% of his fixed salary conditional upon fulfillment of all of the targets set, and 150% of his fixed salary if quantitative targets are exceeded. 75% of the bonus depends on quantitative targets based on the Group's financial performance in the course of the fiscal year elapsed, all payments in respect of quantitative targets being subject to achievement of a minimum level of performance corresponding to the budget targets. The remaining 25% depend on personal targets set at the start of the fiscal year. The bonus is calculated and paid after the close of the fiscal year to which it applies and the related audit of the financial statements;
- a long-term incentive plan consisting of bonuses and/or stock options, depending on the period. As disclosed on page 53 of this document, Michel Landel was granted 100,000 stock options on January 19, 2009, representing 6.16% of the total number of options granted. The acquisition of half of these options is subject to profit attributable to equity holders of the parent for Fiscal 2011 reaching a certain level. In addition, and under Article L. 225-185 of the French Commercial Code, throughout the tenure of his corporate office Michel Landel is required to hold a number of shares resulting from the exercise of these options equal in value to 30% of his base salary at the date of exercise of the said options.

The amounts paid in Fiscal 2009 for the above components, including measurement of the value of the stock options granted, are shown in detail in the accompanying tables.

In the event of incapacity, disability or death, the benefits paid to Michel Landel will be based on his total monetary compensation.

In addition, Michel Landel is a beneficiary of the defined benefit pension plan established for the most senior executives employed by a French company of the Group (see page 52 of this document).

COMPENSATION PAID TO THE CHIEF EXECUTIVE OFFICER

Michel Landel	Fiscal 2008		Fiscal 2009	
Chief Executive Officer *(in euro)*	**Amounts due for fiscal year**	**Amounts paid in the fiscal year**	**Amounts due for fiscal year**	**Amounts paid in the fiscal year**
Fixed compensation	896,360	896,360	906,210	906,210
Variable compensation (1)	896,360	1,280,990	906,210	1,287,172
Exceptional compensation (2)	-	350,320	-	-
Director's fees (3)	-	-	-	-
Fringe benefits (4)	3,096	3,096	3,096	3,096
TOTAL (5)	**1,795,816**	**2,530,766**	**1,815,516**	**2,196,478**

(1) The column "Amounts due for the fiscal year" corresponds to the theoretical amount of the variable portion assuming targets are met in full. Variable compensation is calculated and paid following the close of the fiscal year to which it applies and can represent up to 150% of fixed compensation if quantitative targets are exceeded.
(2) Exceptional bonus paid in recognition of Michel Landel's contribution to the operating profit recovery plan of Sodexo in the United Kingdom between 2005 and 2008.
(3) Michel Landel is not paid a director's fee for his Directorship of Sodexo SA.
(4) Michel Landel has the use of a company car.
(5) The different components of Michel Landel's compensation are paid to him in full by Bellon SA for the employment contract between him and that company.

SUMMARY OF COMPENSATION PAID AND STOCK OPTIONS GRANTED TO THE CHIEF EXECUTIVE OFFICER

Michel Landel **Chief Executive Officer** *(in euro)*	**Fiscal 2008**	**Fiscal 2009**
Compensation due for current fiscal year	1,795,816	1,815,516
Measurement of options granted during the fiscal year (1)	797,800	1,124,498
TOTAL	**2,593,616**	**2,940,014**

(1) Details of options granted in Fiscal 2009 are disclosed on page 53 of this document. Options granted are measured at fair value at grant date, estimated by means of a binomial type model that takes account of the terms and conditions on which the options were granted together with assumptions regarding exercise of the options (see note 4.24 to the consolidated financial statements). These options are recognized over a period of four years.

SUMMARY OF COMMITMENTS TO THE CHIEF EXECUTIVE OFFICER AS OF AUGUST 31, 2009

	Employment contract		**Supplemental retirement plan**		**Actual or potential liability for compensation or benefits resulting from termination or change of position**		**Compensation in connection with a non-competition clause**	
	Yes	**No**	**Yes**	**No**	**Yes**	**No**	**Yes**	**No**
Michel Landel **Chief Executive Officer** *First elected: January 9, 2005* *No fixed term*	X		X		X			X

Employment contract

As explained in the Chairman's Report on page 59 of this document, Michel Landel's employment contract with Bellon SA remains in force, and he continues to receive compensation under that contract. He receives no payment for the performance of his duties as Chief Executive Officer.

Supplemental retirement plan

Michel Landel's supplemental retirement plan provides for payment of a pension amounting to 14% of his fixed salary, to which are added the pensions due him under compulsory retirement plans, provided that he is employed by the Company at the time of his retirement. The cumulative liability for Michel Landel as of August 31, 2009 was 1,147,860 euro.

Compensation in the event of termination of appointment as Chief Executive Officer

As decided by the Board of Directors on November 6, 2008 and ratified by the combined general shareholders' meeting of January 19, 2009, in compliance with the procedure governing related party agreements, Michel Landel is entitled to compensation in the event of termination of his appointment as Chief Executive Officer, subject to performance-related conditions as specified below:

- in the event of termination of his appointment as Chief Executive Officer, other than in the event of resignation or retirement, and barring removal from office on grounds of serious misconduct or gross negligence, he will be eligible for compensation equal to twice his total annual compensation (fixed and variable) received in the 12 months prior to termination;
- payment of the compensation due in the event of termination of his appointment as Chief Executive Officer will be subject to the following condition: growth in Sodexo Group operating profit, on a constant currency and consolidation scope basis, equal to or greater than 5% for each of the three completed fiscal years prior to termination of the appointment;
- this commitment cancels and replaces all commitments entered into by the Company or by any other Sodexo Group company in France or elsewhere to pay compensation other than the foregoing in the event of termination of the contracts binding the Chief Executive Officer to the said Company or companies.

STOCK OPTIONS GRANTED TO THE CHIEF EXECUTIVE OFFICER IN FISCAL 2009

	Date of plan	Type of options	Value of options (1) *(in euro)*	Number of options granted in the fiscal year	Exercise price *(in euro)*	Vesting period (2)
Michel Landel **Chief Executive Officer**	01/19/2009	Purchase options	1,124,498	100,000	39.4	January 19, 2010 January 18, 2016
TOTAL				**100,000**		

(1) Options granted are measured at fair value at grant date, estimated by means of a binomial type model that takes account of the terms and conditions on which the options were granted together with assumptions regarding exercise of the options (see note 4.24 to the consolidated financial statements).
(2) Terms and conditions of exercise are described in the table on page 78 of this document.

STOCK OPTIONS EXERCISED BY THE CHIEF EXECUTIVE OFFICER IN FISCAL 2009

Sodexo SA Plans	Date of plan	Number of options exercised in the fiscal year (1)	Exercise price (1) *(in euro)*
Michel Landel			
Chief Executive Officer	01/27/2003	60,042	23.98
TOTAL		**60,042**	

(1) Number of options and exercise price adjusted for capital transactions carried out since the grant date.

SMS Plans (2)	Date of plan	Number of options exercised in the fiscal year (1)	Exercise price (1) *(in USD)*
Michel Landel			
Chief Executive Officer	11/22/1999	55,646	22.3235
TOTAL		**55,646**	

(1) Number of options and exercise price adjusted for capital transactions carried out since the grant date.
(2) Stock Incentive Plans granted by Sodexho Marriott Services between 1997 and 2001 and described on page 80 of this document.

3.2 Compensation and other benefits paid to non-executive directors

3.2.1 Directors' fees paid to non-executive directors

The total amount of directors' fees available for payment to the directors of Sodexo for Fiscal 2009 was set at 530,000 euro by the combined general shareholders' meeting of January 19, 2009. The total amount of directors' fees actually paid to all directors (executive and non-executive corporate officers) for Fiscal 2009 was 497,320 euro, as compared to 513,630 euro for Fiscal 2008.

Directors' fees were calculated and paid in accordance with the Board's Internal Rules, based on the following criteria established for Fiscal 2009:

- **18,000 euro** fixed fee to each director;
- **1,800 euro** per attendance at Board meetings;
- **5,600 euro** fixed fee to each member of a Board Committee;
- **780 euro** per attendance at Committee meetings.

Directors' fees paid to executive and non-executive corporate officers for Fiscal 2008 and Fiscal 2009 were as follows:

Members of the Board of Directors (other than the Chairman of the Board of Directors and the Chief Executive Officer)	Fiscal 2008 *(in euro)*	Fiscal 2009 *(in euro)*
Robert Baconnier	44,350	46,120
Rémi Baudin [(1)]	47,870	51,240
Patricia Bellinger	50,350	47,720
Astrid Bellon	28,000	31,200
Bernard Bellon [(1)]	38,670	41,920
François-Xavier Bellon	29,750	31,200
Sophie Clamens	32,030	33,540
Paul Jeanbart	31,270	28,200
Charles Milhaud	17,500	9,000
François Périgot	45,110	24,560
Nathalie Szabo	36,670	37,580
Peter Thompson	33,520	34,000
Mark Tompkins	38,950	39,920

(1) This total includes 2,000 euro in directors' fees paid by Bellon SA in Fiscal 2008 and 2009 for his appointment as member of the Supervisory Board of Bellon SA.

3.2.2 Compensation paid to non-executive directors

No stock options have been granted to non-executive directors, and they are not eligible for any supplemental retirement plan or compensation or benefits potentially resulting from the assumption, termination or change of duties.

	Fiscal 2008 *(in euro)*			Fiscal 2009 *(in euro)*		
	Total annual compensation		Fringe benefits	Total annual compensation		Fringe benefits
	Fixed	Variable [(1)]		Fixed	Variable [(1)]	
Astrid Bellon [(2)]	74,968	-	-	90,632	-	-
François-Xavier Bellon [(2)]	74,968	-	-	90,632	-	-
Sophie Clamens [(3)]	198,537	15,000	-	248,170	20,450	
Nathalie Szabo [(4)]	155,008	8,900	-	185,417	-	1,262

(1) Variable compensation is conditioned upon meeting quantitative and qualitative targets.
(2) Compensation paid for membership on the Management Board of Bellon SA.
(3) Compensation paid for her position as Chair of the Management Board of Bellon SA (114,004 euro for Fiscal 2008 and 135,616 euro for Fiscal 2009) and for her position as Chief Executive Officer of Sodexo France Corporate (133,004 euro for Fiscal 2009 and 99,533 euro for Fiscal 2008 for her position as Sodexo Management Project Director).
(4) Compensation paid for her membership of the Management Board of Bellon SA (86,968 euro for Fiscal 2008 and 114,633 euro for Fiscal 2009) and for her position as Chief Executive Officer of Sodexo Prestige (76,940 euro for Fiscal 2008 and 70,784 euro for Fiscal 2009). Nathalie Szabo has the use of a company car.

4. CHAIRMAN'S REPORT ON THE OPERATING PROCEDURES OF THE BOARD OF DIRECTORS AND ON INTERNAL CONTROL AND RISK MANAGEMENT PROCEDURES

"In accordance with article L. 225-37 of the Commercial Code, the Chairman of the Board of Directors is required to report on the preparation and organization of the work of the Board of Directors and about internal control and risk management 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 chaired by Mr. Pierre Bellon.

4.1.1 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.

4.1.2 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.

4.1.3 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, verifies the existence and effectiveness of risk management and 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 significant 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.

4.1.4 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 Group's Chief Legal Officer of all transactions in Sodexo shares.

4.1.5 Board meetings during the year

The Board of Directors met ten times during Fiscal 2009 (meeting either physically or via conference call, as provided for in the corporate bylaws), fulfilling the minimum requirement of four meetings per year as stated in the Internal Rules.

Date	Main items on the agenda	Attendance rate
September 9, 2008	Approval of the Fiscal 2009 budget	93%
September 18, 2008	Authorization to issue a guarantee relating to the acquisition of Zehnacker	86%
October 13, 2008	Review of plan to acquire RKHS	79%
November 6, 2008	Finalizing of consolidated financial statements for Fiscal 2008. Approval of Activity Review. Convening of Combined Shareholders' Meeting	86%
January 19, 2009	Adoption of new stock option plans Business update for opening months of the fiscal year	86%
January 29, 2009	Update on investment projects (membership in Metrix–Defense Training Review consortium (United Kingdom))	92%
March 10, 2009	Funding Update on Facilities Management activity	92%
April 21, 2009	Finalizing of consolidated financial statements for first-half Fiscal 2009 Approval of review for the Fiscal 2009 half year	92%
June 2, 2008	Update on consolidated funding	92%
July 8, 2009	Review of acquisition of Comfort Keepers Related party transaction	77%

The average attendance rate during Fiscal 2009 was 87%.

4.1.6 Composition of the Board of Directors

A list of members of the Board of Directors is provided on page 42 of this document.

The Board of Directors has thirteen members, four of whom are women. Nine 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 December 2008 AFEP-MEDEF Code of Corporate Governance for listed companies states that: *"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 criteria of director independence in force as stated in the aforementioned AFEP-MEDEF Code, the Nominating Committee periodically provides the Board of Directors a list of Directors qualifying as independent.

During Fiscal 2009, five Board members were accordingly deemed independent directors.

Directors hold office for a term of three years.

4.1.7 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 consists of Robert Baconnier, in his capacity as a "financial expert", Chairman, and Mr. Mark Tompkins. 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. It periodically reviews Senior Management reports on risk exposure and prevention, and ensures that effective internal controls are applied.

The Committee assesses proposals from auditing firms and submits candidate firms for approval by the Annual 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.

During Fiscal 2009, Michel Landel (Chief Executive Officer of Sodexo), Siân Herbert-Jones (Group Chief Financial Officer) and Steven Pangburn (Group Internal Audit Director) were regularly invited to attend Audit Committee meetings to discuss their activities and answer questions.

The Audit Committee met three times during Fiscal 2008, with an 88% average attendance rate.

Issues addressed by the Committee included:

- review of the mapping of risks and of the risk management system;
- progress report on the evaluation of internal control;
- approval of the Internal Audit Plan for Fiscal 2009;
- reports issued by the Internal Audit department, and progress reports on the implementation of internal audit recommendations;
- the proposal to renew the appointment of KPMG as joint-external auditor;
- 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 2009. 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 2009, and the interim consolidated financial statements for the Fiscal 2009 half year. In addition to three formal meetings, the Chairman of the Audit Committee also had periodic meetings during the fiscal year 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 Patricia Bellinger and the other members are 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 once in Fiscal 2009 to discuss succession planning for members of the Group Executive Committee and organizational changes in France and the United Kingdom. However, there were many discussions between the members of the Nominating Committee and the Group's senior management.

The average attendance rate was 100%.

Compensation Committee

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

This Committee makes proposals relating to compensation packages for corporate officers, executive compensation policy, performance-based incentives (including stock option plans), and employee stock ownership plans. The principles and rules applied by the Board of Directors in determining the compensation and benefits of any nature provided to the executive officers are described on pages 49-54 of this document.

The Compensation Committee met three times in Fiscal 2009 to make recommendations to the Board on issues such as the implementation 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 proposed to the Board the granting of 1.7 million stock options to 500 senior managers under the 2009 plan and offered its opinion on individual grants as proposed by the Chief Executive Officer.

The average attendance rate in Fiscal 2009 was 100%.

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, in order to facilitate its work. 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 is chaired by Siân Herbert-Jones, Group Chief Financial Officer, and consists of four directors (Sophie Clamens, Robert Baconnier, Pierre Bellon and Mark Tompkins) and also includes Michel Landel (Chief Executive Officer) and members of Siân Herbert-Jones's staff, together with the line managers who propose and will manage these projects. Some directors have expressed an interest in taking part in this working group and have attended its meetings.

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 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.

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 On-site Service Solutions activity (previously Food and Facilities Management) in France and in the United Kingdom, and the Group Executive Vice President and Chief Marketing Officer Offer, Marketing, Supply Chain and Sustainable Development explained the action plans implemented in the areas under his responsibility. During the April 15, 2008 meeting, the Chief Executive Officer of Motivation Solutions (previously Service Vouchers and Cards) presented an update on the strategy and current initiatives in that activity.

During the September 9, 2008 Board meeting, the Chief Executive Officer and members of the Group's Executive Committee presented the three-year plans for their respective business units. The Board members reconfirmed their desire to meet more often with the members of the Group's Executive Committee.

Consequently, at its meeting on September 8, 2009, the Board of Directors devoted most of the meeting to the strategic plan presented by the Chief Executive Officer and the Executive Committee. A meeting of the Directors, the Chief Executive Officer and all of the members of the Executive Committee was devoted to consideration of the Fiscal 2010-2012 plans for the Group and for its different business units and corporate functions. After this Board meeting, a questionnaire was circulated to the Directors alone seeking their opinion on the quality of the plans submitted, which was deemed an improvement over the previous fiscal year.

During Fiscal 2009, the Directors had several occasions to comment on the Board's internal procedures, to verify that important subjects had been properly prepared and discussed, and to express their opinion on the quality of the information supplied to them. A more formal evaluation of the Board's procedures will be conducted in Fiscal 2011.

Code of Corporate Governance

The AFEP-MEDEF Code of Corporate Governance for listed companies, completed and published in full in December 2008 (see www.medef.fr – Gouvernement d'entreprise – Corporate governance) has served as the reference document in preparing this report, approved by the Board of Directors at its meeting on November 6, 2009.

On September 7, 2009, Rémi Baudin, Chair of the Compensation Committee, made an information request by mail to the *Comité des Sages* (Compensation Review Committee – "the Committee") of the MEDEF concerning the compensation of Michel Landel, member of the Board of Directors and Chief Executive Officer of Sodexo, in order to obtain the Committee's views.

After completion of its review, the Committee considered that Mr. Landel's total compensation (fixed, variable, termination indemnities and retirement benefits) does not merit any particular comment but recommended that the methods for determining this compensation be explained (see page 50 of this Reference Document).

However, the Committee considered that it was not its role to make any comment on the relationship between Bellon SA and its subsidiary Sodexo. It considers however that the agreements between Sodexo and Bellon SA indicate the existence of an employment agreement for Michel Landel, Chief Executive Officer of Sodexo, with Bellon SA, which does not appear to conform to Recommendation n°19 of the AFEP-MEDEF Corporate Governance Code for listed companies. In compliance with the requirement of Recommendation n°22 of AFEP-MEDEF code, to "comply or explain", below is Sodexo's explanation of the reasons for maintaining Michel Landel's contract with Bellon SA.

Since 1991, there has been an agreement between Sodexo and Bellon SA, which is the "animating holding company" of Sodexo. This agreement is included each year in the external auditor's Special Report, which is approved by the shareholders at Sodexo's Annual General Meeting.

This agreement stipulates that Bellon SA must provide Sodexo specific means and competencies which have as an objective:

- assistance and advice on the definition and implementation of Sodexo's strategy;
- respect for the Group's fundamentals and its values;
- assistance in promoting and recruiting senior level managers for Sodexo;
- assistance in financial planning and implementation.

Bellon SA provides this assistance to Sodexo, either directly or with the help of qualified experts and this is why Michel Landel, Group Chief Executive Officer, Elisabeth Carpentier, Group Senior Vice President of Human Resources, and Siân Herbert-Jones, Chief Financial Officer, are compensated and employed by Bellon SA.

Having an animating holding company guarantees the Group's independence.

Independence has been one of the Group's fundamentals since its founding by Pierre Bellon in 1966, because it allows the Group to maintain its values and to have a long-term strategy, continuity in its management and to ensure its perpetuity. This independence is desired by the majority of the staff consulted at regular intervals over the life of the company.

As of August 31, 2009, Bellon SA holds 38% of the shares of Sodexo and 44% of their voting rights. Pierre Bellon's four children hold 68.5% of the shares of Bellon SA and are linked by agreements which prevent them from selling these shares to third parties, thus ensuring the perpetuity of the Company.

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 74. 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 has created 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.

Attendance of shareholders at the Annual Meeting

Specific procedures pertaining to the participation of shareholders at the Annual Meeting are indicated in article 16 of Sodexo's statutes (included on page 249 of this document).

Information that could have a material impact in the event of a public tender offering

The share ownership and voting rights in the Company, provided in the chapter on Legal Information, page 253 of this report, are considered to be the decisive factors among those referred to in article L. 225-100-3 of the French Commercial Code.

4.2 Risk management and internal control procedures implemented by the Company

Sodexo faces a number of internal and external risks and uncertainties in the conduct of its business and in the implementation of its strategy. To confront these risks and uncertainties, it has established an organization and policies intended to identify, evaluate, prevent and manage these risks in order to limit any adverse impacts.

The internal control system is a methodology established by the Company and implemented under its responsibility, which 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 internal control system plays a major role in the conduct of the Group's business, by contributing to the prevention and management of risks.

4.2.1 Fundamental values and policies

The internal control system is based on the fundamental values and policies underlying Sodexo's development, as defined since its founding by Pierre Bellon and the Board of Directors. These fundamental Group principles are defined as follows:

1- A company is the community

Of its clients and consumers	Of its people	Of its shareholders

We are who we are in order to satisfy their expectations:

- for our clients:
  - added value (perceived quality/price/conviviality) in comparison with our direct or potential competitors.
- for our consumers:
  - better-adapted services than those of our competitors.

- for our employees:
  - job security,
  - competitive pay for the industry,
  - empowerment,
  - training, advancement and promotion,
  - consideration and being listened to,
  - pride in being part of Sodexo and in sharing its philosophy, its values and ethical principles,
  - alignment with the Company's performance,
  - meaningful work for all.

- for our shareholders:
  - return on investment,
  - dividend growth,
  - to be treated with respect and informed about the evolution and performance of the company,
  - invest in a company that contributes to the economic and social development of the countries where it operates.

However, these expectations are contradictory in the short term; for example:

- clients always want better quality service at lower prices;
- employees want higher salaries and better working conditions;
- shareholders want a return on their investment and increased dividends.

How can we simultaneously and continuously satisfy the expectations of clients, employees and shareholders?

- there is only one possible choice, namely to achieve organic earnings and revenue growth.

Because organic growth:

- guarantees that we are capable of retaining our current clients;
- allows us to respond to employees' expectations: for secure jobs and opportunities for advancement;
- ensures return on investment for our shareholders.

2- *This growth must be meaningful for the women and men who generate it.*

That is why, from the moment of Sodexo's creation in 1966 we formulated:

- values;
- ethical principles;
- and a mission.

Our values

The values shared by Sodexo's 380,000 employees are:

- service spirit;
- team spirit;
- spirit of progress;

Our privilege: to be at the service of others.

Our ethical principles

- loyalty;
- respect for people;
- transparency;
- business integrity.

Our mission

Our mission is twofold:

- improve the Quality of Daily Life of people in their workplace, patients at a hospital, students in schools and universities, prisoners in correctional facilities, soldiers in their barracks, etc.;
- contribute to the economic, social and environmental development of the communities, regions and countries where we operate;
  - "Making every day a better day,"
  - Our beliefs, our values, our ethical principles, and our mission—these comprise the commitment that unites us and binds all of our teams.

3- *Our new vision:*

- To become our clients' long-term partner in designing and implementing solutions for their needs;
- The Group has changed the names of our two main activities, thus aligning them with our new vision:
  - Food and Facilities Management is now On-site Service Solutions,
  - Service Vouchers and Cards is now Motivation Solutions.

Moreover, Sodexo is now beginning to develop a new business providing Personal and Home Service Solutions.

Our ambition for the medium term

- To sustain 7% average annual revenue growth;
- To reach an operating margin of 6%;
- To become a global leader in each of the client segments we serve;
- To provide a springboard for our employees' development;
- To make Sodexo a globally known, loved and chosen brand.

4- *Our strategy*

In order to achieve our ambition, our strategy is clear:

- Become a global leader in On-site Service Solutions;
- Strengthen and leverage the core in foodservices;
- Become the global leader in Motivation Solutions;
- Develop in Personal and Home Solutions.

Sodexo also has a Code of Conduct, which has been signed by the members of the Executive Committee and key finance executives of the 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, requiring every employee to refrain from corrupt practices and unfair competition.

4.2.2 Group Policies

Group policies are widely distributed within the organization and are available on the Sodexo intranet. However, these policies are amended and improved from time, to adjust to the Group's changing environment and its expanding portfolio of services.

These policies cover Sodexo's strategic imperatives, as well as guidelines applicable in areas such as development in potentially fast-growing markets, focus on the client, human resources, finance, purchasing, information systems, communications and sustainable development.

Human Resources

The Group has two main objectives: to meet staffing requirements, in terms of numbers, quality and competencies, and, to be one of the world's employers most appreciated by its employees.

Human resource policies establish priorities: the future management of executives, in attracting, developing, motivating and gaining the loyalty of the best; promotion of equal opportunities and diversity at every level of the business. These policies provide a framework for entity organizational charts, recruiting, training, career and succession planning, and fixed and variable compensation policy.

Independence and Funding of Growth

From the time of Sodexo's founding in 1966, Pierre Bellon has insisted that this family-held company would remain independent. But how can the Company finance its growth while remaining independent? The Group's financial strategy is shaped by this constraint and rests on two basic principles:

- choosing low capital intensive activities, with average investment (excluding acquisitions) totaling around 2% of revenue;
- continuously having sufficient liquidity available to fund growth, reimburse medium-term debt, and pay dividends to shareholders.

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

These policies also set forth principles for maintaining accounting records, and stress the importance of the information provided by reporting entities, including financial projections. Each manager is accountable to ensure 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.

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.

Consequently:

- 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, cash management activities, and the choice of financial counterparties.

- 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 significant investments, monitors the progress of projects, and performs cost/benefit analyses of security standards and disaster recovery plans.

4.2.3 Delegations of Authority

Clearly-defined delegations of authority are reviewed annually and formally communicated to managers by their superiors.

Principles and policies in this area are supplemented by job descriptions, annual targets and, for senior executives, clearly defined delegations, which are reviewed annually and formally communicated to each executive by his or her superior.

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

Delegations of authority cover development, human resources, purchasing, investments and finance.

Planning and setting of objectives

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 general policies.

The Group's strategy and targets are discussed each year during the preparation of the three-year 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 (client retention, growth on existing sites, business development, human resources, purchasing, management, finance, etc.) 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.

Description of the internal control system relating to the preparation of accounting and financial disclosure

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

The production and analysis of financial information is conducted through a body of procedures put in place at both operational sites and in the Group and subsidiaries' Finance Departments.

The subsidiaries' Finance Departments produce a cumulative monthly income statement since the beginning of the fiscal year, a balance sheet, and a statement of cash flows. They also produce quarterly projections for the full year.

At February 28, the external auditors conduct a limited review of the interim financial statements for the most significant subsidiaries.

At the end of the fiscal year, the Chief Executives and Chief Financial Officers of the Business Units certify the reliability of their financial statements, prepared in accordance with the IFRS standards adopted by the European Union. The external auditors of the main subsidiaries express a view on these financial statements in the conduct of the mission referred to them by the Group auditors. The Group Finance Department ensures that the accounting processes applied by all subsidiaries are compliant with Group rules. Financial statements are consolidated on a monthly basis by the Group Finance Department.

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. Thanks to these efforts and to the deployment of a new web-based financial reporting system, the Group Finance Department has brought forward the publication of the annual results by 20 days over the last three years.

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.

The Group Chief Financial Officer presents the monthly financial reporting to the Group Executive Committee, as well as growth indicators such as client retention, sales development and revenue growth on existing sites. Moreover, 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.

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, etc.

Procedures for identifying these commitments include:

- Periodic reviews of the minutes of the Annual Shareholders' Meeting and meetings of the Board of Directors of the subsidiary for follow up on contractual commitments, litigation and authorizations for and disposals of assets;
- Reviews with risk management executives of and insurance company agencies and brokers with whom the subsidiary has contracted insurance to cover risks related to its conditional obligations;
- Reviews with banks and financial institutions of sureties and guaranties;
- Reviews with internal and external legal counsel of litigation and actions, as well as the measurement of any related liabilities;
- Examination of transactions with related parties concerning guaranties and other commitments mad or received.

Each subsidiary is required to provide an exhaustive list of its off-balance sheet commitments.

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 relate only to contractual obligations for services and are limited in value and duration.

The Group Risk Management and Insurance Department, which is part of the Group Legal 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.

Lastly, 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 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, Financial Controlling, Accounting Methods, Financial Communications, Legal, Human Resources and Communications.

4.2.4 Group Internal Audit Department

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. The Audit Committee reviews this Annual 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 2009 were completed during the year. The Group Internal Audit Department, with an average of 24 staff, conducted 142 engagements in 32 countries during Fiscal 2009. In addition to this central team, 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 Group companies are implementing its post-audit action plans. 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 2008 and 2009, more than 95% of recommendations were either implemented or addressed in an action plan prepared by the management of the subsidiary involved. For Fiscal 2009, of the 834 recommendations made by the Internal Audit Department, 36% have already been implemented and 61% are addressed in an action plan.

The Internal Audit Department also plays an important role in the CLEAR Initiative (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.

4.2.5 Description of risk management principles and the integrated risk management and internal control procedures

The Group has put in place a procedure for the systematic identification of major risks, designed to ensure that risks are evaluated and managed at the appropriate level within the organization. Measures to manage risks are implemented either at the local or the Group level, depending on their nature.

The internal control system is rooted in the Group's values and policies, as defined by its senior managers, and is implemented in each entity according to local conditions.

The risk identification process is carried out in parallel at the central level for the Group, and locally:

- the Group Executive Committee regularly updates its mapping of Group risks and submits it to the Audit Committee and the Board of Directors;
- and, as part of the CLEAR program, the Chief Executives of the main Group entities identify the ten to fifteen main risks and rank them by order of importance, describe the controls in place in order to manage them, and evaluate their effectiveness;
- these local evaluations are aggregated at Group level and submitted annually to the Audit Committee.

The main risk factors to which the Group is exposed are described on pages 199-201 of this reference document.

Assessment of internal control procedures

The French "Financial Security Act" *(Loi sur la Sécurité Financière)* and the Sarbanes-Oxley Act in the United States, led Sodexo to make considerable progress in internal control. The delisting of Sodexo shares from the New York Stock Exchange and related deregistration from US stock market regulations in 2007 were essentially motivated by cost considerations. However, Sodexo is committed to upholding and even improving these same internal control procedures.

The internal control procedures 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 processes). 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.

The CLEAR initiative addresses:

- the identification and assessment of risks;
- the description of the control environment, both at Group and subsidiary levels;
- documentation and self-assessment of these control points both in subsidiaries and at Group level;
- independent testing of the effectiveness of these control points, by internal or external auditors.

A very large number of Group subsidiaries representing more than 95% of Sodexo's revenues prepare a detailed report (Company Level Control Report) on their control environment, described in accordance with the five COSO components, and including an evaluation of the subsidiary's principal risks, a description of risk management measures, and assessment of their effectiveness.

Significant Group subsidiaries representing more than 90% of Group revenues, go beyond these first two descriptive phases, documenting and then evaluating both their control environment and transactional controls.

Sodexo has developed a guide to risks and control as part of its CLEAR initiative. Under the program, Group activities have been segmented into twelve significant processes, namely: Revenues and Receivables, Purchases and Payables, Human Resources, Treasury, Inventories, Property, Plant and Equipment and Intangible Assets, Legal and Regulatory, Information Systems and Technologies, Finance, Motivation Solutions Operations, Corporate, and Health and Safety. For each of these processes, the CLEAR program identifies several control proposals for each of the major risks, which have been assembled in

(1) See glossary.

the Sodexo framework for risks and controls. Each subsidiary is then responsible for implementing and evaluating the effectiveness of those controls that it considers best able to reduce its risks, in coordination with its Business Unit and the Group.

An internal certification and evaluation has been conducted to assess the effectiveness of the risk management and internal control system. An executive summary of this procedure is submitted to the Audit Committee at the end of each fiscal year. In addition, each year, the Business Unit with the most significant progress receives an internal award. Business Units evaluated in Fiscal 2009 for the application of CLEAR processes represent 87% of Group revenues. For each entity, approximately 30 controls were tested by independant teams. Altogether 1,065 controls were tested in Fiscal 2009; 79% were considered effective. Action plans have been prepared in order to remediate the remaining 21%.

All of these initiatives are part of ongoing efforts to improve Sodexo's internal controls and management procedures.

However, an internal control system cannot provide an absolute guarantee that all risks have been eliminated. Sodexo nevertheless ensures that the most effective internal control systems feasible are in place in all of its subsidiaries.

In the preparation of this report, Sodexo has also referred to the "Reference Framework" produced by the French Market Advisory Group and published by the French securities regulator, the *Autorité des Marchés Financiers* (AMF). In compliance with the July 3, 2008 Act, this report was approved by the Board of Directors.

This report will be presented to the shareholders at the January 25, 2010 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

4.3 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 S.A.

For the year ended August 31, 2009

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 Sodexo S.A., and in accordance with Article L. 225-235 of the French Commercial Code ("*Code de commerce*"), we hereby report to you 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 August 31, 2009.

It is the Chairman's responsibility to prepare and submit to the approval of the Board of Directors a report describing the internal control and risk management procedures implemented by the company and providing the other information required by article L. 225-37 of the French Commercial Code in particular relating to corporate governance.

It is our responsibility:

- to report to you on the information set out in the Chairman's report on internal control procedures relating to the preparation and processing of financial and accounting information, and
- to attest that the report sets out the other information required by article L. 225-37 of the French Commercial Code, it being specified that it is not our responsibility to assess the fairness of this information.

We conducted our work in accordance with professional standards applicable in France.

Information concerning the internal control procedures relating to the preparation and processing of financial and accounting information

The professional standards require that we perform procedures to assess the fairness of the information on internal control procedures relating to the preparation and processing of financial and accounting information set out in the Chairman's report. These procedures mainly consisted in:

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

On the basis of our work, we have no matters to report on the information given on internal control procedures relating to the preparation and processing of financial and accounting information, set out in the Chairman of the Board's report, prepared in accordance with the provisions of article L. 225-37 of the French Commercial Code.

Other information

We attest that the Chairman's report sets out the other information required by article L. 225-37 of the French Commercial Code.

Neuilly-sur-Seine and Paris La Défense, November 9, 2009

The Statutory Auditors

PricewaterhouseCoopers Audit	**KPMG Audit** *Department of KPMG S.A.*
Louis-Pierre Schneider	Isabelle Allen

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 37.71% of the share capital of Sodexo;
- Bernard Bellon, with other members of his family, holds 13% of the shares of Bellon SA.

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 concerned the Chief Executive Officer exclusively and were as follows during Fiscal 2009:

- on September 18, 2008, he subscribed to 571 units in the FCPE (Employee Investment Fund) invested in Sodexo shares for 35.03 euro per share, under the "Sodexo with me" international saving plan;
- on December 12, 2008, he exercised 60,042 stock options granted to him on January 27, 2003, for 23.98 euro per share (see page 53 of this document);
- on February 6, 2009, he exercised 55,646 stock options granted to him on November 22, 1999 for USD 22.3235 per share (see page 53 of this document) and immediately sold the corresponding shares for USD 53.7401 each.

Controlling shareholder measures

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 presence of five members considered independent among the thirteen 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 ownership interest of Bellon SA

in Sodexo (changes in which are disclosed on page 253 of this document). Further, since 1991 a service agreement between Bellon SA and Sodexo and Sodexo Group companies has been in operation whereby Bellon SA provides assistance and advice in areas including strategy, finance, accounting, stock market and human resources, either directly or via qualified experts; in return for its services, Bellon SA receives fees that are approved annually by the Board of Directors of Sodexo. The amount paid for Fiscal 2009 was 6,764,500 euro ex. VAT.

Regulated related-party agreements

- The Special Report of the Auditors on regulated related-party agreements authorized in the course of Fiscal 2009, and on those entered into in prior years and applicable during Fiscal 2009, is presented on page 236 of this document.

6. AUDIT FEES

	PricewaterhouseCoopers				KPMG			
	Amount		%		Amount		%	
(in euro million ex. VAT)	Fiscal 2009	Fiscal 2008	Fiscal 2009	Fiscal 2008	Fiscal 2009	Fiscal 2008	Fiscal 2009	Fiscal 2008
Audit								
Audit of individual company financial statements and consolidated financial statements:								
Issuer	0.6	0.7	7%	15%	0.6	0.7	15%	13%
Consolidated subsidiaries	4.4	3.3	50%	70%	2.8	3.2	70%	62%
TOTAL	**5.0**	**4.0**	**57%**	**85%**	**3.4**	**3.9**	**85%**	**75%**
Other audit services								
Issuer	2.3	0.1	27%	2%	0.1	0.1	2%	2%
Consolidated subsidiaries	1.3	0.4	15%	8%	0.4	1.1	11%	21%
TOTAL	**3.6**	**0.5**	**42%**	**10%**	**0.5**	**1.2**	**13%**	**23%**
Sub-total Audit	**8.6**	**4.5**	**99%**	**96%**	**3.9**	**5.1**	**98%**	**98%**
Other services to consolidated subsidiaries								
Legal, tax, labor	0.1	0.2	1%	4%	0.1	0.1	2%	2%
Others								
TOTAL	**0.1**	**0.2**	**1%**	**4%**	**0.1**	**0.1**	**2%**	**2%**
TOTAL	**8.7**	**4.7**	**100%**	**100%**	**4.0**	**5.2**	**100%**	**100%**

In order 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, the Audit Committee has prepared 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 96% of financial statement audit fees, of which 57% were paid to PricewaterhouseCoopers and 39% to KPMG.

Audit fees paid by Group subsidiaries to firms other than PricewaterhouseCoopers and KPMG (and member firms of their international networks), amounted to 0.4 million euro for Fiscal 2009.

Fees paid during the Fiscal year were impacted by:

- the acquisition of Zehnacker in Germany, Poland and Austria;
- the acquisition of RKHS in India.

The Audit Committee approved in advance all services performed by the auditors during Fiscal 2009.

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 tenure of KPMG expired at the end of Fiscal 2008. Four audit firms were invited to reply to a call for tender at the beginning of 2009. KPMG was selected, out of the 3 bids received, on the basis of financial and qualitative criteria.

→ The Executive Committee

As of August 31, 2009

The nine-member Executive Committee is chaired by Michel Landel. This Committee establishes Group strategy and policies in order for Sodexo to achieve its vision, ambition and goals, and oversees their implementation. Its role is to deploy the Company's strategic plan, or road map, launching major initiatives within the Group and identifying priority areas for the operating entities. The Executive Committee monitors the performance of the Group and operating entities, and their adherence to Sodexo's strategy. It determines the requisite organization for the development of the company and ensures that there is a clearly designated successor for each manager.

The members of the Executive Committee are also the chief ambassadors of the Sodexo brand.

The Executive Committee is supported by an International Committee comprising around 60 line and staff managers representing the Group's main segments and businesses. The International Committee assists the Executive Committee in identifying trends and opportunities, both globally and by customer segment. It translates strategic decisions into action plans and assembles the necessary teams to deploy them. Each member is also expected to share information, share best practices, and nurture commitment to Group values.

Michel Landel

Chief Executive Officer and Director of Sodexo

Chairman, Executive Committee

President, Sodexo STOP Hunger Association

Elisabeth Carpentier

Group Executive Vice President

Chief Human Resources Officer

Human Resources and Internal Communications

George Chavel

Group Chief Operating Officer

Chief Executive Officer North America, On-site Service Solutions

Roberto Cirillo

Group Senior Vice President

Chief Executive Officer, France On-site Service Solutions

Chief Strategy Officer

Strategy, Innovation, Brand and Communications

Pierre Henry

Group Chief Operating Officer

Chief Executive Officer Motivation Solutions

In charge of On-site Service Solutions, South America and* Continental Europe, excluding France and United Kingdom

Siân Herbert-Jones

Group Executive Vice President

Group Chief Financial Officer

Philip Jansen

Group Chief Operating Officer

Chief Executive Officer Europe, On-site Service Solutions

Nicolas Japy

Group Chief Operating Officer

Chief Executive Officer Remote Sites, and Asia/Australia, On-site Service Solutions

Damien Verdier

Group Executive Vice President

Chief Marketing Officer

Offer Marketing, Supply Chain and Sustainable Development

* *From February 1, 2010*

The compensation of members of the Executive Committee comprises a fixed salary and an annual performance-based bonus, plus, where applicable, a medium-term incentive bonus.

Depending on the manager, the annual performance-based bonus represents between 50 and 100% of the fixed salary, conditional upon fulfillment of targets, and may be increased to 150% if quantitative targets are exceeded. For line managers, 75% of this bonus depends on fulfillment of financial performance targets in the fiscal year elapsed, either by the Group or by the operating entity under the executive's management. The remaining 25% depends on qualitative targets linked to key indicators such as customer retention and diversity. For managers in staff functions, 50% of the bonus depends on fulfillment of financial performance targets by the Group in the fiscal year elapsed. The remaining 50% depends on qualitative targets as described above.

The bonus is calculated and paid following the close of the fiscal year to which it applies and after completion of the audit of the financial statements.

In addition to this monetary compensation, Executive Committee members receive fringe benefits (primarily, a car), and retirement plan contributions for members under employment contract with one of the Group's foreign companies.

Total compensation paid by the Group to members of the Executive Committee in their position as of August 31, 2009 (including the Chief Executive Officer, details of whose compensation are provided on page 50 of this document), amounted to 9,790,892 euro. This amount comprises a fixed portion of 4,442,653 euro, a variable portion of 5,115,294 euro, and 232,945 euro of contributions to retirement plans, as described above.

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, with the exception of the Chief Executive Officer.

The stock option plans satisfy the following rules:

- options are generally granted at the same period of the year and their exercise price is not discounted;
- the options have a lifetime of 6 to 7 years;
- vesting is by 25% tranche over a 4-year period;
- the option holder must be employed by the Group at the time of exercise.

Effective for the 2008 and 2009 plans, the acquisition of 50% of the options granted is conditional upon the achievement of a certain level of profit attributable to equity holders of the parent for Fiscal 2010 and 2011.

1. Sodexo stock options granted to employees

The Annual Shareholders' Meeting regularly grants authority to the Board of Directors to purchase Sodexo shares for the purpose of granting them to employees under stock option plans.

The number of stock options outstanding at August 31, 2009 was 5,959,157 for a total amount of 235,008,053 euro (see table below for details). The number of options exercisable as of August 31, 2009 was 2,120,052, each entitling the holder to one Sodexo share if exercised.

Date of Shareholders' Meeting	Date of Board meeting granting stock option plan [(1)]	Total number of options granted [(2)]	Total number of options granted to Corporate Officers (Michel Landel)	Start date of vesting period
02/04/2003	01/20/2004 (A)	483,350	45,000	01/20/2005
02/04/2003	01/20/2004 (B)	518,633		01/20/2005
02/04/2003	01/20/2004 (C)	7,700		01/20/2005
02/03/2004	01/18/2005 (A)	537,100	60,000	01/18/2006
02/03/2004	01/18/2005 (B)	466,000		01/18/2006
02/03/2004	01/18/2005 (C)	6,900		01/18/2006
02/03/2004	06/16/2005 (B)	20,000		06/16/2006
02/03/2004	01/10/2006 (A1)	369,604	63,000	01/10/2007
02/03/2004	01/10/2006 (A2)	192,996		01/10/2007
02/03/2004	01/10/2006 (B)	399,802		01/10/2007
02/03/2004	01/10/2006 (C)	5,050		01/10/2007
01/31/2006	01/16/2007 (A1)	502,600	90,000*	01/16/2008
01/31/2006	01/16/2007 (A2)	337,600		01/16/2008
01/31/2006	01/16/2007 (B)	500,000		01/16/2008
01/31/2006	01/16/2007 (C)	4,500		01/16/2008
01/31/2006	04/24/2007 (A1)	20,000		04/24/2008
01/31/2006	04/24/2007 (A2)	1,600		04/24/2008
01/31/2006	09/11/2007 (B)	40,000		09/11/2008

(1) Beneficiaries of plans:
- *(A) Plan reserved for non-US employees*
- *(A1) Plan reserved for employees resident in France*
- *(A2) Plan reserved for employees non-resident in France*
- *(B) Plan reserved for employees resident in North America*
- *(C) Plan reserved for US employees not resident in the US*

(2) Total number of options granted by the Board of Directors at grant date
(3) Exercise price adjusted after capital transactions carried out since grant date
(4) Subject to achieving a specified level of profit attributable to equity holders of the parent for Fiscal 2010
(5) Subject to achieving a specified level of profit attributable to equity holders of the parent for Fiscal 2011
(6) Total number of options canceled as a result of departure of beneficiaries, as specified in rules governing the plans
* *Under article L. 225-185 of the French Commercial Code, the Board of Directors has decided that Michel Landel, the only Board Director to have received stock options, is required to hold a number of shares received upon exercise of the stock options related to the January 16, 2007, January 7, 2008 and January 19, 2009 plans, equivalent to 30% of his base salary as of the date of exercise of these options throughout the entire duration of his position as a Board Director.*

Expiration date	Exercise price [3] *(in euro)*	Terms of exercise	Number of shares purchased as of Aug. 31, 2009	Cumulative number of options cancelled [6]	Options outstanding as of Aug. 31, 2009
01/19/2010	24.48	25% at each anniversary date	314,440	54,094	112,295
01/19/2010	24.48	25% at each anniversary date	365,594	52,881	100,811
01/19/2010	24.48	25% at each anniversary date	2,027	675	5,004
01/17/2011	23.08	25% at each anniversary date	140,408	75,426	321,652
01/17/2011	23.08	25% at each anniversary date	229,590	37,008	200,082
01/17/2011	23.08	25% at each anniversary date	2,803	0	4,103
06/15/2011	26.02	25% at each anniversary date	15,012	0	5,004
01/09/2012	34.83	25% at each anniversary date	7,600	51,842	310,437
01/09/2012	34.83	25% at each anniversary date	22,660	21,800	148,711
01/09/2012	34.83	25% at each anniversary date	83,600	25,389	291,203
01/09/2012	34.83	25% at each anniversary date	0	0	5,054
01/15/2014	47.82	25% at each anniversary date	0	36,428	466,180
01/15/2013	47.82	25% at each anniversary date	0	43,378	292,016
01/15/2013	47.82	25% at each anniversary date	0	43,410	455,998
01/15/2013	47.82	25% at each anniversary date	0	0	4,504
04/23/2014	55.36	25% at each anniversary date	0	0	20,014
04/23/2013	55.36	25% at each anniversary date	0	0	1,602
09/10/2013	47.17	25% at each anniversary date	0	0	40,028

Date of Shareholders' Meeting	Date of Board meeting granting stock option plan [1]	Total number of options granted [2]	Total number of options granted to Corporate Officers (Michel Landel)	Start date of vesting period
01/31/2006	01/07/2008 (A1)	619,300	100,000*	50% of the options: 01/07/2009 50% of the options: 01/07/2011 [4]
01/31/2006	01/07/2008 (A2)	451,700		50% of the options: 01/07/2009 50% of the options: 01/07/2011 [4]
01/31/2006	01/07/2008 (B)	555,200		50% of the options: 01/07/2009 50% of the options: 01/07/2011 [4]
01/31/2006	09/09/2008 (A1)	30,000		50% of the options: 09/09/2009 50% of the options: 09/09/2011 [4]
01/31/2006	09/09/2008 (A2)	15,000		50% of the options: 09/09/2009 50% of the options: 09/09/2011 [4]
01/31/2006	01/19/2009 (A1)	631,575	100,000*	50% of the options: 01/19/2010 50% of the options: 09/09/2012 [5]
01/31/2006	01/19/2009 (A2)	447,225		50% of the options: 01/19/2010 50% of the options: 09/09/2012 [5]
01/31/2006	01/19/2009 (B)	545,100		50% of the options: 01/19/2010 50% of the options: 09/09/2012 [5]

(1) Beneficiaries of plans:
(A) Plan reserved for non-US employees
(A1) Plan reserved for employees resident in France
(A2) Plan reserved for employees non-resident in France
(B) Plan reserved for employees resident in North America
(C) Plan reserved for US employees not resident in the US
(2) Total number of options granted by the Board of Directors at grant date
(3) Exercise price adjusted after capital transactions carried out since grant date
(4) Subject to achieving a specified level of profit attributable to equity holders of the parent for Fiscal 2010
(5) Subject to achieving a specified level of profit attributable to equity holders of the parent for Fiscal 2011
(6) Total number of options canceled as a result of departure of beneficiaries, as specified in rules governing the plans
** Under article L. 225-185 of the French Commercial Code, the Board of Directors has decided that Michel Landel, the only Board Director to have received stock options, is required to hold a number of shares received upon exercise of the stock options related to the January 16, 2007, January 7, 2008 and January 19, 2009 plans, equivalent to 30% of his base salary as of the date of exercise of these options throughout the entire duration of his position as a Board Director.*

Expiration date	Exercise price [3] *(in euro)*	Terms of exercise	Number of shares purchased as of Aug. 31, 2009	Cumulative number of options cancelled [6]	Options outstanding as of Aug. 31, 2009
01/06/2015	42.27	12.5% at each anniversary date 50% at the 3rd anniversary date [4]	0	36,330	583,476
01/06/2014	42.27	12.5% at each anniversary date 50% at the 3rd anniversary date [4]	0	38,350	413,754
01/06/2014	42.27	12.5% at each anniversary date 50% at the 3rd anniversary date [4]	0	39,515	528,079
09/08/2015	45.56	12.5% at each anniversary date 50% at the 3rd anniversary date [4]	0	0	30,000
09/08/2014	45.56	12.5% at each anniversary date 50% at the 3rd anniversary date [4]	0	0	15,000
01/18/2016	39.40	12.5% at each anniversary date 50% at the 3rd anniversary date [5]	0	2,500	629,075
01/18/2015	39.40	12.5% at each anniversary date 50% at the 3rd anniversary date [5]	0	14,250	432,975
01/18/2015	39.40	12.5% at each anniversary date 50% at the 3rd anniversary date[5]	0	3,000	542,100

Further, the number of stock options unexercised as of August 31, 2009, issued under Stock Incentive Plans granted by Sodexho Marriott Services to its employees in North America between 1997 and 2001 and assumed by the Company in 2001 through its wholly-owned subsidiary Sodexo Awards (see note 4.24.4 to the consolidated financial statements), was 213,669, for a total amount of USD 5,622,419 (see table below for details). All of these options were exercisable as of August 31, 2009, each entitling the holder to one Sodexo share if exercised.

Stock options grant dat	Total number of options granted	Total number of options granted to Corporate Officers (Michel Landel)	Start of vesting period	Expiration date
11/06/1997	112,648		11/06/1998	11/06/2012
09/22/1998	10,999		09/22/1999	09/22/2008
02/08/1999	13,722		02/08/2000	02/08/2009
11/22/1999	1,155,008	55,607	11/22/2000	11/22/2009
07/19/2000	13,764		07/19/2001	07/19/2010
12/15/2000	702,817	29,657	12/15/2001	12/15/2010
01/05/2001	2,966		01/05/2002	01/05/2011
04/02/2001	19,281		04/02/2002	04/02/2011

(6) Total number of options cancelled as a result of departure of beneficiaries, as specified in rules governing the plans

Exercise price *(in USD)*	Terms of exercise	Number of shares purchased as of Aug. 31, 2009	Cumulative number of options canceled (6)	Options outstanding as of Aug. 31, 2009
29.989	25% at each anniversary date	79,291	12,791	20,799
37.7811	25% at each anniversary date	8,424	3,110	0
31.9275	25% at each anniversary date	11,511	2,227	0
22.3235	25% at each anniversary date	981,243	101,916	80,373
22.9974	25% at each anniversary date	11,579	1,846	357
28.136	25% at each anniversary date	531,978	66,635	105,460
27.5463	25% at each anniversary date	0	0	2,969
39.6802	25% at each anniversary date	15,586	0	3,711

2. Options to purchase Sodexo shares granted to or exercised by members of the Group Executive Committee

Options granted to or exercised by members of the Group Executive Committee under the plans are detailed below:

Name	Date of Board meeting granting stock option plan	Number of options granted	Exercise price as of Aug. 31, 2009 *(in euro)*	Expiration date	Options exercised as of Aug. 31, 2008	Options exercised in the fiscal year	Options outstanding as of Aug. 31, 2009
Elisabeth Carpentier	01/27/2003 (A)	35,000	23.98	01/26/2009	35,000		0
	01/20/2004 (A)	35,000	24.48	01/19/2010	35,022		0
	01/18/2005 (A)	35,000	23.08	01/17/2011		4,025	31,000
	01/10/2006 (A1)	35,000	34.83	01/09/2012			35,025
	01/16/2007 (A1)	45,000	47.82	01/15/2014			45,032
	01/07/2008 (A1)	45,000	42.27	01/06/2015			45,032
	01/19/2009 (A1)	41,000	39.40	01/18/2016			41,000
George Chavel	01/27/2003 (B)	9,500	23.98	01/26/2009	9,500		0
	06/12/2003 (B)	15,000	23.98	01/26/2009	15,000		0
	01/20/2004 (B)	13,667	24.48	01/19/2010	13,667		0
	01/18/2005 (B)	15,000	23.08	01/17/2011	11,250		3,753
	01/10/2006 (B)	11,363	34.83	01/09/2012	2,840		8,528
	01/16/2007 (B)	16,000	47.82	01/15/2013			16,012
	09/11/2007 (B)	20,000	47.17	09/10/2013			20,014
	01/07/2008 (B)	50,000	42.27	01/06/2014			50,035
	01/19/2009 (B)	46,000	39.40	01/18/2015			46,000
Roberto Cirillo	04/24/2007 (A1)	20,000	55.36	04/23/2014			20,014
	01/07/2008 (A1)	20,000	42.27	01/06/2015			20,014
	01/19/2009 (A1)	41,000	39.40	01/18/2016			41,000
Pierre Henry	01/27/2003 (A)	7,300	23.98	01/26/2009	7,302		0
	01/20/2004 (A)	5,000	24.48	01/19/2010	5,004		0
	01/18/2005 (A)	10,000	23.08	01/17/2011			10,007
	01/10/2006 (A2)	35,000	34.83	01/09/2012			35,025
	01/16/2007 (A2)	50,000	47.82	01/15/2013			50,035
	01/07/2008 (A2)	50,000	42.27	01/06/2014			50,035
	01/19/2009 (A2)	50,000	39.40	01/18/2015			50,000
Siân Herbert-Jones	01/27/2003 (A)	40,000	23.98	01/26/2009		40,028	0
	01/20/2004 (A)	40,000	24.48	01/19/2010		40,028	0
	01/18/2005 (A)	40,000	23.08	01/17/2011		10,000	30,028
	01/10/2006 (A1)	40,000	34.83	09/01/2012			40,025
	01/16/2007 (A1)	50,000	47.82	01/15/2014			50,035
	01/07/2008 (A1)	50,000	42.27	01/06/2015			50,035
	01/19/2009 (A1)	46,000	39.40	01/18/2016			46,000

Name	Date of Board meeting granting stock option plan	Number of options granted	Exercise price as of Aug. 31, 2009 *(in euro)*	Expiration date	Options exercised as of Aug. 31, 2008	Options exercised in the fiscal year	Options outstanding as of Aug. 31, 2009
Philip Jansen	01/18/2005 (A)	8,000	23.08	01/17/2011			8,006
	01/10/2006 (A2)	20,000	34.83	01/09/2012			20,014
	01/16/2007 (A2)	50,000	47.82	01/15/2013			50,035
	01/07/2008 (A2)	50,000	42.27	01/06/2014			50,035
	01/19/2009 (A2)	45,000	39.40	01/18/2015			45,000
Nicolas Japy	01/27/2003 (A)	15,000	23.98	01/26/2009	15,000		0
	01/20/2004 (A)	10,000	24.48	01/19/2010	7,500		2,502
	01/18/2005 (A)	15,000	23.08	01/17/2011			15,011
	01/10/2006 (A1)	30,000	34.83	01/09/2012			30,021
	01/16/2007 (A1)	40,000	47.82	01/15/2014			40,028
	01/07/2008 (A1)	40,000	42.27	01/06/2015			40,028
	01/19/2009 (A1)	36,000	39.40	01/18/2016			36,000
Michel Landel	01/27/2003 (A)	60,000	23.98	01/26/2009		60,042	0
	01/20/2004 (A)	45,000	24.48	01/19/2010			45,032
	01/18/2005 (A)	60,000	23.08	01/17/2011			60,042
	01/10/2006 (A1)	63,000	34.83	01/09/2012			63,045
	01/16/2007 (A1)*	90,000	47.82	01/15/2014			90,063
	01/07/2008 (A1)*	100,000	42.27	01/06/2015			100,070
	01/19/2009 (A1)*	100,000	39.40	01/18/2016			100,000
Damien Verdier	01/27/2003 (A)	12,000	23.98	01/26/2009	12,000		0
	01/20/2004 (A)	8,000	24.48	01/19/2010		8,006	0
	01/18/2005 (A)	7,000	23.08	01/17/2011			7,005
	01/10/2006 (A1)	20,000	34.83	01/09/2012			20,014
	01/16/2007 (A1)	35,000	47.82	01/15/2014			35,025
	01/07/2008 (A1)	40,000	42.27	01/06/2015			40,028
	01/19/2009 (A1)	35,000	39.40	01/18/2016			35,000

* *Under article L. 225-185 of the French Commercial Code, the Board of Directors has decided that Michel Landel, the only Board Director to have received stock options, is required to hold a number of shares received upon exercise of the stock options related to the January 16, 2007, January 7, 2008 and January 19, 2009 plans, equivalent to 30% of his base salary as of the date of exercise of these options throughout the entire duration of his position as a Board Director.*

Options granted to or exercised by members of the Group Executive Committee under Stock Incentive Plans granted by Sodexho Marriott Services between 1997 and 2001 are detailed below:

Name	Date of Board meeting granting stock option plan	Number of options granted	Exercise price as of Aug 31, 2009	Expiration date	Options exercised as of Aug 31, 2008	Options exercised in the fiscal year	Options outstanding as of Aug 31, 2009
George Chavel	11/22/1999	8,500	$22.3235	11/22/2009	8,500		0
	12/15/2000	3,965	$28.1360	12/15/2010	3,965		0
	04/02/2001	5,000	$39.6802	04/02/2011	5,000		0
Michel Landel	11/22/1999	55,607	$22.3235	11/22/2009		55,646	0
	12/15/2000	29,657	$28.1360	12/15/2010			29,678

3. Stock options granted and exercised during Fiscal 2009, concerning the 10 Group employees receiving or exercising the largest number of options (other than corporate officers)

	Total number	Weighted average price *(euro)*
Options granted during the fiscal year to the ten Group employees receiving the largest number of options	374,000	39.40
Options exercised during the fiscal year by the ten Group employees exercising the largest number of options [1]	139,595	23.89

(1) Including 52,537 options granted on January 27, 2003, 47,037 options granted on January 20, 2004, and 40,021 options granted on January 18, 2005.

06

Shareholders – Financial Communication

→ Financial Communication

1. 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 principals:

- **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, Diversity and Inclusion Report, Half Year Report, press releases, the Group Presentation and share price trends, is available 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 email in France and around the world.

2. 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 financial communications have committed to a set of principals designed to ensure equal treatment of all shareholders.

2.1 Group spokesperson

Only the Chairman, the Chief Executive Officer and members of the Executive Committee are authorized to provide financial communications. The Chief Executive Officer has appointed the Director of Financial Communication to act as spokesperson for the Group, within specific delegated powers.

2.2 Preparation of financial communications

All financial communications are reviewed prior to publication by a Disclosure Committee comprising representatives from the Finance, Corporate Communications and Human Resources departments.

2.3 Publication of financial information

Barring exceptional circumstances, all information with the potential to influence the share price is published before the NYSE-Euronext stock exchange opens for trading.

After approval by the Chief Executive Officer, the Chief Financial Officer or the Board of Directors (depending on their nature) this information is communicated to the markets via a press release, issued simultaneously to the entire financial community and to the stock market authorities.

Financial communications can be accessed at www.sodexo.com.

Sodexo does not issue any financial communications during the one-month period prior to publication of the interim and annual financial statements.

2.4 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.

3. HOW TO OBTAIN INFORMATION

On the Sodexo website

www.sodexo.com

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

4. REFERENCE DOCUMENT

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 illustrated version of the Reference Document.

Because Sodexo has not been listed on the New York Stock Exchange since 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).

5. ANNUAL SHAREHOLDERS' MEETING

The Annual Shareholders' Meeting is announced in official notices published in the press 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 upon 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.

6. 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 the interim earnings and the quarterly revenue publications.

In addition, the Chief Executive Officer and the Chief Financial Officer regularly meet investors in private or in group sessions in Europe (in particular, in Paris and London) and in the United States (in particular, in New York and Boston). These meetings provide a setting for more informal dialogue, and offer periodic special-interest briefings to give analysts insight into front-line operations (Investor Days) such as the one held in Paris on September 17, 2009 on Sodexo's "Comprehensive service solutions to improve Quality of Life." Sodexo also takes part periodically in industry presentations and conferences organized by brokerage firms.

7. FINANCIAL COMMUNICATIONS CALENDAR

First Quarter revenues	January 6, 2010
Annual Shareholders' Meeting	January 25, 2010
Ex-dividend date	February 3, 2010
Record date	February 5, 2010
Payment of dividend	February 8, 2010
Half-year interim results	April 22, 2010
Nine month revenues	July 7, 2010
Full-year earnings release	November 10, 2010
Annual Shareholders' Meeting	January 24, 2011

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.**

8. 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:

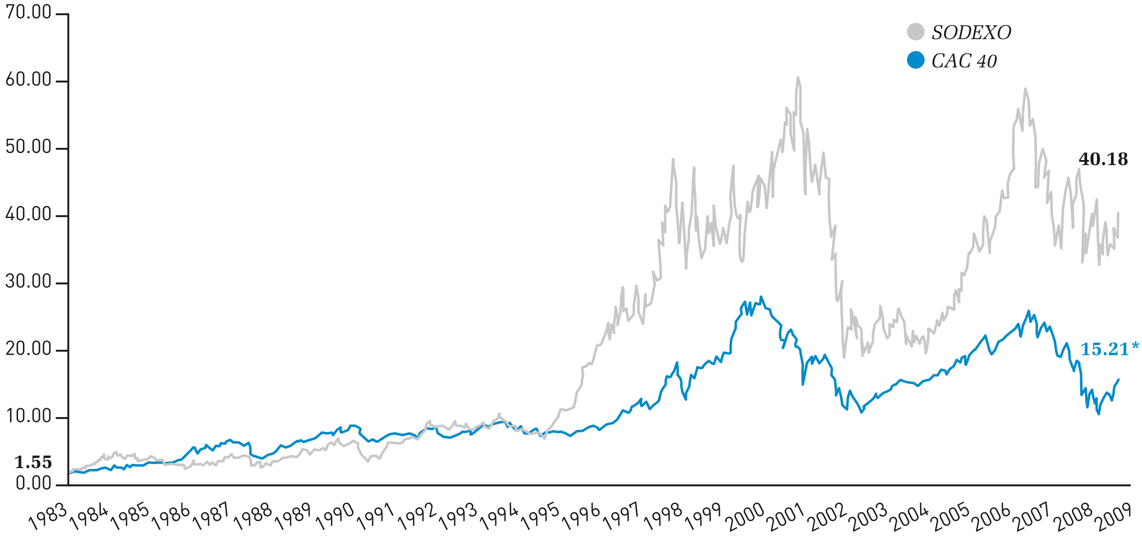
Société Générale Nantes (France): +33 2 51 85 52 47

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 Sodexo's 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, 2009 *(in euro)*



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

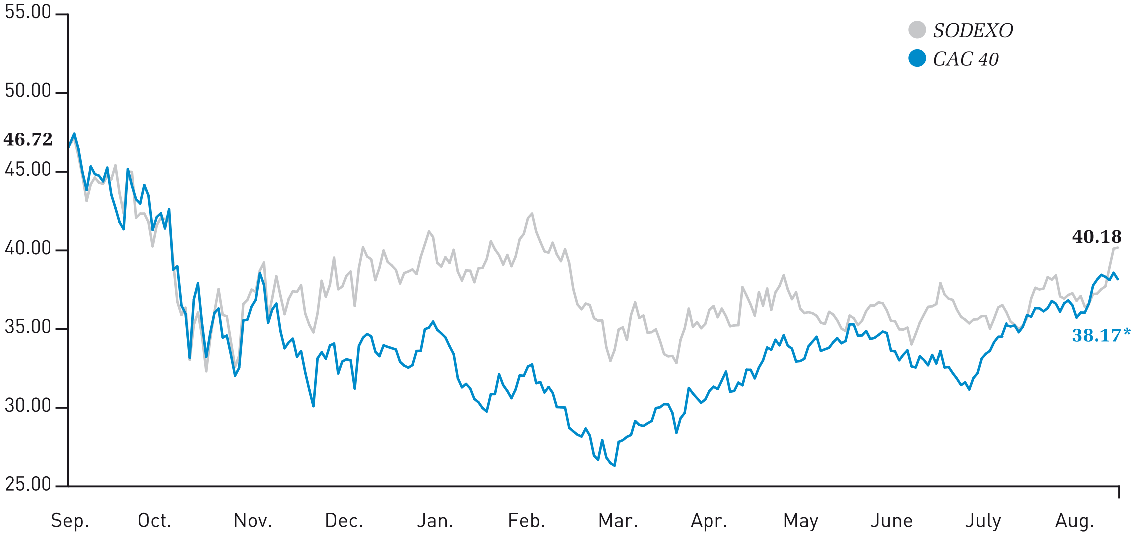
Source: Sodexo.

The initial listing was on March 2, 1983 at an adjusted price of 1.55 euro. As of August 31, 2009 (last trading day of August), the closing share price was 40.18 euro.

Over the period, the value of the share has been multiplied by 26, whereas the CAC 40 index has been multiplied by only 10, 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 13.3%, excluding dividends.

ADJUSTED SODEXO SHARE PRICE TRENDS FROM SEPTEMBER 1, 2008 THROUGH AUGUST 31, 2009 *(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 14% compared with an 18% decline for the CAC 40 index.

As of August 31, 2009 the market capitalization of Sodexo was 6.3 billion euro.

SODEXO SHARE PRICE FROM SEPTEMBER 1, 2008 THROUGH AUGUST 31, 2009 *(in euro)*

Price at September 1, 2008		46.72
High/low:	12-month low	31.00
	12-month high	47.90
Price at August 31, 2009		40.18

SODEXO ADR* PRICE FROM SEPTEMBER 1, 2008 TO AUGUST 31, 2009 *(in USD)*

Price at September 1, 2008		68.40
High/low:	12-month low	68.40
	12-month high	39.65
Price at August 31, 2009		57.55

AVERAGE DAILY TRADING VOLUME OF SODEXO SHARE

Volume	599,914
Value *(in euro)*	22,592,471

Source NYSE-Euronext Paris.

AVERAGE DAILY TRADING VOLUME OF SODEXO ADR

Volume	4,861
Value *(in USD)*	240,645

Source Bank of New York Mellon/Bloomberg.
* *ADRs are traded on the over-the-counter (OTC) market.*

DIVIDEND

(in euro)	Fiscal 2009	Fiscal 2008	Fiscal 2007	Fiscal 2006
Total payout	199,557,672*	196,566,626	178,918,994	149,034,320
Dividend per share	1.27*	1.27	1.15	0.95

* *Subject to approval at the Annual Shareholders' Meeting on January 25, 2010 and based on total number of shares outstanding.*

The Board of Directors recommends to the Annual Shareholders' Meeting of January 25, 2010 to approve the payment of a dividend of 1.27 euro on each share. The dividend will be paid as of February 8, 2010, with an ex-dividend date of February 3. The date to determine the shares that shall be entitled to dividends shall be those shares held as of the close of business on February 5, 2010 (the record date).

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

(in euro)	Fiscal 2009	Fiscal 2008	Fiscal 2007	Fiscal 2006
Earning per share	2.54	2.42	2.22	2.07
Dividend per share	1.27	1.27	1.15	0.95

(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 2009 AND YIELD

Dividend*	**1.27 EUR**
Yield based on share price at August 31, 2009	3.16%

* *Subject to approval at the Annual Shareholders' Meeting on January 25, 2010.*

Dividends not claimed within 5 years of the date on which they were payable to shareholders are forfeited.

→ Capital

1. SODEXO: AN INDEPENDENT GROUP

Sodexo remains an independent group.

On August 31, 2009, Sodexo had 61,730 shareholders, of which 35,410 were members of our employee stock ownership plans.

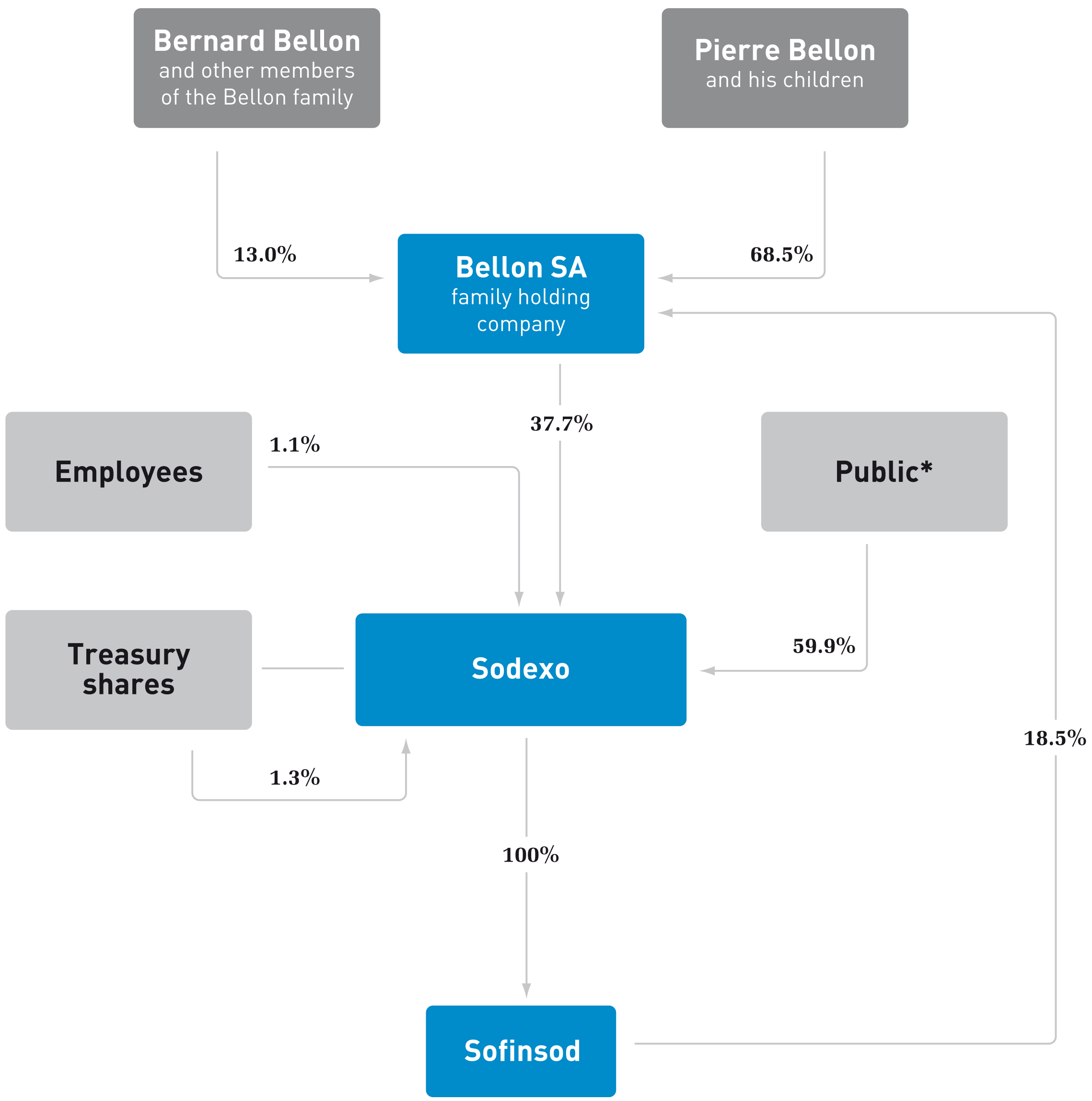
Bellon SA	37.7%
Employees	1.1%
Treasury shares	1.3%
French Shareholders	24.3%
Individuals	*2.6%*
Institutional	*21.7%*
Non-French shareholders	35.6%

SHAREHOLDERS IDENTIFIED AS OF AUGUST 31, 2009

	Number of shares	% of issued capital	Number of voting rights*	% of voting rights*
Bellon SA	59,252,063	37.71	83,407,240	43.78
Arnhold and S. Bleichroeder Advisers	8,919,895	5.68	15,229,012	7.99
Caisse des Dépôts et Consignations	4,095,853	2.61	5,145,421	2.70
Employees	1,676,263	1.07	2,540,665	1.33
Treasury shares	2,090,977	1.33	2,090,977	1.10
Public	81,096,974	51.60	82,098,704	43.10
TOTAL	**157,132,025**	**100.00**	**190,512,019**	**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 the shares with voting rights, including shares for which the voting rights have been suspended temporarily, such as treasury shares.*

2. CONTROLLING INTERESTS AS OF AUGUST 31, 2009



* *Including Arnhold and S. Bleichroeder Advisers 5.68% and the Caisse des Dépôts et Consignations 2.61%.*

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, 2009, Sodexo had a Standard and Poor's rating of "BBB+ /A-2".

TRADING VOLUMES AND SHARE PRICE TRENDS

	Share price *(euro)*			Average daily trading volume
Date	**high**	**low**	**average***	*(in thousands of euro)*
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
November	40.49	34.21	37.17	28,312
December	40.34	36.09	38.71	17,435
2009				
January	42.43	37.22	39.43	27,150
February	42.60	35.47	39.43	26,943
March	36.84	32.37	34.63	24,618
April	38.47	34.00	35.98	21,871
May	39.05	34.67	36.38	23,050
June	36.95	33.65	35.75	15,735
July	38.15	34.10	36.04	16,074
August	40.80	36.26	37.76	13,364
September	42.00	38.57	40.77	14,677
October	42.19	38.91	40.66	12,150

* *Monthly average of closing prices.*

07

Consolidated Information

→ Fiscal 2009 Activity Report

At the Board of Directors meeting held on November 6, 2009 and chaired by Pierre Bellon, Michel Landel, Chief Executive Officer, presented to the Directors the Group's performance in Fiscal 2009.

1. HIGHLIGHTS

Since its origins, organic growth has been the key factor driving Sodexo's expansion, based on the vast potential of the global outsourcing market as well as on the Group's ability to anticipate clients' needs and stand apart from its competitors. This is why over the past eighteen months, a unique strategic positioning founded in Sodexo's original mission has emerged, namely to "Improve the Quality of Daily Life in order to improve the performance of individuals and organizations." The aim is to demonstrate to clients how the value Sodexo creates contributes to the achievement of their own goals.

Sodexo acts as a strategic partner to its clients, supplying comprehensive Quality of Life services. This evolution led Sodexo to rebrand the Group's service offering, as follows:

- Food Services and Facilities Management has now become On-site Service Solutions;
- Service Vouchers and Cards is now Motivation Solutions.

Sodexo creates, monitors and deploys these solutions, which allow clients to improve their performance by motivating their employees, boosting their organizational efficiency, and optimizing their infrastructure. What makes this strategic positioning unique is that Sodexo is the only Group to market such a comprehensive and integrated offer.

1.1 Revenue growth

Sodexo's revenue grew by 7.9% to nearly 15 billion euro in Fiscal 2009. At 2.5%, organic growth was in line with the Group's target of between 2% and 5%, set at the beginning of the year. Excluding the impact of the Rugby World Cup hospitality contract on the first half of Fiscal 2008, organic growth for the year was 3.5%.

The On-site Service Solutions offer achieved organic growth of 2% (or 3% excluding Rugby World Cup), reflecting:

- satisfactory continuing growth in Education and Health Care and Seniors (4.6% and 5.2% respectively); and
- weaker growth in Corporate (excluding the effects of the Rugby World Cup), as a result of measures taken by clients in response to the current crisis.

A key strength of Sodexo is its presence in more than 80 countries. This international reach allows it to spread its risks in confronting the economic crisis. Sodexo achieved double-digit growth in the Rest of the World, i.e., Latin America, the Middle East, Asia and Australia.

In total, Facilities Management services also contributed strongly to this organic growth, representing 23.9% of Group consolidated revenues in Fiscal 2009, compared to 21.6% the previous year.

The Motivation Solutions offer again recorded excellent organic growth, especially in Latin America, with an increase of 14%. Issue volume (face value multiplied by the number of checks and cards issued) also progressed significantly, up 16.7% at 12.1 billion euro.

1.2 Operating profit

Operating profit was 746 million euro in Fiscal 2009, up 6.7% at constant exchange rates and 8.1% at current exchange rates. This growth reflects:

- the significant increase in issue volumes in the Motivation Solutions offer, which grew by 16.7% to 12.1 billion euro;
- improved profitability in North America, where operating margins rose from 4.8% to 5.2% of revenue;
- the increasingly significant contribution of the Rest of the World.

The consolidated operating margin was 5.1%, stable compared to that for Fiscal 2008.

1.3 Cash generation

Net cash flows from operating activities amounted to 577 million euro. This strong cash generation reconfirms the quality of the Group's financial model, a key advantage in the present crisis. Net debt (borrowings less total cash) is only 38% of Group shareholders' equity and the Group's debt repayment capacity (the ratio of gross financial borrowings to cash provided by operating activities) is less than four years.

1.4 Recent acquisitions

Sodexo made a number of targeted acquisitions during Fiscal 2009, enabling it to bolster its global leadership positions in major potential growth markets, namely:

- Score Group, the fourth-largest provider of foodservices in France, thus consolidating Sodexo's position in the French market, especially in the Corporate client segment in the Paris region;
- Zehnacker in Germany, a specialist in comprehensive Facilities Management in the Health Care client segment. This acquisition enhances the Group's ability to provide comprehensive services in the highly promising German market;
- Radhakrishna Hospitality Services Group (RKHS), in India, enabling Sodexo to establish a clear lead in one of Asia's largest markets;
- Comfort Keepers, a leading franchisor of non-medical in-home services for seniors and dependent persons in the North American market. This market has significant worldwide potential for the Group.

1.5 Human resources development

Sodexo's conviction is that the Group's workforce and its diversity give it a genuine competitive advantage. Accordingly, it places a premium on:

- building a high quality workforce, representative of diversity and in sufficient numbers to meet all of its clients' expectations;
- being one of the world's employers most appreciated by its own staff.

During the year, the Group:

- invested in the training of more than 250,000 employees. Of particular note were the creation of the "FM Talents" training program to enhance the expertise of the Group's facility managers, and CLIMB (Change Leadership, IMplementation, Behaviors), an ambitious, innovative advanced training program for 1,000 executives across the Group;
- continued to reinforce the international nature of the Group's workforce by facilitating international mobility (for more than 120 managers in Fiscal 2009), and by emphasizing international profiles in external recruitments;
- formalized its Employee Value Proposition, "Your Future, so Sodexo," based on the results of the most recent engagement survey conducted in 2008 with 110,000 employees. This proposition presents Sodexo's commitments to its employees at five key

stages in their career: recruitment, induction, day to day life, development, and recognition.

Numerous diversity and inclusion initiatives have been launched over several years, particularly in the area of training of teams. During the current year, more than 30,000 employees received training in diversity and sensitivity to "micro-discrimination".

1.6 Awards and distinctions

Sodexo was ranked third-best outsourcing service provider by the International Association of Outsourcing Professionals™ (IAOP). Sodexo was ranked first in its category, Facilities Services, and was also the top-ranked French company in the league table. This was the fourth consecutive year in which Sodexo has been included in the Top 5 of the Global Outsourcing 100™.

Sodexo was also distinguished for the fourth time as worldwide "Supersector Leader" in its category by the Dow Jones Sustainability Index (DJSI) for 2009.

2. KEY FIGURES FOR FISCAL 2009

Sodexo's 33,884 sites comprise:

- 18,815 Corporate sites (including sites within the Leisure, Defense and Justice client segments);
- 6,238 Schools, Colleges and Universities;
- 4,303 Health Care sites;
- 2,924 Seniors sites;
- 1,604 Remote Sites.

Sodexo has operations in 80 countries and employed 380,000 people as of the end of Fiscal 2009.

2.1 Consolidated income statement

(in millions of euro)	Fiscal 2009	Fiscal 2008	Change at current exchange rates	Change at constant exchange rates
Revenues	**14,681**	**13,611**	**+7.9%**	**+6.4%**
Cost of sales	(12,366)	(11,486)		
Gross profit	**2,315**	**2,125**	**+8.9%**	**+8.5%**
Sales department costs	(221)	(194)		
General and administrative costs	(1,322)	(1,245)		
Other operating income and charges	(26)	4		
Operating profit	**746**	**690**	**+8.1%**	**+6.7%**
Net financing costs	(120)	(102)		
Share of profit of associates	12	11		
Profit for the period before tax	**638**	**599**	**+6.5%**	**+6.2%**
Income tax expense	(216)	(202)		
Profit for the period	**422**	**397**	**+6.3%**	**+6.5%**
Profit attributable to minority interests	29	21		
PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	**393**	**376**	**+4.5%**	**+5.3%**
Earnings per share *(in euro)*	**2.54**	**2.42**	**+5.0%**	**+5.8%**
Dividend per share *(in euro)* [(1)]	**1.27**	**1.27**		

(1) Proposed to the January 25, 2010 Annual Shareholders Meeting.

2.1.1 Changes in scope of consolidation

The principal recent changes in the scope of consolidation were the acquisitions in Fiscal 2008 of Grupo VR in Brazil and Tir Groupé in France, together with the acquisitions listed below made during Fiscal 2009. These have been consolidated in the Group's financial statements:

- Score in France, since September 30, 2008 (11 months);
- Zehnacker, since December 12, 2008 (approximately 9 months);
- RKHS in India, since April 1, 2009 (5 months); and
- Comfort Keepers in the United States, since August 18, 2009.

2.1.2 Currency effects

Currency exchange rate differences are computed by applying the average rate for the prior year to current year amounts.

Impact of exchange rates in millions of euro on:	Revenues	Operating profit	Net income
Euro/U.S. dollar	+559	+30	+11
Euro/UK pound sterling	-187	-7	-7
Euro/Brazilian Real	-45	-8	-3

In total, for Fiscal 2009, activities located outside the euro zone represented 67.8% of revenues (of which 38% was in U.S. dollars) and 88.8% of operating profit (of which 40% was in U.S. dollars).

2.1.3 Revenues

Sodexo's consolidated revenues increased by 1,070 million euro as compared to the prior year, to 14,681 million euro.

The 7.9% increase in revenues comprises the following:

- organic growth: +2.5%;
- currency impact: +1.5%;
- changes in scope of consolidation: +3.9%.

Sodexo's key performance indicators evolved as follows during the year:

- the client retention rate was 93.5%, comparable to the prior year rate;
- less than 3% comparable unit sales growth, resulting from a sharp drop in volumes in the Corporate client segment in the United States and Europe;
- the business development rate (i.e. new contract wins) was approximately 6%.

Sodexo reported organic growth in On-site Service Solutions, including:

- moderate (+1.8%) organic growth in North America, driven mainly by the fast-growing Health Care, Seniors and Education segments, which offset the decrease experienced in the Corporate client segment;
- stable revenues (+0.1%) in Continental Europe, which was affected by revenue declines in the Corporate and Sports and Leisure client segments;
- solid activity in the United Kingdom and Ireland, with 6.7% growth excluding the impact of the 2007 Rugby World Cup hospitality contract;
- heightened activity in the Rest of the World (+11.9%) spurred by double-digit growth in Remote Sites and in Latin America.

Finally, the Motivation Solutions offer sustained a very high level of organic growth, with revenue up 14%. Issue volume grew from 10.4 billion euro for in Fiscal 2008 to 12.1 billion euro for Fiscal 2009, an increase of 16.7%.

2.1.4 Growth in operating profit

Operating profit rose by 8.1% over the prior year to 746 million euro, and by 6.7% at constant exchange rates.

This growth in operating profit resulted from:

- significant volume increases in Motivation Solutions, where issue volumes rose 16.7% to 12.1 billion euro;
- improving profitability in North America, which increased from 4.8% to 5.2% of revenue;
- a more significant contribution to profits of regions in the Rest of the World (Latin America, Middle East, Africa, Asia and Australia).

This good performance allowed the Group to significantly lessen the impact of the negative effects of the economic environment in the Corporate and Sports and Leisure client segments in Continental Europe, in the United Kingdom and Ireland (which had benefited in Fiscal 2008 from the Rugby World Cup Hospitality Contract).

At the same time, the Group achieved over 50 million euro in administrative and support cost savings, in line with the objectives set by the Executive Committee at the beginning of the fiscal year.

The resulting consolidated operating margin was 5.1%, comparable to the prior year.

2.2 Analysis of trends in revenues and operating profit by activity

Revenues by activity *(in millions of euro)*	**Fiscal 2009**	**Fiscal 2008**	**Change at current exchange rates**	**Change at constant exchange rates**
On-site Service Solutions				
North America	5,730	5,107	12.2%	1.9%
Continental Europe	5,074	4,701	7.9%	9.4%
United Kingdom and Ireland	1,285	1,504	-14.6%	-3.0%
Rest of the World	1,900	1,715	10.8%	13.8%
TOTAL	**13,989**	**13,027**	**7.4%**	**5.6%**
Motivation Solutions	**711**	**596**	**19.3%**	**24.2%**
Elimination of intragroup revenues	**(19)**	**(12)**		
TOTAL	**14,681**	**13,611**	**7.9%**	**6.4%**

Operating profit by activity *(in millions of euro)*	**Fiscal 2009**	**Fiscal 2008**	**Change at current exchange rates**	**Change at constant exchange rates**
On-site Service Solutions				
North America	297	247	20.2%	8.5%
Continental Europe	183	231	-20.8%	-19.9%
United Kingdom and Ireland	52	78	-33.3%	-24.4%
Rest of the World	57	33	72.7%	69.7%
TOTAL	**589**	**589**	**-0%**	**-3.6%**
Motivation Solutions	**247**	**191**	**29.3%**	**35.1%**
Corporate expenses	**(71)**	**(78)**		
Eliminations	**(19)**	**(12)**		
TOTAL	**746**	**690**	**8.1%**	**6.7%**

2.2.1 On-site Service Solutions

This activity contributed 95.3% of consolidated revenues and 70% of consolidated operating profit before corporate expenses.

Revenues totaled 13,989 million euro, an increase of 7.4%, of which organic growth accounted for 2% and changes in consolidation scope for 3.6%. Highlights of the year included:

- continued solid organic growth in **Health Care and Seniors** (+5.2%), reflecting Sodexo's market leadership, especially in North America;
- good performance in **Education**, with 4.6% organic growth and satisfactory growth in North America;
- reduced activity across all regions of the world in **Corporate** (-0.8%).

Operating profit in On-site Service Solutions amounted to 589 million euro.

Analysis by region

North America

Revenues in North America were 5.7 billion euro, with organic growth of 1.8%. The favorable trend in the exchange rate of the U.S. dollar against the euro boosted total growth for the year by 10.3%.

With a decrease of 5.9%, the **Corporate client** segment suffered from reductions in all corporate discretionary spending (including on event catering services), staff cuts and shorter working hours at many clients, and from the slowdown in the Sports and Leisure sector. Sales growth in comprehensive service solutions partly offset this decline in consumer numbers in Foodservices.

Recent business wins include new contracts such as the Federal Reserve Bank (NJ, NY) and new industrial sites for Procter & Gamble.

Organic growth of 4% in the **Health Care and Seniors client** segments was mainly driven by increased revenue at existing sites, thanks to the success of Sodexo's comprehensive service solutions offerings and new on-site services. However, sales development was hampered by clients' "wait-and-see" attitude, leading to delayed decision-making.

Recent contract wins include Memorial Hospital Central (Colorado), North Shore Medical Center (Miami, Florida) and Kaiser Permanente (Los Angeles, California), confirming Sodexo's leadership in this high potential segment.

In addition, in August 2009 Sodexo finalized the acquisition of Comfort Keepers, one of the main players in non-medical services to seniors and dependent persons in the North American market.

Education reported organic growth of 4.5%. This satisfactory performance was attributable to a combination of:

- rising student enrollments in universities and higher participation in school meal programs; and
- strong client retention for several years.

However, there was a noteworthy decline in event-related activities on campuses during the summer (e.g. conferences and summer camps, etc.).

Several major contracts were won in Fiscal 2009, including the University of Wisconsin-Parkside, Southern Oregon University, Armstrong Atlantic University (Georgia), and Columbus City School District (Ohio).

Sodexo teams in North America received numerous awards:

- Sodexo was awarded the Spirit Award by the National Restaurant Association and the Nation's Restaurant News, honoring Sodexo's excellence in employee recruitment and retention programs;
- Sodexo, Inc. was ranked among the 40 Best Companies for Diversity by Black Enterprise magazine for the second year in a row. The companies identified in this special report demonstrated strength and outperformed their peers in one or more of four key criteria: board representation, employee base, management, and supplier diversity;
- Sodexo, Inc. was recognized as one of the 50 corporates selected by Latina Style Magazine in 2009, in recognition of Sodexo's effort to provide the best career opportunities for Latinas in the U.S.;
- Sodexo, Inc. won the Innovations in Diversity Award, delivered by the Profiles in Diversity Journal. It recognizes Sodexo's innovative solutions to offer measurable outcomes in the area of workforce diversity and inclusion;
- Sodexo was named "One of the Top 50 Entry Level Employers" in the nation for 2009 on an annual list generated by the number one entry-level job site CollegeGrad.com, for being a company that continues to recruit entry-level professionals in a job market which is not as robust as in years past.

Operating profit was 297 million euro, up 8.5% at constant exchange rates and +20% at current exchange rates. The operating margin increased from 4.8% to 5.2% for Fiscal 2009.

This excellent growth was attributable mainly to:

- new labor productivity gains in employee costs on sites in Education, Health Care and Seniors; and
- rigorous management of overhead costs.

Continental Europe

Revenues in Continental Europe totaled 5.1 billion euro, with organic growth of +0.1%, reflecting a variety of situations depending on the country and market segment.

Corporate revenues declined markedly by 2.8% (at constant exchange rates and scope of consolidation), chiefly as a result of:

- a more pronounced slowdown in activity in most countries in the second half of the year, as clients curbed discretionary spending, reduced staffing levels or introduced lengthy temporary shutdowns; and
- a decrease in tourist activity in the Paris region.

Significant contract wins during the year included Kamaz in Russia, Robert Bosch in the Czech Republic, SAP in France, Oracle in Germany, and Immeuble Microsoft EOS in France.

Organic growth in **Health Care and Seniors** was 3.3%, helped in particular by satisfactory growth at existing sites, especially in France and Italy, as well as business wins in Belgium and Hungary.

Recent business wins include Altrecht (Netherlands), Casa di Cura Villa Russo in Italy, Groupe Saint-Gatien in France, and ZNA Antwerpen in Belgium.

The 5.6% organic growth in the **Education** segment stems largely from prior year contract wins in France, the Netherlands, Italy and Scandinavia. These included UT Twente in the Netherlands, and public schools in Milan and Monza in Italy.

Sodexo won several new contracts during the year, among them the contract for the City of Helsingborg in Sweden, Noordelijke Hogeschool in the Netherlands, and the public schools for the town of Guyancourt and the Saint Nicolas AAPM School Group in Issy-les-Moulineaux in France.

Sodexo acquired Score Group, number four in foodservices in France, in September 2008, and Zehnacker, which specializes in service solutions for the Health Care segment in Germany, in December 2008. Integration of these two acquisitions and the implementation of synergies are proceeding as planned.

Sodexo teams won several distinctions in recognition of their achievements, in particular:

- Sodexo France renewed the agreement to hire individuals with disabilities which has been in place since 2006. The second agreement, entitled "From employment obligation to innovation," represents the business's commitment to making the hiring of individuals with disabilities an advantage in team cohesiveness and innovation.

Continental Europe operating profit was 183 million euro, down 48 million euro compared to the previous year. The operating margin was 3.6%. Two main factors explain the decline:

- lower tourist numbers and delays in rapidly adjusting the cost structure in response to the economic crisis, which weighed on performance in France;
- withdrawal from certain contracts in Sweden that were no longer profitable, and the resulting reorganization of Sodexo's activities in that country during the first half of the year.

United Kingdom and Ireland

Revenues in the United Kingdom and Ireland were 1.3 billion euro.

It is importante to note that the first quarter of Fiscal 2008 had benefited from the sizable contribution of the hospitality contract for the Rugby World Cup (revenues of 148 million euro). Excluding the Rugby World Cup, organic growth for the year was 6.7%. Including this contract, organic revenue declined by 3%.

The **Corporate** segment registered an apparent decline of 8.1%. However, excluding the impact of the Rugby World Cup, this segment reported robust growth of 4.4% resulting from the startup of comprehensive services solutions contracts in Corporate and Justice (with the opening of Addiewell, in Scotland), together with the ramping up of major Defense contracts (in Cyprus).

At the end of January 2009, Sodexo joined the Metrix consortium in partnership with the QinetiQ group with a view to completing exclusive negotiations as preferred bidder for the largest Public Private Partnership currently under discussion in the United Kingdom. The "Defense Training Review," as the project is known, is intended to address the British Defense Ministry's training requirements. It comprises the design and management of the construction of a new training center in St. Athans, in Wales. This process will be followed by a 30-year operating contract for comprehensive service solutions on this site. The contract could generate 5 billion euro in revenues for the Group over its duration.

The main contracts won by Sodexo during Fiscal 2009 were with Unilever (Warrington), Brother International (Manchester), RAF Strike Command (ASACS)(North Yorkshire) in the United Kingdom and the Central Bank of Ireland.

The **Health Care and Seniors** segments registered strong growth (18.2%) thanks to the ramp-up of Public Private Partnership contracts such as Manchester Royal Infirmary and North Staffordshire.

Several contracts were won during the fiscal year, including King George Hospital (Barking), and Heatherwood and Wexham Park Hospitals (Berkshire).

In **Education**, Sodexo registered 4.3% organic growth. New contracts signed during the period included Banbury School, Streatham & Clapham High School and Bradford School of Management.

Among the distinctions earned by Sodexo teams:

- in the UK, Sodexo has again been named one of the best performing companies in its sector to be included in Business in the Community's (BITC) Corporate Responsibility Index – the UK's leading benchmark for responsible business practices;
- Sodexo has achieved an Investors in People (IIP) re-accreditation across its entire UK and Ireland business. Since 1996, Sodexo has been recognised by Investors in People for developing its standards based on three key principles – "plan," "do" and "review;"
- in the UK, Sodexo has been awarded the Red Tractor certification across multiple sites, demonstrating its widespread commitment to offering customers quality produce sourced from British farms.

Operating profit was 52 million euro, down 24% from the previous fiscal year, which had benefited from the Rugby World Cup hospitality contract.

In addition, the steep drop in demand in the Sports and Leisure client segments, and the mobilization of new contracts in the Health Care and Justice client segments, all weighed on performance.

At the same time, initiatives in overhead efficiency also had a favorable impact.

The operating margin was 4.1%, compared to 5.2% for the previous year.

Rest of the World

Revenues in the Rest of the World (Latin America, Middle East, Asia and Australia) were 1.9 billion euro. The 11.9% organic growth mainly reflects double-digit growth in Latin America, the Middle East, Asia and Australia, especially in Remote Sites. Continued increasing demand for energy and other natural resources, as well as large infrastructure projects, contributed to this momentum.

Despite a slowdown in the second part of the year, growth was strong, benefiting from:

- the mobilization of several large mining contracts such as Los Pelambres, Esperanza and Escondida in Chile, and Rio Tinto Pilbara, Woodside and Olympic Dam in Australia; and
- the implementation of contractual indexation clauses following the sharp rise in the cost of food supplies in the previous year, particularly in Latin America and the Middle East.

Sodexo's business wins included new contracts with Microsoft and Procter & Gamble in Guangzhou, China; Asian Institute of Technology in Thailand;

AmBev, Fiat and Goodyear in Brazil; Hospital Italiano in Argentina; Escuela de Derecho Universidad Catolica in Chile; and Barrick Gold in the Dominican Republic.

Among the many awards garnered by Sodexo:

- in Brazil, Sodexo was awarded the "Corp HR 2009" prize during an International Conference on Corporate Leadership and Human Capital Management, which took place in Rio de Janeiro. It recognizes Sodexo's investment in human talent and its offer of quality services and care, basic requirements to be elected as one of the best companies by Inc. RH;
- in Perú, Sodexo was elected for the fifth consecutive year as the Peruvian Company of the year in the services category. This award recognizes the effort of 2,400 employees of Sodexo Perú and consolidates Sodexo's status as a leading company in the On-site Service Solutions, in the mining and hydrocarbon sectors. This recognition has the support of prestigious organizations such as the School of Administration and Management, Economic Sciences Faculty, University Ricardo Palma and the Latin American Organization of Administration;
- in Australia, Sodexo won the Golden Gecko Environmental Excellence Award, which recognizes its Resource Recovery Program.

The acquisition of Radhakrishna Hospitality Services Group (RKHS) in India has made Sodexo the clear leader in one of Asia's foremost markets.

Operating profit increased 73% to 57 million euro.

This excellent progression stemmed primarily from continuing productivity gains on Remote Sites and rigorous management of contractual clauses.

The operating margin was 3%, compared to 1.9% for the prior year.

2.2.2 Motivation Solutions

Revenues for Fiscal 2009 totaled 711 million euro, while organic growth was 14%. Changes in the scope of consolidation (in particular, with the acquisition of VR) contributed 10.2% to revenue growth and exchange rate effects were a negative 4.9%.

The Motivation Solutions offer achieved excellent growth in issue volume (face value multiplied by the number of vouchers and cards issued) of 16.7% (21% at constant exchange rates), to 12.1 billion euro. This issue volume includes in particular the additional contribution over part of the year of the exclusive contract for Vouchers for Services won with Belgium's ONEM (Bureau of Labor) in January 2008 as well as the inclusion for six additional months of volumes generated by Grupo VR, which was acquired in March 2008.

Organic growth in Latin America also reflects the strength of our sales teams and continued vigorous demand for traditional services (Restaurant Pass and Food Pass).

However, staffing cuts by large companies in central Europe resulted in weaker activity from the middle of the year onward.

Other business successes in Fiscal 2009 included the Ministry of the Economy (Restaurant Pass) and the Caisse Nationale d'Assurance Vieillesse (CESU) in France; the Iris Hospital Complex in Belgium; G4S Security Services in the Czech Republic; Grupo Sena Seguridad and Caixa Economica Federal in Brazil; and ABB GISL and Sify Technologies Ltd in India.

In Brazil, Sodexo received the 2009 Tele-Sales Prize, in the category of Innovation, for "the innovation of its approach, understanding and care provided to its clients." This award recognizes the effectiveness and quality of Sodexo's selling processes.

Operating profit rose 35.1% to 247 million euro, excluding exchange rate effects. This substantial increase resulted in particular from growth in volumes in Latin America (including that related to the integration of Grupo VR in Brazil), and productivity gains across all geographic regions (production costs, processing, and marketing expenses, etc.).

The operating margin was 34.7% (representing around 2% of issue volumes), compared to 32% for the previous year. The Group decided to increase to 38% the medium-term profitability target for this offer.

2.2.3 Corporate expenses

Corporate expenses were 71 million euro, down 9% from the prior year, reflecting productivity gains.

2.3 Net financing costs

Net financing costs were 120 million euro, compared to 102 million euro in Fiscal 2008, reflecting the impact of the cost of financing recent acquisitions (Grupo VR, Score, Zehnacker and RKHS). Elsewhere, non-recurring financial income of 17 million euro resulted from negotiations following a favorable court ruling affecting the entire foodservices sector in the United Kingdom.

2.4 Income tax expense

Income tax expense totaled 216 million euro, with an effective tax rate of 34.6%, slightly higher than the prior year rate.

2.5 Profit attributable to equity holders of the parent

Profit attributable to equity holders of the parent was 393 million euro, an increase of 4.5% at current exchange rates, or 5.3% at constant exchange rates relative to Fiscal 2008.

2.6 Earnings per share

Earnings per share for Fiscal 2009 increased to 2.54 euro. This 5.0% increase (at current exchange rates) reflected a slightly higher rate of increase than for profit attributable to equity holders of the parent.

2.7 Dividend

Despite the crisis, Sodexo's Board of Directors will propose that the dividend be maintained at 1.27 euro at the Annual Shareholders Meeting on January 25, 2010.

3. FINANCIAL POSITION OF THE GROUP

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

	Year ended August 31	
(in millions of euro)	**2009**	**2008**
Net cash provided by operating activities	577	780
Net cash used in investing activities	(766)	(847)
Net cash used in financing activities	(168)	265
Change in net cash and cash equivalents	(357)	198

Net cash provided by operating activities totaled 577 million euro in Fiscal 2009, a decrease of 203 million euro compared to Fiscal 2008, mainly attributable to the cash inflows resulting from working capital variations. Two exceptional factors had contributed to the generation of 138 million euro in cash from working capital in Fiscal 2008, namely the acquisition of the Tir Groupé Gift Vouchers activity in France and the start of the Vouchers for Services contract with ONEM in Belgium.

Excluding these items, slower growth in issue volumes in the Motivation Solutions activity late in the year weighed slightly on cash flow.

Net cash provided by operating activities was used to finance:

- net capital expenditures of 223 million euro (1.5% of revenues);
- acquisitions (net of divestments and of cash held by acquired companies) of 526 million euro. The principal acquisitions were 100% of Score Groupe in France, 93.5% of Zehnacker in Germany, 100% of RKHS in India, and 100% of Comfort Keepers in the United States.

Net cash used in financing activities comprised:

- the dividend payment of 218 million euro, of which 197 million euro was paid by Sodexo SA;
- the reimbursement in March 2009 of two bond issues for a total of 1,224 million euro; and
- proceeds from three new borrowing arrangements, which allowed the Group to reimburse the two bond issues in March 2009 and thus lengthen the maturity of its borrowings:
  - USD 500 million raised through a private placement with U.S. investors,
  - the issuance of 650 million euro in bonds in January 2009, and
  - an additional tranche of the above bond issue for 230 million euro raised in June 2009 in connection with the refinancing of the loans reimbursed in March 2009.

As of August 31, 2009, borrowings totaled 2,648 million euro, mainly comprising two bond issues totaling 1,380 million euro, and the USD 500 million U.S. private placement. The remaining balance comprised various bank loans and facilities, capital leases and derivatives.

As of August 31, 2009, the average interest rate on borrowings was 5.1%.

Cash and cash equivalents net of bank overdrafts totaled 1,162 million euro as of August 31, 2009. Cash investments in instruments with maturities of over three months and restricted cash in the Motivation Solutions activity totaled 227 million euro and 370 million euro, respectively.

As of the same date, the operating cash position (which includes Motivation Solutions cash investments and restricted cash) was 1,759 million euro, including 1,337 million euro for Motivation Solutions.

Consequently, as of August 31, 2009, net debt was 889 million euro, representing 38% of Group consolidated equity, and gross debt repayment capacity was less than four years of operating cash flow.

As of the same date, the Group had unused bank credit facilities of 378 million euro.

Events subsequent to August 31, 2009

There have been no significant changes in the financial position or trading situation of the Company and its subsidiaries since August 31, 2009.

4. FISCAL 2010 OUTLOOK

At the November 6, 2009 meeting of the Board of Directors, Michel Landel, the Chief Executive Officer of Sodexo, presented the outlook for Fiscal 2010.

Michel Landel reminded the Board that in the current deep economic crisis, unlike many large international corporations, Sodexo had continued to grow in Fiscal 2009, with an increase of 7.9% in revenues including 2.5% organic growth. The main contributors to the Group's growth were:

- its choice to focus on client segments with strong outsourcing potential (Health Care and Seniors, Defense, and Justice);
- its comprehensive service solutions offer;
- its international presence; and
- the motivation and commitment of its teams.

Although organic growth remains its priority, during Fiscal 2009 Sodexo made a number of targeted acquisitions in order to strengthen its leadership positions in high potential markets.

In addition, Sodexo has redefined its strategic positioning in order to differentiate and be able to seize new opportunities in the years to come. As the strategic partner of its clients, Sodexo proposes comprehensive service solutions that are based on its original mission: "Improve the Quality of Life to contribute to the progress of individuals and the performance of organizations."

Remaining firmly focused on the future, the Group has continued to invest in the implementation of its strategy: in its comprehensive offer, in training its teams, in recruiting new talent, in creating platforms of expertise in Facilities Management as well as in four acquisitions in France, Germany, India and United States.

Michel Landel also recalled that one of Sodexo's greatest strengths in the current environment is its independence and its solid financial ratios. As of August 31, 2009, net gross debt was only 38% of shareholders' equity and its debt repayment capacity was less than four years of operating cash flow.

Fiscal 2010 objectives

Michel Landel underlined that despite the satisfying performance achieved in Fiscal 2009, the full initial effects of the crisis were only first felt in all of the Group's activities and countries beginning from the second quarter of Fiscal 2009.

Considering current uncertainties and the fact that the global economic recovery is likely to be slow, Fiscal 2010 should see revenues (at constant scope and exchange rates) remain at the same level as Fiscal 2009 with an operating profit objective of between 750 and 770 million euro (at constant exchange rates).

Sodexo has won several recent prestigious contracts but the crisis has caused delay in certain decisions by its clients and prospects. Comparable unit growth has also slowed. As a consequence, the level of new business development at the start of the year has been inferior to that of past years, and a modest decrease in revenues for the first half of Fiscal 2010 is anticipated.

In Fiscal 2009, Sodexo achieved 50 million euro in savings and productivity gains in its administrative and support costs. For Fiscal 2010, Sodexo targets improving organizational efficiency by a further 60 million euro, thereby achieving savings of nearly 10% in these costs over two years. These gains will permit reinvestment for continued development for the long term.

Medium term

Sodexo confirms its medium term objectives: i.e., to achieve annual average revenue growth of 7% and an operating margin of 6%.

With a significant potential market estimated at 780 billion euro, particularly in segments in which the Group is a world leader - Health Care, Seniors, Education and Defense – Sodexo benefits from major competitive advantages:

- strong values, ethical principles and a motivated workforce;

- a unique strategic positioning: Sodexo's worldwide teams are the only ones with an offer as comprehensive and integrated that combines On-site Services Solutions and Motivation Solutions;
- a unique global network, operating in 80 countries, which cover over 80% of the world's population and more than 92% of global GDP;
- a financial model that has proved its strength and effectiveness, allowing Sodexo to finance its future development;
- Sodexo's independence, which enables the Group to pursue a long-term strategy.

Michel Landel added, *"I would like to thank our clients for their loyalty, our shareholders for their continued support, and the 380,000 employees of the Group for the progress achieved during Fiscal 2009, through their performance to the highest standards in delivering our Quality of Life services. Each and every one of them contributes to 'Making every day a better day.' "*

Sodexo Group Consolidated Financial Statements as of August 31, 2009

1. CONSOLIDATED INCOME STATEMENT

(in millions of euro)	Notes	Fiscal 2009	Fiscal 2008
Revenues	**2.22.2 and 3**	**14,681**	**13,611**
Cost of sales	4.1	(12,366)	(11,486)
Gross profit		**2,315**	**2,125**
Sales department costs	4.1	(221)	(194)
General and administrative costs	4.1	(1,322)	(1,245)
Other operating income	4.1	5	17
Other operating charges	4.1	(31)	(13)
Operating profit	**3**	**746**	**690**
Interest income	4.2	74	71
Financing costs	4.2	(194)	(173)
Share of profit of associates	3 and 4.9	12	11
Profit for the period before tax		**638**	**599**
Income tax expense	4.3	(216)	(202)
Profit for the year		**422**	**397**
Minority interest		29	21
PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT		**393**	**376**
Earnings per share (in euro)	**2.23 and 4.4**	**2.54**	**2.42**
Diluted earnings per share (in euro)	**2.23 and 4.4**	**2.53**	**2.40**

2. CONSOLIDATED BALANCE SHEET

ASSETS

(in millions of euro)	Notes	August 31, 2009	August 31, 2008
Non-current assets			
Property, plant and equipment	2.6, 2.7, 2.8 and 4.5	520	465
Goodwill	2.4, 2.8 and 4.6	4,226	3,793
Other intangible assets	2.5, 2.8 and 4.7	392	288
Client investments	2.9 and 4.8	186	162
Associates	2.3.2 and 4.9	48	40
Financial assets	2.12 and 4.11	124	100
Other non-current assets	4.13	11	13
Deferred tax assets	2.20 and 4.21	93	86
TOTAL NON-CURRENT ASSETS		**5,600**	**4,947**
Current assets			
Financial assets	2.12 and 4.11	7	8
Derivative financial instruments	2.12 and 4.17	4	7
Inventories	2.10 and 4.12	204	202
Income tax		64	54
Trade and other receivables	2.11 and 4.13	2,728	2,615
Restricted cash and financial assets related to the Motivation Solutions activity [1]	2.12 and 4.11	597	483
Cash and cash equivalents	2.13 and 4.14	1,204	1,594
TOTAL CURRENT ASSETS		**4,808**	**4,963**
TOTAL ASSETS		**10,408**	**9,910**

(1) New name for Service Vouchers and Cards activity.

LIABILITIES AND EQUITY

(in millions of euro)	Notes	August 31, 2009	August 31, 2008
Shareholders' equity			
Common stock		628	629
Additional paid in capital		1,109	1,122
Retained earnings		567	652
Consolidated reserves		(25)	(258)
Equity attributable to equity holders of the parent		**2,279**	**2,145**
Equity attributable to minority interests		**37**	**26**
TOTAL SHAREHOLDERS' EQUITY	**2.15, 2.19 and 4.15**	**2,316**	**2,171**
Non-current liabilities			
Borrowings	2.12, 2.14 and 4.16	2,547	1,163
Employee benefits	2.17 and 4.18	257	192
Other liabilities	4.20	106	85
Provisions	2.16 and 4.19	46	53
Deferred tax liabilities	2.20 and 4.21	99	45
TOTAL NON-CURRENT LIABILITIES		**3,055**	**1,538**
Current liabilities			
Bank overdrafts		42	31
Borrowings	2.12, 2.14 and 4.16	94	1,353
Derivative financial instruments	2.12 and 4.17	11	2
Income tax		71	61
Provisions	2.16 and 4.19	53	36
Trade and other payables	2.21 and 4.20	2,689	2,631
Vouchers payable	2.18	2,077	2,087
TOTAL CURRENT LIABILITIES		**5,037**	**6,201**
TOTAL LIABILITIES AND EQUITY		**10,408**	**9,910**

3. CONSOLIDATED CASH FLOW STATEMENT

For a detailed analysis of the consolidated cash flow statement, refer to note 4.23.

(in millions of euro)	Notes	Fiscal 2009	Fiscal 2008
Operating activities			
Operating profit		**746**	**690**
Elimination of non-cash and and non-operating items			
Depreciation and amortization		217	204
Provisions		(2)	(17)
Losses/(gains) on disposal and other		10	(1)
Dividends received from associates		6	4
Change in working capital from operating activities		**(96)**	**157**
Change in inventories		1	(22)
Change in accounts receivable		9	(468)
Change in trade and other payables		(73)	45
Change in vouchers payable		95	630
Change in financial assets related to the Motivation Solutions activity		(128)	(28)
Interest paid		(147)	(124)
Interest received		37	37
Income tax paid		(194)	(170)
NET CASH PROVIDED BY OPERATING ACTIVITIES		**577**	**780**
Investing activities			
Acquisitions of property, plant & equipment and intangible assets	3	(221)	(228)
Disposals of property, plant & equipment and intangible assets		19	31
Change in client investments	3 and 4.8	(21)	(22)
Change in financial assets		(17)	(16)
Effect of acquisitions of subsidiaries	4.24	(528)	(615)
Effect of dispositions of subsidiaries		2	3
NET CASH USED IN INVESTING ACTIVITIES		**(766)**	**(847)**
Financing activities			
Dividends paid to parent company shareholders	4.15	(197)	(179)
Dividends paid to minority shareholders of consolidated companies	4.15	(21)	(17)
Change in treasury shares		18	(32)
Reduction of common stock and additional paid in capital		41	(73)
Proceeds from borrowings	4.23	1,614	588
Repayment of borrowings	4.23	(1,623)	(22)
NET CASH USED IN FINANCING ACTIVITIES		**(168)**	**265**
CHANGE IN NET CASH AND CASH EQUIVALENTS		**(357)**	**198**
Net effect of exchange rates and other effects on cash		(44)	(12)
Net cash and cash equivalents at beginning of period		1,563	1,377
NET CASH AND CASH EQUIVALENTS AT END OF PERIOD	**4.14**	**1,162**	**1,563**

4. STATEMENT OF RECOGNIZED INCOME AND EXPENSE

(in millions of euro)	Notes	Fiscal 2009	Fiscal 2008
Change in fair value of available for sale securities	4.11	5	(2)
Change in fair value of interest rate swaps identified as cash flow hedging instruments	4.15 and 4.17.2	(16)	(5)
Translation adjustments	4.15	(64)	(219)
Actuarial gains/(losses) on employee benefits	4.15 and 4.18	(40)	(15)
Profit/(loss) recognized directly in equity		**(115)**	**(241)**
Profit for the period		422	397
TOTAL RECOGNIZED PROFIT/(LOSS) FOR THE PERIOD		**307**	**156**
Attributable to:			
Equity holders of the parent		278	136
Minority interests		29	20

Notes to the Consolidated financial statements

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, 2009 and will be submitted to the Annual Shareholder's Meeting on January 25, 2010.

1. SIGNIFICANT EVENTS

The Group made the following acquisitions during Fiscal 2009:

- On September 30, 2008, Sodexo closed the acquisition of Score Group, a leading independent provider of Foodservices in France. Sodexo consolidated Score Group with effect from October 1, 2008;
- On December 12, 2008, Sodexo completed the acquisition of the Zehnacker Group, one of the leading independent providers of Facilities Management services in the healthcare segment in Germany. Sodexo consolidated Zehnacker with effect from December 1, 2008;
- On April 1, 2009, Sodexo completed the acquisition of Radhakrishna Hospitality Services Group (RKHS), one of the leading companies in On-Site Service Solutions in India;
- On August 18, 2009, Sodexo completed the acquisition of 100% of Comfort Keepers, one of the foremost players in the American market in non-medical in-home services for seniors and dependent persons.

In March 2009, Sodexo repaid two bond issues that had matured:

- On March 16, 2009, Sodexo repaid 287 million euro representing the balance, net of prior partial redemptions, of the bonds issued in March 1999;
- On March 25, 2009, Sodexo repaid 937 million euro corresponding to the balance, net of prior partial redemptions, of the bonds issued in March 2002.

Previously, the Group completed the following transactions, in the first half of the year, in order to refinance these maturities:

- On September 29, 2008, Sodexo SA completed a 500 million dollar private placement with U.S. investors at a fixed rate of interest. This loan is structured in three tranches maturing between September 2013 and September 2018;
- On January 30, 2009, Sodexo SA issued bonds totaling 650 million euro at a fixed rate of interest and maturing in January 2015. On June 24, 2009, a complementary tranche of 230 million euro was issued.

Additional information about these two new financing arrangements is provided in section 4.16 notes to the consolidated financial statements.

2. ACCOUNTING POLICIES

2.1 Basis of preparation of the financial statements

2.1.1 Basis of preparation of financial information for Fiscal 2009

Pursuant to 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 Union as of the balance sheet date. Information for the comparative year presented has been prepared using the same principles.

The consolidated financial statements for Fiscal 2007 filed with the *Autorité des Marchés Financiers* (AMF) on November 16, 2007 under the filing no. D.07-986, are incorporated herein by reference.

The consolidated financial statements of the Sodexo Group are also compliant with the IFRS standards published by the IASB, where mandatory application effective for Fiscal 2009 of the revised version of the amendment to IAS 39 and IFRS 7 "Reclassification of Financial Assets", and the amendments to IFRIC 9 and IAS 39, "Embedded Derivatives", not approved by the European Union as of August 31, 2009, was determined to have no material impact on the consolidated financial statements. Also, the Group decided to apply effective for Fiscal 2009 the IFRIC interpretation 12 "Service Concession Arrangements", applicable for the Group with effect from Fiscal 2009 but approved subsequently by the European Union. Concerning the other IFRS standards, the IFRS application dates as approved by the European Union are the same as those for the IFRS standards published by the IASB in the course of the past three years, given Sodexo's balance sheet date. Consequently, any difference between the two sets of standards arising out of delays in approval by the European Union had no impact considering the application date of the related standards or interpretations.

Finally, the Group continues to assess the impact of IFRIC 4 since its required application date, but has not made any adjustment in the absence of any significant investment.

2.1.2 New accounting standards and interpretations adopted early

The following interpretations adopted by the European Union and applied by the Group with effect from Fiscal 2009 have had no impact on the Group financial statements as of August 31, 2009:

- IFRIC 12 - "Service Concession Arrangements", which addresses the accounting for concession contracts operated within a framework of services to the public, where the concession grantor is deemed to control or regulate the services provided in connection with the assets, determines who benefits from the services, defines the method of remuneration for the operator and controls the residual value of the infrastructure at the end of the contract. The Group has assessed the impact of this interpretation on the consolidated financial statements but has not made any adjustment in the absence of materiality;
- IFRIC 13 - "Customer Loyalty Programs", which addresses how companies should account for benefits granted within the framework of loyalty programs. This interpretation does not apply to the fiscal years presented;
- IFRIC 14 - "IAS 19 – The Limit on Defined Benefit Asset Minimum Funding Requirements and their Interaction", which prescribes the method of accounting for the surplus assets of a pension plan and the impact of a minimum funding obligation on the assets to be recorded, and additional liabilities, if any, to be recognized. Application of this interpretation had no impact on the financial statements for the fiscal years presented.

2.1.3 Accounting standards and interpretations issued but not yet applicable

Except for the interpretations mentioned in note 2.1.2, Sodexo has decided not to early adopt the standards and interpretations whose application is not mandatory for the Fiscal year ended August 31, 2009.

The following aforementioned standards and interpretations may apply to the Group:

- IFRS 8 - "Operating Segments," applicable for Fiscal 2010, requires the disclosure of segment information based on internal management information used by operating decision makers to assess the performance of each segment and allocate resources. The impact of this new standard on the Group's operating segments is currently being evaluated;
- IAS 1 revised – "Presentation of Financial Statements", applicable for Fiscal 2010, concluded the initial phase of the IASB's comprehensive reform of the presentation of the financial statements. The application of this standard will not affect the Group's financial statements but will modify their presentation, in particular, with the presentation of "Comprehensive income" of net income plus other income and expense recognized directly in shareholder's equity;
- IFRS 3 revised – "Business Combinations" and IAS 27 revised – "Consolidated Financial Statements and Accounting for Investments in Subsidiaries", applicable for Fiscal 2010, will prospectively modify, in particular, the accounting for business combinations entered into after the

adoption date. The prospective nature of the adoption of this standard, which will only impact transactions not yet entered into, does not allow for the impact on the Group's financial statements to be estimated.

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 and tax risks (notes 4.19 and 4.29);
- fair value of derivative financial instruments (note 4.17);
- 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);
- valuation of goodwill and acquired intangible assets and their estimated useful lives (note 4.25);
- 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 Sodexo 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 or joint control 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.

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. An analysis is conducted for each of these equity interests, of which the details are provided in note 4.9, in order to determine whether the Group has significant influence based on the criteria in IAS 27, IAS 28 and SIC 12. Based on this analysis, these companies are consolidated using the equity method of accounting.

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, 2009 is provided in note 6.

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." At the time of the transition to IFRS, the cumulative translation adjustments as of September 1, 2004 were reclassified to consolidated reserves.

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, 2009, 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.

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 elements 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.

At the time of the transition to IFRS, Sodexo elected not to restate business combinations occurring before September 1, 2004.

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. At the time of the transition to IFRS, the Group did not elect to re-measure intangible assets at their fair value in the opening balance sheet as of September 1, 2004. 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 certain brands having an indefinite useful life are considered to have 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	3-20 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. At the time of the transition to IFRS, the Group did not opt to re-measure property, plant and equipment at its fair value in the opening balance sheet as of September 1, 2004.

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 in "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 or group of CGUs, which are generally defined as one of the Group's two main activities, further segmented into geographic regions.

The assets allocated to each CGU comprise:

- goodwill, which is allocated when the CGU or group of CGUs is likely to benefit from the business combination;
- 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 (net of selling costs) in an arm's length transaction between knowledgeable, willing parties;
- value in use, which is 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 prepares 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

On 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.

The fair value of these derivative instruments is determined based on valuations provided by the bank counter-parties.

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 IFRS 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 in other borrowings at the present value of the buyout commitment;
- the expected goodwill is recognized in the balance sheet;
- 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.

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 reduce the related borrowing in the balance sheet and are 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. As a result:

- contributions to defined-contribution plans are recognized as an expense; and
- 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 recognized in equity, net of deferred taxes, as permitted by IAS 19 Revised. Actuarial gains and losses do not affect the income statement. At the time of the transition to IFRS, actuarial losses and gains on pensions and related benefits as of September 1 were recognized in shareholders' equity.

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.

At the time of the transition to IFRS, only stock option plans granted after November 7, 2002 and not vested as of January 1, 2005 have been measured as permitted by IFRS 2.

2.20 Deferred taxes

Deferred taxes are recognized on temporary 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 substantially enacted at the balance sheet date.

Deferred taxes are not recognized on the following items:

- initial recognition of 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:

- On-site Service Solutions: revenues include all revenues stipulated in the contract, taking into account whether Sodexo acts as principal (the vast majority of cases) or agent;

- Motivation Solutions: 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 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

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, 2009, Sodexo had two principal activities worldwide: On-Site Service Solutions (formerly Food and Facilities Management Services), and Motivation Solutions (formerly Service Vouchers and Cards). On-Site Service Solutions is further segmented by geographic region:

- North America;
- Continental Europe;
- United Kingdom and Ireland;
- Rest of the World.

The geographic regions of On-site Service Solutions and Motivation Solutions constitute the Group's primary segments.

The majority of Sodexo's other activities are included in On-site Service Solutions. These mainly comprise the "Remote Sites" activity (included in the Rest of the World segment of the On-site Service Solutions activity). None of these activities individually represents a reportable segment.

3.1 By operating activity

3.1.1 Income statement information

Fiscal 2009 *(in millions of euro)*	On-site Service Solutions North America	Continental Europe	United Kingdom and Ireland	Rest of the World	Total	Motivation Solutions	Holding companies	Elimination	Total
Revenues (third-party)	5,730	5,074	1,285	1,900	13,989	692			14,681
Inter-segment sales (Group)						19		(19)	0
TOTAL	**5,730**	**5,074**	**1,285**	**1,900**	**13,989**	**711**		**(19)**	**14,681**
Segment operating profit	297	183	52	57	589	247	(71)	(19)	746
Share of profit of associates	1	1	5	5	12				12
Net financing costs									(120)
Income tax expense									(216)
Minority interests									29
PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT									**393**
Depreciation/ amortization of segment assets	46	90	19	25	180	22	15		217
Other non-cash items	4	2	1	1	8	1	3		12

Fiscal 2008 *(in millions of euro)*	On-site Service Solutions North America	Continental Europe	United Kingdom and Ireland	Rest of the World	Total	Motivation Solutions	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

3.1.2 Balance sheet information

As of August 31, 2009 (in millions of euro)	On-site Service Solutions North America	Continental Europe	United Kingdom and Ireland	Rest of the World	Total	Motivation Solutions	Holding companies	Eliminations	Total
Segment assets	3,184	2,512	855	788	7,339	2,050	760	(678)	9,471
Associates	11	2	9	25	47	1			48
Financial assets (including derivatives)									732
Income tax assets									157
TOTAL ASSETS									**10,408**
Segment liabilities	1,436	1,333	367	443	3,579	2,291	78	(678)	5,270
Financial liabilities									2,652
Income tax liabilities									170
Shareholders' equity									2,316
TOTAL LIABILITIES AND EQUITY									**10,408**
Capital expenditures during the period*	70	94	16	28	208	20	14		242

* *Including the change in client investments.*

As of August 31, 2008 (in millions of euro)	On-site Service Solutions North America	Continental Europe	United Kingdom and Ireland	Rest of the World	Total	Motivation Solutions	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.*

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.

As of and for the year ended August 31, 2009 *(in millions of euro)*	North America	Continental Europe	United Kingdom and Ireland	Rest of the world	Holding companies	Elimination	Total
Revenues (third-party)	5,732	5,375	1,293	2,300		(19)	14,681
Segment assets	3,185	3 ,563	886	1,755	760	(678)	9,471
Capital expenditures during the period*	70	105	16	37	14		242

* *Including the change in client investments.*

As of and for the year ended 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

* *Including the change in client investments.*

4. NOTES TO THE FINANCIAL STATEMENTS AS OF AUGUST 31, 2009

4.1 Operating expenses by nature

(in millions of euro)	Fiscal 2009	Fiscal 2008
Depreciation, amortization and impairment losses	(227)	(201)
Employee costs		
• Wages and salaries	(5,243)	(4,781)
• Other employee costs (1)	(1,583)	(1,482)
Purchases of consumables and change in inventory	(4,696)	(4,412)
Other operating expenses (2)	(2,186)	(2,045)
TOTAL	**(13,935)**	**(12,921)**

(1) *Primarily payroll taxes, but also including costs associated with defined-benefit plans (Note 4.18), defined contribution plans (Note 4.18), and stock options (Note 4.24).*
(2) *Other operating expenses mainly include operating lease expenses (287 million euro for Fiscal 2009 and 294 million euro for Fiscal 2008), fees other purchases of consumables, other sub-contracting costs and travel expenses.*

By function	Fiscal 2009	Fiscal 2008
Cost of sales	(12,366)	(11,486)
Sales department costs	(221)	(194)
General and administrative costs	(1,322)	(1,245)
Other operating income and charges	(26)	4
TOTAL	**(13,935)**	**(12,921)**

4.2 Financial income and expense

(in millions of euro)	Fiscal 2009	Fiscal 2008
Interest expense, net of interest income	(111)	(94)
Net foreign exchange (losses)/gains	1	0
Net impairment (losses)/reversals	(1)	(1)
Expected return on defined-benefit plan assets	33	34
Interest cost on defined-benefit plan obligation	(34)	(32)
Change in fair value of derivative instruments	0	2
Other	(8)	(11)
NET FINANCING COSTS	**(120)**	**(102)**

4.3 Income tax expense

Income tax rate reconciliation

(in millions of euro)	Fiscal 2009	Fiscal 2008
Profit for the period before tax	638	599
Share of profit of associates	12	11
Accounting profit before tax	**626**	**588**
Tax rate applicable to Sodexo	34.43%	34.43%
Theoretical income tax expense	**(216)**	**(202)**
Effect of jurisdictional tax rate differences	26	25
Permanently non-deductible expenses or non-taxable income	(14)	(12)
Other tax repayments / (charges), net	8	1
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	(9)	(6)
Actual income tax expense	**(203)**	**(192)**
Withholding taxes	(13)	(10)
TOTAL INCOME TAX EXPENSE	**(216)**	**(202)**

Components of income tax expense

(in millions of euro)	Fiscal 2009	Fiscal 2008
Current income taxes	(207)	(172)
Adjustments to current income tax payable in respect of prior periods	2	4
Provision for tax exposures	1	0
Tax credits, tax losses and temporary difference carry-forwards utilized	24	10
Sub-total: current income taxes	**(180)**	**(158)**
Deferred taxes on temporary differences arising or reversing during the period	(26)	(31)
Deferred taxes on changes in tax rates or liability for taxes at new rates	0	(2)
Tax credits and tax losses utilized	3	(1)
Sub-total: deferred taxes	**(23)**	**(34)**
ACTUAL INCOME TAX EXPENSE	**(203)**	**(192)**

Deferred tax assets generated by companies reporting a tax loss in current or prior periods amounted to 13 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 34.39% for Fiscal 2008 to 34.57% for Fiscal 2009.

4.4 Earnings per share

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

	Fiscal 2009	Fiscal 2008
Basic weighted average number of shares	154,630,743	155,489,727
Average dilutive effect of stock options (1)	616,593	1,158,494
Average dilutive effect of shares to be issued in connection with the Employee Share Purchase Plan (2)		18,410
Diluted weighted average number of shares	155,247,336	156,666,631

(1) The dilutive effect declined by around 0.6 million euro 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 presents the calculation of basic and diluted earnings per share:

	Fiscal 2009	Fiscal 2008
Profit for the period attributable to equity holders of the parent	393	376
Basic weighted average number of shares	154,630,743	155,489,727
Basic earnings per share	**2.54**	**2.42**
Diluted weighted average number of shares	155,247,336	156,666,631
Diluted earnings per share	**2.53**	**2.40**

Six stock option plans, representing 4,454,801 options, did not have a dilutive impact during Fiscal 2009 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, 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**
Increases during the period	11	153	53	217
Decreases during the period	(1)	(11)	(7)	(19)
Assets classified as held for sale				
Newly consolidated companies	5	20	4	29
Newly deconsolidated companies				
Depreciation expense	(10)	(134)	(21)	(165)
Impairment losses recognized in profit or loss				
Impairment losses reversed in profit or loss				
Translation adjustment	(2)	(4)		(6)
Other	4	23	(28)	(1)
Carrying amount - August 31, 2009	**72**	**369**	**79**	**520**

(in millions of euro)	August 31, 2009	August 31, 2008
Cost	1,383	1,243
Accumulated depreciation and impairment	(863)	(778)
Carrying amount	**520**	**465**

Expenditures of 26 million euro were capitalized as construction in progress during Fiscal 2009, compared with 35 million euro in Fiscal 2008.

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, 2007	**20**	**28**	**10**	**58**
Increases during the period	4	9		13
Decreases during the period				0
Assets classified as held for sale				0
Newly consolidated companies		10		10
Newly deconsolidated companies	(3)	(1)		(4)
Depreciation expense	(3)	(8)	(3)	(14)
Impairment losses recognized in profit or loss				0
Impairment losses reversed in profit or loss				0
Translation adjustment				0
Other		(2)	1	(1)
Carrying amount - August 31, 2008	**18**	**36**	**8**	**62**
Increases during the period		33		33
Decreases during the period		(2)	(1)	(3)
Assets classified as held for sale				
Newly consolidated companies		6		6
Newly deconsolidated companies				
Depreciation expense	(4)	(15)	(2)	(21)
Impairment losses recognized in profit or loss				
Impairment losses reversed in profit or loss				
Translation adjustment				
Other		1		1
Carrying amount - August 31, 2009	**14**	**59**	**5**	**78**

(in millions of euro)	August 31, 2009	August 31, 2008
Cost	198	178
Accumulated depreciation and impairment	(120)	(116)
Carrying amount	**78**	**62**

MATURITY OF DISCOUNTED AND UNDISCOUNTED MINIMUM FINANCE LEASE PAYMENTS AS OF AUGUST 31, 2009

(in millions of euro)	Undiscounted obligation	Discounted obligation
Less than 1 year	23	19
1 to 5 years	58	49
More than 5 years	8	9
TOTAL MINIMUM PAYMENTS	**89**	**77**

4.6 Goodwill

(in millions of euro)		August 31, 2008	Additions during the period	Dispositions during the period	Translation adjustment	Other	August 31, 2009
On-Site Service Solutions North America	Gross	1,916	48		62		2,026
	Impairment						
On-Site Service Solutions United Kingdom and Ireland	Gross	574			(49)		525
	Impairment						
On-Site Service Solutions Continental Europe	Gross	619	330		(8)		941
	Impairment						
On-Site Service Solutions Rest of the world	Gross	100	101		(8)		193
	Impairment						
Motivation Solutions	Gross	584	8		(51)		541
	Impairment	(2)					(2)
Holding companies	Gross	2					2
	Impairment						
TOTAL	**GROSS**	**3,795**	**487**		**(54)**		**4,228**
	IMPAIRMENT	**(2)**					**(2)**

The most significant new goodwill items in Fiscal 2009 were recognized on the acquisition of Score Groupe in France (179.5 million euro), Zehnacker in Germany (142.7 million euro), Radhakrishna Hospitality Services in India (92.9 million euro), and Comfort Keepers in the United States (47.6 million euro).

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

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).

4.7 Intangible assets

The tables below show movements in intangible assets during Fiscal 2008 and Fiscal 2009.

(in millions of euro)	Licences and software	Other intangible assets	Total
Carrying amount - August 31, 2007	**57**	**65**	**122**
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**
Increases during the period	28	1	29
Internally-generated assets	9		9
Decreases during the period	(4)		(4)
Assets classified as held for sale			
Newly consolidated companies	1	133	134
Newly deconsolidated companies			
Amortization expense	(24)	(22)	(46)
Impairment losses recognized in profit or loss		(5)	(5)
Impairment losses reversed in profit or loss			
Translation adjustment	(1)	(12)	(13)
Other	1	(1)	0
Carrying amount - August 31, 2009	**76**	**316**	**392**

(in millions of euro)	August 31, 2009	August 31, 2008
Cost	599	476
Accumulated amortization and impairment	(207)	(188)
Carrying amount	**392**	**288**

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 2009	Fiscal 2008
Carrying amount - September 1	162	149
Increases during the period	62	52
Decreases during the period	(41)	(30)
Translation adjustment	3	(11)
Other		2
Carrying amount - August 31	**186**	**162**

4.9 Investments in associates

Changes in the Group's share of the net assets of its associates during Fiscal 2009 and Fiscal 2008 are shown below:

(in millions of euro)	August 31, 2008	Profit/(loss) for the period	Dividend paid for the period	Changes in scope of consolidation	Other movements [3]	Translation adjustment	August 31, 2009
Doyon Universal Services [1]	13.4	1.3	(1.3)			0.5	13.9
BAS	7.8	1.4	(2.9)				6.3
NANA	6.9	1.2	(0.9)		3.5		10.7
RMPA Holdings Ltd	3.6	(2.2)			0.5	(0.3)	1.6
South Manchester Healthcare (Holdings) Ltd	1.5	0.9	(0.5)		(1.0)	(0.2)	0.7
Addiewell Prison (Holdings) Ltd	1.6	2.9				(0.2)	4.3
Peterborough Prison Management Holdings Ltd		1.6					1.6
Catalyst Healthcare (Manchester) Holdings Ltd	0.9	0.3			(0.9)	(0.1)	0.2
Mercia Healthcare (Holdings) Ltd	1.7	2.1				0.2	4.0
SERCO Sodexo Defence Services	1.2			(1.2)			0.0
Sigma [2]	0.5	0.1					0.6
Viabel		0.3				0.1	0.4
Others	0.9	1.1	(0.8)		(0.2)	2.2	3.2
TOTAL	**40**	**11.0**	**(6.4)**	**(1.2)**	**1.9**	**2.2**	**47.5**

(1) Including goodwill of 5.8 million euro as of August 31, 2009.
(2) Consolidated as of August 31, 2009.
(3) Including the change in fair value of derivative financial instruments accounted for as hedges (note 4.17.2).

(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
Others	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 euro 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 acquired during the year.

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, 2008	Profit/(loss) for the period	Dividend paid for the period	Changes in scope of consolidation	Other movements [3]	Translation adjustment	August 31, 2009
Agecroft Prison Management Ltd	(2,6)	(0,1)				0,2	(2,5)
Catalyst Healthcare (Roehampton) Holdings Ltd	(4,0)	0,2	(0,3)		0,8	0,4	(2,9)
Ashford Prison Services Holdings Ltd	(0,7)	0,1			(1,5)		(2,1)
HpC King's College Hospital (Holdings) Ltd	(2,7)	0,4				0,2	(2,1)
Enterprise Healthcare Holdings Ltd	(1,0)	0,1					(0,9)
Addiewell Prison (Holdings) Ltd	(0,5)	0,6			(2,1)		(2,0)
Peterborough Prison Management Holdings Ltd	(0,1)	0,3			(2,1)		(1,9)
Others	(0,3)	0,0		0,3		(0,1)	(0,1)
Provision for negative net assets	**(11,9)**	**1,6**	**(0,3)**	**0,3**	**(4,9)**	**0,7**	**(14,5)**

(3) Including the change in fair value of derivative financial instruments accounted for as hedges (note 4.17.2).

(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.

The table below provides 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%	749	738	11	50	(16)
Catalyst Healthcare (Manchester) Holdings Ltd*	UK	25%	569	552	17	136	12
Healthcare Support (North Staffs) Holdings Ltd*	UK	25%	411	410	1	78	0
Catalyst Healthcare (Romford) Holdings Ltd*	UK	25%	324	318	6	39	6
BAS (Chili)*	Chili	33.33%	215	196	19	23	4
HpC King's College Hospital (Holdings) Ltd*	UK	25%	114	122	(8)	16	2
Peterborough Prison Management Holdings Ltd*	UK	33.33%	105	111	(6)	28	1
South Manchester Healthcare (Holdings) Ltd*	UK	25%	103	100	3	24	4
Catalyst Healthcare (Roehampton) Holdings Ltd*	UK	25%	100	112	(12)	11	1
Addiewell Prison (Holdings) Ltd*	UK	33.33%	127	133	(6)	129	2
Mercia Healthcare (Holdings) Ltd*	UK	25%	91	90	1	7	1
Ashford Prison Services Holdings Ltd*	UK	33.33%	79	85	(6)	2	0
Enterprise Healthcare Holdings Ltd*	UK	10%	59	68	(9)	18	1
Agecroft Prison Management Ltd*	UK	50%	62	67	(5)	59	0
Pinnacle Schools (Fife) Holdings Ltd*	UK	10%	52	50	2	7	1
Enterprise Education Holdings Conwy Ltd*	UK	10%	46	47	(1)	3	0
NANA (Sodexo, Inc.)	USA	43.6%	46	22	24	134	4
Serco Sodexo Defence Services PTY	Australie	50%	34	26	8	114	4
Enterprise Civic Buildings (Holdings) Ltd*	UK	10%	29	29	(0)	2	0
Doyon Universal Services	USA	49.9%	19	2	17	62	3

* *Project companies established in connection with Public-Private Partnership (PPP) contracts (see note 2.3.2).*

4.10 Impairment of assets

4.10.1 Impairment losses recognized in Fiscal 2008 and Fiscal 2009

(in millions of euro)	August 31, 2008	Recognized	Reversed	Dispositions and other	August 31, 2009
Goodwill	2				2
Intangible assets		5			5
Property, plant and equipment	2				2
Asset impairment	**4**	**5**			**9**

(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**

Assets with indefinite useful lives were tested for impairment as of August 31, 2009 using the methods described in note 2.8.2.

Impairment losses recognized in the income statement are classified as operating items.

The main assumptions used depend on the macro-economic outlook for the geographic regions in which the CGUs or Groups of CGUs defined by Sodexo operate. They are as follows:

	2009		2008	
Economic region	Discount rate [1]	Long-term growth rate [2]	Discount rate [1]	Long-term growth rate [2]
Continental Europe	9.2%	2.0%	8.5%	2.2%
North America	9.2%	1.8%	8.5%	2.7%
United Kingdom	9.2%	3.5%	8.5%	3.6%
South America [1]	12.2%	3.5%	N/A	N/A
Rest of World [1]	12.2%	4.0%	N/A	N/A

(1) The discount rate established for Sodexo has been increased for certain regions to allow for greater risk factors affecting certain countries.
(2) The long-term growth rate serves to extrapolate the terminal value based on year-3 data in the management plans.

4.10.2 Sensitivity analysis

Sodexo has analyzed the sensitivity of impairment test results to different long-term growth rates and discount rates.

Assumptions were varied within the following ranges for the purposes of these sensitivity tests:

- a 1% increase in the discount rate;
- a 0.5% decrease in the long-term growth rate.

This analysis had no effect on the conclusions of the 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, 2009	August 31, 2008
Available-for-sale financial assets		
Investments in non-consolidated companies		
Cost	40	37
Impairment	(1)	(1)
Carrying amount	**39**	**36**
Other investment securities		
Cost		
Impairment		
Carrying amount		
Loans and receivables		
Receivables from investees		
Cost	40	41
Impairment	(1)	(1)
Carrying amount	**39**	**40**
Loans and deposits		
Cost	48	21
Impairment	(1)	0
Carrying amount	**47**	**21**
Financial assets at fair value through profit and loss		
Other financial assets at fair value		**3**
TOTAL NON-CURRENT FINANCIAL ASSETS	**125**	**100**
Cost	128	102
Impairment	(3)	(2)
Carrying amount	**125**	**100**

4.11.1 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 instrument. Consequently, it is carried at cost. Any eventual decrease in the value of the Bellon SA shares would be recognized as an impairment.

Sodexo sold its 9.3% interest in Leoc Japan Co in Fiscal 2009.

Current *(in millions of euro)*	**August 31, 2009**	**August 31, 2008**
Available-for-sale financial assets		
Marketable securities with a maturity greater than 3 months		
Cost		
Impairment		
Carrying amount		
Restricted cash and other financial assets: Motivation Solutions activity		
Cost	597	483
Impairment		0
Carrying amount	**597**	**483**
Loans and receivables		
Loans and deposits		
Cost	7	9
Impairment		(1)
Carrying amount	**7**	**8**
TOTAL CURRENT FINANCIAL ASSETS	**604**	**491**
Cost	604	492
Impairment		(1)
Carrying amount	**604**	**491**

Restricted cash, included in "Restricted cash and financial assets: Motivation Solutions activity", amounts to 370 million euro. The main components of this figure are funds set aside to comply with regulations governing the issuance of service vouchers in France (230 million euro), Romania (39 million euro), and India (43 million euro); guarantee funds for affiliates in Mexico (5 million euro); and contractual guarantees given to public-sector clients in Venezuela (27 million euro).

4.11.2 Changes in current and non-current financial assets

(Carrying value in millions of euro)	**August 31, 2008**	**Increase/ (decrease) during the period**	**Impairment**	**Change in scope of consolidation**	**Changes in fair value**	**Translation adjustment and other items**	**August 31, 2009**
Available-for-sale assets	519	127		2	7	(19)	636
Loans and receivables	69	22		5		(3)	93
Financial assets at fair value through profit and loss	3					(3)	0
TOTAL	**591**	**149**		**7**	**7**	**(25)**	**729**

Analysis of increase/decrease in fair value of available for sale financial assets recognized shareholders' equity (amounts shown are before tax and in millions of euro):

Cumulative increase/decrease in fair value of financial assets held as of September 1, 2008	(7)
Proceeds of disposals during the period recycled through profit and loss for the year	2
Increase/decrease in fair value for the period directly recognized in shareholders' equity	5
Total increase/decrease recognized in shareholders' equity	**7**
Cumulative increase/decrease in fair value of financial assets held as of August 31, 2009	**0**

4.11.3 Details of impairment recognized in financial assets

	August 31, 2008	Impairment	Releases	Change in scope of consolidation	Translation adjustment and other items	August 31, 2009
Available-for-sale financial assets	1					1
Loans and receivables	2					2
TOTAL	**3**					**3**

4.12 Inventories

(in millions of euro)	August 31, 2008	Increase/ (decrease) during the period	Change in scope of consolidation	Translation adjustment and other items	August 31, 2009
Cost	204	(1)	7	(4)	206
Impairment	(2)				(2)
Carrying amount	**202**	**(1)**	**7**	**(4)**	**204**

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 amount as of August 31, 2009	Allowance as of August 31, 2009	Carrying amount as of August 31, 2009
Net plan assets*	1		1
Other non-current assets	10		10
Total other non-current assets	**11**		**11**
Advances to suppliers	8		8
Trade receivables	2,508	(95)	2,413
Other operating receivables	227	(5)	222
Prepaid expenses	80		80
Non-operating receivables	4		4
Assets held for sale	1		1
TOTAL TRADE AND OTHER RECEIVABLES	**2,828**	**(100)**	**2,728**

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

As of August 31, 2009, the maturities of trade receivables were as follows (in millions of euro):

Breakdown of trade receivables due as of August 31, 2009:	Gross amount	Allowance
Less than 3 months due	431	(12)
More than 3 months and less than 6 months due	104	(8)
More than 6 months and less than 12 months due	38	(9)
More than 12 months due	50	(48)
TOTAL TRADE RECEIVABLES DUE AS OF AUGUST 31, 2009	**623**	**(77)**
TOTAL TRADE RECEIVABLES NOT YET DUE AS OF AUGUST 31, 2009	**1,885**	**(18)**
TOTAL TRADE RECEIVABLES AS OF AUGUST 31, 2009	**2,508**	**(95)**

During Fiscal 2009, the Group was not affected by any significant change resulting from impacts of client bankruptcies. In addition, given the geographic dispersion of the Group's activities, there is no concentration of risks in individual receivables due but not provisioned.

(in millions of euro)	Gross amount as of August 31, 2008	Allowance 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."*

4.14 Cash and cash equivalents

(in millions of euro)	August 31, 2009	August 31, 2008
Marketable securities	400	758
Cash	804	836
Sub-total: cash and cash equivalents	**1,204**	**1,594**
Bank overdrafts	(42)	(31)
NET CASH AND CASH EQUIVALENTS	**1,162**	**1,563**

Marketable securities, totaling 400 million euro, comprised:

(in millions of euro)	August 31, 2009	August 31, 2008
Short-term notes	130	150
Term deposits	218	271
Listed bonds	42	59
Mutual funds and other	10	278
Total marketable securities	**400**	**758**

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

(in millions of euro except number of shares)	Shares outstanding: Quantity	Shares outstanding: Common stock	Additional paid in capital	Cumulative translation adjustment
Shareholders' equity as of August 31, 2007	**159,026,413**	**636**	**1,186**	**(190)**
Reduction in capital	(1,667,131)	(7)	(64)	
Dividends paid (excluding treasury shares)				
Sodexo SA profit for prior period				
Profit for current period				
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)**
Reduction in capital	(804,887)	(3)	(28)	
Increase in capital	577,630	2	15	
Dividends paid (excluding treasury shares)				
Sodexo SA profit for prior period				
Profit for current period				
Net sale/(purchase) of treasury shares				
Share-based payment cost				
Tax on share-based payment cost				
Change in cumulative translation adjustment and other movements				(63)
Items recognized directly in equity				
Shareholders' equity as of August 31, 2009	**157,132,025**	**628**	**1,109**	**(471)**

Consolidated reserves	Retained earnings	Treasury shares Quantity	Treasury shares Reserve	Share-based payment cost	Other reserves	Equity holders of the parent	Minority interests	Total
63	**633**	**(3,089,613)**	**(164)**	**58**	**55**	**2,277**	**23**	**2,300**
(2)		1,667,131				(73)		(73)
	(179)					(179)	(17)	(196)
(136)	136							
376						376	21	397
		(2,215,724)	(33)			(33)		(33)
				14		14		14
						(218)	(1)	(219)
					(19)	(19)		(19)
301	**590**	**(3,638,206)**	**(197)**	**72**	**36**	**2,145**	**26**	**2,171**
		804,887	31			0		
						17	3	20
	(197)					(197)	(21)	(218)
(174)	174					0		
393						393	29	422
		747,726	23			23		23
				12		12		12
				(4)		(4)		(4)
						(63)		(63)
					(47)	(47)		(47)
520	**567**	**(2,085,593)**	**(143)**	**80**	**(11)**	**2,279**	**37**	**2,316**

- On September 9, 2008, the Board of Directors canceled 804,887 treasury shares leading to a reduction in the capital of 3 million euro.
- The capital increase resulting from the implementation of the “Sodexo with me” International Savings Plan took place on September 18, 2008. 577,630 new shares were issued, bringing the issued capital of Sodexo SA to 628,528,100 euro represented by 157,132,025 shares with a par value of 4 euro.
- The Group holds 2,085,593 Sodexo shares with a carrying amount of 100.8 million euro to cover its obligations under stock option plans awarded to Group employees. These treasury shares are deducted from equity as required by IAS 32.
- During the period, the Group delivered Sodexo shares with a value of 41.3 million euro, upon exercise of stock options by employees.

The par value of Sodexo SA shares is 4 euro.

The total dividend payout during the year was 197 million euro, representing a dividend of 1.27 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, 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**
Items recognized directly in equity [(1)]	(17)	(53)	4	(67)
Tax on items recognized directly in equity	6	14		20
SHAREHOLDERS’ EQUITY AS OF AUGUST 31, 2009	**(14)**	**(4)**	**7**	**(11)**

(1) Details of the above changes are explained in the following notes:
- *Note 4.11: Change in available for sale financial assets, with a positive impact of 7 million euro on shareholders’ equity.*
- *Note 4.17: Change in fair value of derivative instruments used for hedging purposes with a negative (-24 million euro) impact on shareholders’ equity.*
- *Note 4.18: Net change in actuarial difference on defined-benefit plans (negative impact of 92 million euro on shareholders’ equity) and negation of surplus recognized as of August 31, 2008 on the UK pension plan (positive impact of 39 million euro on shareholders’ equity).*

4.16 Borrowings

(in millions of euro)	August 31, 2009 Current	August 31, 2009 Non-current	August 31, 2008 Current	August 31, 2008 Non-current
Bond issues				
Euro	42	1,388	1,317	499
Bank borrowings [(1)]				
U.S. dollar	9	673	1	456
Brazilian real	6	117	7	132
Euro	9	265	5	16
Other currencies	7		5	
	31	1,055	18	604
Finance lease obligations				
U.S. dollar				
Brazilian real	2	3	3	3
Euro	10	33	13	38
Other currencies	6	23	1	2
	18	59	17	43
Other borrowings [(2)]				
Euro	3	38	1	16
Other currencies		7		1
	3	45	1	17
TOTAL	**94**	**2,547**	**1,353**	**1,163**

(1) Excluding the impact of the swaps described in note 4.17 and including the proceeds of the USD 500 million private placement with U.S. investors.
(2) Including 35 million euro corresponding to liabilities recognized in connection with the commitments to repurchase the minority interests in certain subsidiaries.

For borrowings other than bond issues, amortized cost is equivalent to historical cost since no significant transaction costs are incurred.

4.16.1 Bond issues

	August 31, 2008	Increases	Repayments	Discounting effect	Translation adjustment	August 31, 2009
1999 bond issue - €300 million						
Principal	287		(287)			0
Debt issuance costs						
Accrued interest	6		(6)			0
TOTAL	**293**		**(293)**			**0**
Effective rate	*4.794%*					
2002 bond issue - €1 billion						
Principal	990		(990)			
Debt issuance costs	(1)		1			
Accrued interest	26		(26)			
TOTAL	**1,015**		**(1,015)**			
Effective rate	*6.037%*					
2007 bond issue - €500 million						
Principal	500					500
Debt issuance costs	(1)					(1)
Accrued interest	9					9
TOTAL	**508**					**508**
Effective rate	*4.551%*					4.551%
2009 bond issue - €880 million						
Principal		880				880
Debt issuance costs		9				9
Accrued interest		33				33
TOTAL		**922**				**922**
Effective rate		5.97%				5.97%
TOTAL	**1,816**	**922**	**(1,308)**			**1,430**

300 million euro bond issue

On March 16, 2009, Sodexo redeemed bonds for a total principal value of 287 million euro corresponding to the balance, net of prior partial redemptions, of these bonds issued in March 1999.

1,000 million euro bond issue

On March 25, 2009, Sodexo redeemed bonds for a total principal value of 937 million euro corresponding to the balance, net of prior partial redemptions of the bonds issued in March 2002, of which 53 million were made during the first half of Fiscal 2009.

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.

880 million euro bond issue

On January 30, 2009, Sodexo SA issued new bonds for 650 million euro, redeemable on January 30, 2015. The bonds bear interest at an annual rate of 6.25%. On June 24, 2009, additional bonds for 230 million euro were issued bringing the face value to 880 million euro. After the additional bonds, these bonds bear an average effective interest rate of 5.97%

Neither of these two bond issues is subject to financial covenants.

4.16.2 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 U.S. 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, 2009, the following funds had been drawn on this facility:

On the U.S. dollar tranche:

- 300 million U.S. dollars (210 million euro) used by Sodexo, Inc.;
- 160 million U.S. dollars (112 million euro) used by Sodexo SA.

On the euro tranche:

- 250 million euro used by Sodexo SA.

The funds drawn are subject to floating rate interest indexed on LIBOR and EURIBOR. 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 U.S. dollars (262 million euro) of the funds drawn as of August 31, 2009.

500 million U.S. dollar loan

On September 29, 2008, Sodexo SA borrowed 500 million U.S. dollars at a fixed rate of interest from U.S. investors.

This new loan is structured in three tranches:

- 140 million U.S. dollars at a fixed rate of 5.69% and redeemable in September 2013;
- 290 million U.S. dollars at a fixed rate of 5.99% and redeemable in September 2015;
- 70 million U.S. dollars at a fixed rate of 6.43% and redeemable in September 2018.

This loan is subject to two covenants that are calculated by reference to the consolidated financial statements of the Group:

- net debt (excluding restricted cash) must not exceed 3.5 times EBITDA (operating profit plus amortization and depreciation) for the past 12 months;
- net assets adjusted for cumulative foreign exchange translation gains or losses since August 31, 2007 must be not less than 1.3 billion euro.

The Group was compliant with these covenants as of August 31, 2009.

Borrowings in Brazilian real

In order to finance its acquisition of the VR Group in Brazil in 2008, Sodexo SA contracted two fixed rate loans in Brazilian real for an amount of 318 million real (124 million euro), to be reimbursed over five years, with maturity in April 2013. These two bond issues are not subject to any financial covenants.

The bond issues and the borrowings described above include standard clauses for early repayment which do not present, as of year-end, any significant risk of being exercised. These early repayment clauses also include cross-default clauses applicable to all of the borrowings.

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, 2009, 86% of Sodexo's borrowings were at fixed rate. The average rate of interest as of the same date was 5.1%.

4.16.3 Maturity of borrowings

August 31, 2009 Carrying amounts	Less than 3 months	More than 3 months and less than 6 months	More than 6 months and less than 1 year	1 - 5 years	More than 5 years	Total
Bond issues		32	10	499	889	1,430
Bank borrowings*	20	1	10	797	258	1,086
Finance lease obligations	2	2	14	51	8	77
Other borrowings	1	1	1	45		48
TOTAL	**23**	**36**	**35**	**1,392**	**1,155**	**2,641**

* *Excluding the impact of swaps described in 4.17.*
* *For borrowings expressed in a foreign currency, amounts are translated at the year-end closing rate.*
* *Maturities include interest incurred as of the balance sheet date.*
* *Credit facility renewal rights are taken into account in setting maturities.*

August 31, 2009 Contractual amounts not discounted	Less than 3 months	More than 3 months and less than 6 months	More than 6 months and less than 1 year	1 - 5 years	More than 5 years	Total
Bond issues		55	22	810	935	1,822
Bank borrowings*	21	3	26	930	298	1,278
Finance lease obligations	3	3	18	63	11	98
Other borrowings			4	56		60
Impact of hedging swaps excluding those related to the PPP companies (note 4.17.2)	1	2	4	10		17
TOTAL	**25**	**63**	**74**	**1,869**	**1,244**	**3,275**

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

August 31, 2008 Carrying amounts	Less than 3 months	More than 3 months and less than 6 months	More than 6 months and less than 1 year	1 - 5 years	More than 5 years	Total
Bond issues			1,317		499	1,816
Bank borrowings*			18	599	5	622
Finance lease obligations	4	4	8	32	12	60
Other borrowings			2	16		18
TOTAL	**4**	**4**	**1,345**	**647**	**516**	**2,516**

* *Excluding the impact of swaps described in 4.17.*
* *For borrowings expressed in a foreign currency, amounts are translated at the year-end closing rate.*
* *Maturities include interest incurred as of the balance sheet date.*
* *Credit facility renewal rights are taken into account in setting maturities.*

August 31, 2008 Contractual amounts not discounted	Less than 3 months	More than 3 months and less than 6 months	More than 6 months and less than 1 year	1 - 5 years	More than 5 years	Total
Bond issues			1,370	90	521	1,981
Bank borrowings*	14	4	22	708	7	755
Finance lease obligations	5	5	9	47	26	92
Other borrowings			2	17		19
TOTAL	19	9	1,403	862	554	2,847

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

4.17 Financial instruments

(in millions of euro)	IFRS classification	August 31, 2009	August 31, 2008
Derivative financial instruments – asset position		**4**	**7**
Of which currency instruments used to hedge intra-group loans in foreign currencies	*Trading*	*4*	*3*
Of which interest-rate instruments used to hedge external floating-rate loans	*Cash Flow Hedge*		*4*
Derivative financial instruments – liability position		**11**	**2**
Of which currency instruments used to hedge intra-group loans in foreign currencies	*Trading*		*1*
Of which interest-rate instruments used to hedge external floating-rate loans	*Cash Flow Hedge*	*11*	*1*
Net derivative financial instruments		**(7)**	**5**

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

August 31, 2009 *(equivalent value in millions of euro)*	Note	Borrowings in EUR	Borrowings in BRL	Borrowings in GBP	Borrowings in other currencies	Total
UK borrowing (GBP 93 million)	(1)					
Due to the bank GBP 93 million				106		106
Due from the bank EUR 106 million		(106)				(106)
Fair value adjustment						
Sodexo Pass Do Brazil borrowing (BRL 88 million)	(3)					
Due to the bank BRL 88 million			32			32
Due from the bank					(34)	(34)
Fair value adjustment						
Borrowings by other subsidiaries (aggregate)		**48**			**(50)**	**(2)**
TOTAL FINANCIAL INSTRUMENTS		(58)	32	106	(84)	(4)

August 31, 2008 *(equivalent value in millions of euro)*	Note	Borrowings in EUR	Borrowings in BRL	Borrowings in GBP	Borrowings in other currencies	Total
UK borrowing (GBP 93 million)	(1)					
Due to the bank GBP 83 million				115		115
Due from the bank EUR 116 million		(116)				(116)
Fair value adjustment						
Sodexo Scandinavian Holding AB borrowings (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						0
Sodexo Pass Do Brasil borrowing (BRL 148 million)	(3)					
Due to the bank BRL 148 million			61			61
Due from the bank		(25)			(36)	(61)
Fair value adjustment						
Borrowings by other subsidiaries (aggregate)		**10**			**(11)**	**(1)**
TOTAL FINANCIAL INSTRUMENTS						**(2)**

1) A currency swap (GBP 93 million for 106 million euro) to hedge an intra-group loan in the same amount to Sodexo Holding Ltd was renewed during the fiscal year.

2) A currency swap (SEK100 million for 11 million euro) which had been contracted to hedge in full an intra-group loan of the same amount to Sodexo Scandinavian Holding AB, expired in August 2009 and has been repaid.

3) Two currency swaps (88 million real for 32 million euro) expiring in January 2013 were maintained during the year. A third swap (63 million real) was repaid at maturity in March 2009.

4.17.2 Derivative financial instruments contracted on external debt

Financial instruments contracted on variable rate debt

August 31, 2009 *(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 U.S. dollars)				
Due to the bank - 70 million U.S. dollars at fixed rate of 4.23%		49		(49)
Due from the bank - 70 million U.S. dollars at variable rate	(49)			49
Fair value adjustment		3		3
Sodexo, Inc. borrowings (300 million U.S. dollars)				
Due to the bank - 300 million U.S. dollars at fixed rate of 3.16%			210	210
Due from the bank at variable rate	(210)			(210)
Fair value adjustment			8	8
TOTAL	**(259)**	**52**	**218**	**11**

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.

For accounting purposes these swaps are classified as cash flow hedges. During the year, 5 million euro were recycled from shareholders' equity to financial expense. No ineffectiveness has been recognized in financial income or expense.

Changes in fair value of cash flow hedging instruments, recognized in shareholders' equity (in millions of euro):

Opening balance	**(6)**
Change in fair value for the period	(19)
Change in fair value of associates (1)	(10)
Fair value items recognized in financial income or expense	5
Total changes recognized in shareholders' equity	**(24)**
Cumulative changes in fair value of financial assets on instruments designated as hedges as of August 31, 2009	**(30)**

(1) Certain associates accounted for under the equity method have hedged their variable rate debt. The impacts on the measurement of these instruments on the Group interest in the income and shareholders' equity of these entities is reflected in the above table.

August 31, 2008 *(equivalent in millions of euro)*	**Variable rate debt**	**Fixed rate debt 4.23%**	**Fixed rate debt 3.16%**	**Total**
Sodexo SA loan (70 million U.S. dollars)				
Due to the bank 70 million U.S. dollars fixed rate 4.23%		47		47
Due from the bank 70 million U.S. dollars floating rate	(47)			(47)
Fair value at balance sheet date				1
Sodexo, Inc. loan (300 million U.S. dollars)				
Due to the bank 300 million U.S. dollars fixed rate 3.16%			204	204
Due from the bank, floating rate	(204)			(204)
Fair value at balance sheet date				(4)
TOTAL FINANCIAL INSTRUMENTS	**(251)**	**47**	**204**	**(3)**

Financial instruments contracted on external debt in foreign currencies

August 31, 2009 *(equivalent in millions of euro)*	**Note**	**Debt in EUR**	**Debt in US Dollar**	**Total**
Due to the bank 67 million EUR		67		67
Due from the bank 96 million U.S. dollars			(67)	(67)
Fair value adjustment				0
TOTAL FINANCIAL INSTRUMENTS		**67**	**(67)**	**0**

Sodexo SA has put in place a foreign currency swap for 96 million dollars to hedge a portion of its exposure to U.S. dollar borrowings.

This swap is not classified as a hedging instrument for accounting purposes. Consequently, changes in fair value are recognized in financial income or expense.

4.18 Long-term employee benefits

(in millions of euro)	August 31, 2009	August 31, 2008
Net plan assets*	**(1)**	**(2)**
Defined-benefit plans	147	92
Other long-term employee benefits	110	100
Employee benefits	**257**	**192**

* *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 to defined-contribution plans for Fiscal 2009 were recognized in operating expenses for 263 million euro (224 million euro for Fiscal 2008).

Contributions made by the 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 including coverage by externally-held assets, and calculated on the basis of:
  - a percentage of final base 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, 2009	August 31, 2008
Net plan assets*	(1)	(2)
Defined-benefit plans**	147	92

* Reported in "Other non-current assets" in the balance sheet.
** Reported as a liability in the balance sheet under "Employee benefits".

These amounts are detailed below:

(in millions of euro)	August 31, 2009	August 31, 2008
Present value of funded obligations	532	483
Fair value of plan assets	(485)	(520)
Present value of partially funded obligations	**47**	**(37)**
Present value of unfunded obligations	101	85
Unrecognized past service cost	(2)	1
Other unrecognized amounts		41
NET OBLIGATION IN THE BALANCE SHEET	**146**	**90**

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, 2009 represented a net actuarial gain of 1 million euro. Cumulative actuarial gains and losses recognized in equity as of August 31, 2008 represented a net actuarial gain of 93 million euro.

Items not recognized at August 31, 2008 related to the overfunding of the pension plan in the United Kingdom, with an offsetting liability in shareholders' equity. The surplus no longer existed as of August 31, 2009, due to the combined effect of the increased obligation and decrease in assets. The offsetting item recognized as of August 31, 2008 was accordingly cancelled in shareholders' equity for Fiscal 2009.

Defined benefit plan assets comprise:

(in millions of euro)	August 31, 2009	August 31, 2008
Equities	87	168
Government bonds	49	37
Corporate bonds	0	3
Insurance policies	310	269
Real estate	24	36
Cash	15	8
TOTAL	**485**	**520**

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

(in millions of euro)	Fiscal 2009	Fiscal 2008
Current service cost	18	22
Interest cost	34	32
Expected return on plan assets	(33)	(34)
Curtailments and settlements	(1)	(1)
Amortization of unrecognized past service cost & other	0	0
NET EXPENSE	**18**	**20**

This net expense is recorded on the following lines:

- 10 million euro (15 million euro in Fiscal 2008) in cost of sales;
- 1 million euro (1 million euro in Fiscal 2008) in sales department costs;
- 6 million euro (7 million euro in Fiscal 2008) 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:

(in millions of euro)	2009	2008	2007	2006
Obligation as of September 1,	**568**	**642**	**694**	**610**
Current service cost	18	22	38	35
Interest cost	34	32	32	27
Actuarial (gains)/losses	55	(29)	(83)	37
Past service cost	2	(2)	0	1
Effect of curtailments and settlements	(1)	(1)	(4)	(2)
Contributions made by plan members	5	6	6	7
Benefits paid from plan assets	(14)	(14)	(15)	(26)
Benefits paid other than from plan assets	(10)	(13)	(24)	0
Business combinations	2	1	1	0
Translation differences	(37)	(77)	(4)	5
Other	11	0	2	0
OBLIGATION AS OF AUGUST 31,	**633**	**568**	**642**	**694**

Of the 55 million euro of net actuarial losses arising in Fiscal 2009, a loss of 18 million euro resulted from experience adjustments related to the obligation.

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

	2009	2008	2007	2006
Fair value of assets as of September 1,	**520**	**509**	**434**	**388**
Expected return on assets	33	34	29	26
Employer's contributions	16	64	40	40
Actuarial (gains)/losses	(37)	(6)	18	(4)
Effect of curtailments and settlements	0	0	(2)	(2)
Contributions made by plan members	5	6	6	7
Benefits paid from plan assets	(14)	(14)	(15)	(26)
Business combinations	0	0	0	0
Translation differences	(38)	(73)	(3)	5
Other		0	2	0
FAIR VALUE OF ASSETS AS OF AUGUST 31,	**485**	**520**	**509**	**434**

The following assumptions were used for actuarial valuations for the principal countries as of August 31, 2009 and 2008:

As of August 31, 2009	France	The Netherlands	United Kingdom	Italy
Discount rate*	5.5%	5.5%	5.75%	5.5%
Salary inflation rate**	2.5%	2.5%	3.95%	N/A
General inflation rate	2.0%	2.0%	3.45%	2.0%
Rate of return on plan assets	4%-5%	5.3%	7.0%	N/A
Amount of obligation in balance sheet *(in millions of euro)*	31	1	34	38

* *Discount rates in each country have been adapted to reflect the term of the plans. Sodexo uses the indexes provided by iBoxx.*
** *The salary inflation rate disclosed includes general inflation.*

As of August 31, 2008	France	The Netherlands	United Kingdom	Italy
Discount rate*	5.75% to 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 *(in millions of euro)*	22	0	1	41

* *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.

With respect to the assumptions provided in the above table, a reduction of 1% in the discount rate, combined with an increase of 0.5% in the inflation rate, would bring the gross obligation to 781 million euro (compared to 631 million euro with the assumptions used as of August 31, 2009). The Group has elected to recognize actuarial gains and losses directly in shareholders' equity, as permitted by the amendment to IAS 19.

The actual return on plan assets in Fiscal 2009 was (4) million euro, compared with an expected return of 33 million euro.

Based on estimates derived from reasonable assumptions, Sodexo will pay 13 million euro into defined-benefit plans in Fiscal 2010.

In the United Kingdom, the pension plan is measured by the plan's actuary on a regular basis. Sodexo may be required to make an exceptional contribution as a result of this measurement, while fiduciary responsibilities require that the Group and the Trustee reach an agreement to reduce the deficit.

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, 2009	August 31, 2008
Other long-term employee benefits	110	100

The total expense recognized with respect to these benefits in Fiscal 2009 was 13 million euro. This figure includes 2.4 million euro for a deferred compensation program in the United States, reported in financial expense.

4.19 Provisions

(in millions of euro)	August 31, 2008	Increases/ charges	Utilized	Released without corresponding charge	Translation adjustment and other items	Changes in scope of consolidation	Discouting impact on long-term provisions	August 31, 2009
Tax and social security exposures	29	10	(8)	(7)	(1)	1		24
Employee claims and litigation	16	11	(6)	(2)	(1)	2		20
Contract termination and loss-making contracts	20	17	(8)	(12)	1	4	1	23
Client/supplier claims and litigation	4	4	(1)		2			9
Negative net assets of associates*	12				3			15
Other provisions	8	4	(3)	(1)	(1)	1		8
TOTAL	**89**	**46**	**(26)**	**(22)**	**3**	**8**	**1**	**99**

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

Provisions for exposures and litigation are determined on a case by case basis and rely on management's best estimate of the outflows deemed likely to satisfy legal or implicit obligations to which the Group is exposed as of the end of the year.

Provisions for contract termination and loss-making contracts are determined on an individual basis when the economic advantages of a contract become negative and in order to cover unavoidable costs resulting from the contractual obligation to the client.

Current and non-current provisions are as follows:

(in millions of euro)	August 31, 2009 Current provisions	August 31, 2009 Non-current provisions	August 31, 2008 Current provisions	August 31, 2008 Non-current provisions
Tax and social security exposures	13	11	12	17
Employee claims and litigation	15	5	10	6
Contract termination and loss-making contracts	16	7	9	11
Client/supplier claims and litigation	6	3	2	2
Negative net assets of associates*		15		12
Other provisions	3	5	3	5
TOTAL	**53**	**46**	**36**	**53**

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

4.20 Trade and other payables

(in millions of euro)	August 31, 2009	August 31, 2008
Other non-current liabilities	106	85
TOTAL OTHER NON-CURRENT LIABILITIES	**106**	**85**
Advances from clients	264	208
Trade payables	1,271	1,263
Employee-related liabilities	803	791
Tax liabilities	183	190
Other operating liabilities	85	78
Deferred revenues	42	52
Other non-operating liabilities	41	49
TOTAL TRADE AND OTHER CURRENT PAYABLES	**2,689**	**2,631**

Employee-related liabilities include mainly short-term employee benefits.

Maturities of trade and other payables *(in millions of euro)*	Net book value	Undiscounted contractual value
Less than three months	2,198	2,198
More than three months and less than six months	143	143
More than six months and less than twelve months	364	364
More than one year and less than five years	63	72
More than five years	27	44
TOTAL TRADE AND OTHER PAYABLES	**2,795**	**2,821**

4.21 Deferred taxes

(in millions of euro)	**August 31, 2009**	**August 31, 2008**
Deferred tax assets	93	86
Deferred tax liabilities	(99)	(45)
DEFERRED TAX ASSETS (NET)	**(6)**	**41**

Including the effect of the deferred tax liabilities described in note 4.15.

Deferred tax assets not recognized because their recovery is not considered probable totaled 49 million euro (42 million euro as of August 31, 2008), including 8 million euro generated by subsidiaries prior to their acquisition (7 million euro as of August 31, 2008).

Deferred taxes comprise:

(in millions of euro)	**August 31, 2009**	**August 31, 2008**
• Employee-related liabilities	131	117
• Fair value of financial instruments	3	
• Other temporary differences	(153)	(84)
• Tax loss carry-forwards	13	8
NET DEFERRED TAX ASSETS (LIABILITIES)	**(6)**	**41**

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.

The principal other temporary differences resulted from the recognition of intangible assets in connection with acquisitions, together with temporary differences arising from the amortization of the tax deductible portion of goodwill in certain countries.

The change in net deferred tax liabilities recognized directly in shareholders' equity as of August 31, 2009 was 16 million euro.

Deferred tax liabilities include a provision for 7.6 million euro of withholding tax which will be withheld on distributions of dividends by subsidiaries.

4.22 Financial instruments

Categories of financial instruments, carrying value, and fair value, by balance sheet item.

Financial assets *(in millions of euro)*	**Category**	**Note**	**August 31, 2009** Carrying value	Fair value	**August 31, 2008** Carrying value	Fair value
Cash and cash equivalents	Financial assets at fair value through profit and loss	4.14	1,204	1,204	1,594	1,594
Restricted cash and financial assets: Motivation Solutions activity	Available for sale financial assets	4.11	597	597	483	483
Trade and other receivables	Loans and receivables at amortized cost	4.13	2,728	2,728	2,615	2,615
Other financial assets	Available for sale assets	4.11	39	39	36	36
	Loans and receivables at amortized cost	4.11	93	93	69	69
	Financial assets at fair value through profit and loss	4.11			3	3
Derivative instruments, assets		4.17	4	4	7	7

Financial liabilities *(in millions of euro)*	**Category**	**Note**	**August 31, 2009** Carrying value	Fair value	**August 31, 2008** Carrying value	Fair value
Bond issues [1]	Financial liabilities at amortized cost	4.16	1,430	1,549	1,816	1,793
Bank borrowings	Financial liabilities at amortized cost	4.16	1,086	1,086	622	622
Other borrowings and financial debts	Financial liabilities at amortized cost	4.16	124	124	78	78
Bank overdrafts	Financial liabilities at amortized cost		42	42	31	31
Trade and other payables	Financial liabilities at amortized cost	4.20	2,689	2,689	2,631	2,631
Vouchers payable	Financial liabilities at amortized cost	4.23	2,077	2,077	2,087	2,087
Derivative instruments, liabilities		4.17	11	11	2	2

(1) Fair value is calculated on the basis of listed bond prices as of August 31, 2009.

4.23 Cash flow statement

Changes in working capital

(in millions of euro)	August 31, 2008	Increase/ (decrease)	Translation adjustment and other items	Changes in scope of consolidation	August 31, 2009
Other non-current assets	**13**	**(1)**	**(1)**		**11**
Inventories	**202**	**(1)**	**(4)**	**7**	**204**
Advances to suppliers	9	(1)			8
Trade receivables, net	2,279	12	(61)	183	2,413
Other operating receivables	240	(25)	0	7	222
Prepaid expenses	81	6	(8)	1	80
Assets held for sale	1				1
Operating receivables	**2,610**	**(8)**	**(69)**	**191**	**2,724**
Restricted cash and financial assets: Motivation Solutions activity	**483**	**128**	**(14)**		**597**
CHANGE IN ASSET ITEMS IN WORKING CAPITAL	**3,308**	**118**	**(88)**	**198**	**3,536**
Receivables related to investing and financing activities	*0*	*2*	*2*		*4*
Employee benefits	**191**		**54**	**12**	**257**
Other non-current liabilities	**84**	**19**	**3**		**106**
Advances from clients	208	1		55	264
Trade payables	1,263	(35)	(10)	53	1,271
Tax and employee-related liabilities	982	(37)	(13)	54	986
Other operating liabilities	79	(18)		24	85
Deferred revenues	51	(3)	(8)	2	42
Operating liabilities	**2,583**	**(92)**	**(31)**	**188**	**2,648**
Change in liability items in working capital	**2,667**	**(73)**	**(28)**	**188**	**2,754**
Vouchers payable	**2,086**	**95**	**(104)**		**2,077**
CHANGE IN LIABILITY ITEMS IN WORKING CAPITAL	**4,944**	**22**	**(78)**	**200**	**5,088**
Liabilities related to investing and financing activities	*49*	*6*	*(14)*		*41*

(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: Motivation Solutions 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*

Changes in borrowings

(in millions of euro)	August 31, 2008	Increase/ (decrease)	New leases	Accrued interest	Changes in scope of consolidation	Translation adjustment and other items	August 31, 2009
Bond issues	1,816	(391)		(5)	17	(7)	1,430
Bank borrowings	622	398		8	51	7	1,086
Finance lease obligations	60	(23)	33		7		77
Other borrowings	18	(1)			8	23	48
Derivative instruments	(4)	7		(1)		5	7
TOTAL BORROWINGS	**2,512**	**(10)**	**33**	**2**	**83**	**28**	**2,648**

(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**

4.24 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.

4.24.1 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.

For the 2009 plans, 50% of the options granted are subject to the attainment of a certain level of Group net income for Fiscal 2011.

4.24.2 Measurement model applied and assumptions used

Estimation of fair value at date of grant

The fair value of options granted and settled by delivery of equity instruments is estimated at the date of grant using a binomial model, which takes into consideration the terms and conditions of grant and assumptions about exercise behavior.

In addition to the exercise price of the stock option plans described in note 4.24.3, 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 forfeiture rate	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
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
September 9, 2008	29.48%	7	4.15%	2.75%	0.00%	6
September 9, 2008	29.48%	6	4.11%	2.75%	0.00%	5
January 19, 2009	37.16%	7	3.28%	3.00%	2.00%	6
January 19, 2009	37.16%	6	2.90%	3.00%	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- or six-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.

4.24.3 Initial charge and movements during Fiscal 2009

The stock option expense recognized in the Fiscal 2009 income statement was 12.2 million euro, compared with 12.1 million euro in Fiscal 2008.

The table below provides the quantity, weighted average exercise price (WAP) and movements of stock options during Fiscal 2009 and 2008.

	August 31, 2009		August 31, 2008	
	Number	WAP *(EUR)*	Number	WAP *(EUR)*
Outstanding at the beginning of the period	**5,191,236 (1)**	**37.40**	**4,557,919 (2)**	**34.64**
Granted during the period	1,668,900	39.57	1,675,680 (3)	42.37
Forfeited during the period	(220,171)	39.66	(149,857)	38.55
Exercised during the period	(644,231) (4)	24.15	(589,726) (5)	24.77
Expired during the period	(36,577)	23.98	(302,780)	46.95
Outstanding at the end of the period	5,959,157 (6)	39.44	5,191,236	37.40
Exercisable at the end of the period	**2,120,052**	**35.42**	**1,911,412**	**29.98**

(1) This balance includes 107,266 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 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.
(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 38.65 euro.
(5) The weighted average share price at the exercise date of options exercised in the period was 41.55 euro.
(6) The number of 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 is nil.

The weighted average residual life of options outstanding as of August 31, 2009 was 4.06 years (August 31, 2008: 3.95 years).

The weighted average fair value of options granted during the period was 10.83 euro (during Fiscal 2008: 7.74 euro).

The table below gives the exercise prices and exercise period for options outstanding as of August 31, 2009:

Date of grant	Start date of exercise period	Expiration date of exercise period	Exercise price	Number of options outstanding as of August 31, 2009
January 2004	January 2005	January 2010	24.48 euro	218,110
January 2005	January 2006	January 2011	23.08 euro	525,837
June 2005	June 2006	June 2011	26.02 euro	5,004
January 2006	January 2007	January 2012	34.83 euro	755,405
January 2007	January 2008	January 2013	47.82 euro	752,518
January 2007	January 2008	January 2014	47.82 euro	466,180
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	583,476
January 2008	January 2009	January 2014	42.27 euro	941,833
September 2008	September 2009	September 2015	45.56 euro	30,000
September 2008	September 2009	September 2014	45.56 euro	15,000
January 2009	January 2010	January 2016	39.40 euro	629,075
January 2009	January 2010	January 2015	39.40 euro	975,075
TOTAL				**5,959,157**

4.24.4 Plans awarded following the acquisition of Sodexho Marriott Services

The Group committed to delivering 3,044,394 Sodexho Alliance SA shares to Sodexho, Inc. employees at an average price of 29.01 U.S. 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, 2009, 213,669 of these shares were still deliverable.

As of August 31, 2009, all of these remaining options were exercisable until April 2011.

These option plans were 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 provides the quantity, weighted average exercise price (WAP) and movements of these stock options during the year.

	August 31, 2009		August 31, 2008	
	Number	WAP *($)*	Number	WAP *($)*
Outstanding at the beginning of the period	**323,147**	**25.36**	**472,178**	**27.74**
Granted during the period			2,714 [1]	26.89
Forfeited during the period	(5,983)	24.79	(7,268)	31.97
Exercised during the period	(103,495) [2]	23.42	(144,477) [3]	32.79
Expired during the period				
Outstanding at the end of the period	213,669	26.31	323,147	25.36
Exercisable at the end of the period	**213,669**	**26.31**	**323,147**	**25.36**

(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 52.68.
(3) The weighted average share price at the exercise date of options exercised in the period was USD 63.52.

The table below gives the exercise price of options outstanding as of August 31, 2009:

Date of grant	Exercise price *($)*	Number of options outstanding as of August 31, 2009
November 6, 1997	29.99	20,799
November 22, 1999	22.32	80,373
July 19, 2000	23.00	357
December 15, 2000	28.14	105,460
January 5, 2001	27.55	2,969
April 2, 2001	39.68	3,711
TOTAL		**213,669**

4.24.5 Employee Share Purchase Plan (ESPP)

On September 18, 2008 Sodexo increased its capital by issuing 577,630 new shares under an International Employee Share Purchase Plan announced on June 13, 2008.

The Fiscal 2008 charge related to this ESPP was valued as of August 20, 2008, the grant date, and 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). For the leveraged plan, the charge was increased by the implicit potential gain offered by Sodexo by enabling its employees to benefit from the prices available to institutional investors (as opposed to retail prices) for derivative instruments.

The charge recognized was 1.2 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% and an interest rate on a 5-year open cash facility of 7.45%, resulting in a notional lock-up cost of 13.81%. The opportunity gain offered to employees under the leveraged formula has been measured at 1.92%.

4.25 Business combinations

The principal acquisitions made during the Fiscal year are described in section 1. Signifiant events.

The provisional impact of these acquisitions on the Group's balance sheet as of August 31, 2009 is summarized in the table below. No adjustment was made in Fiscal 2009 to the allocation of the consideration paid for the acquisition of companies consolidated for the first time in the prior Fiscal year.

(in millions of euro)	Net book value at acquisition date	Adjustments to fair value and to conform accounting principles	Fair value amount
Other intangible assets	1	133	134
Property, plant and equipment	28		28
Financial assets	7		7
Short-term receivables	197		197
Cash	24		24
Financial borrowings and other long-term debt	(73)	(11)	(84)
Provisions contingencies	(10)		(10)
Deferred taxes	5	(45)	(40)
Short-term debt	(196)		(196)
Net assets acquired	**(17)**	**77**	**60**
Goodwill			**455**
Cost of principal acquisitions in the period*			**(515)**
Cost of other acquisitions			**(37)**
Cash acquired			**24**
Impact on statement of cash flows			**(528)**

* *Including 15 million euro of acquisition costs and 20 million euro of minority interests.*

Intangible assets primarily include customer relationships, brands and franchise agreements. Amortization lives for these intangible assets were determined by management to range from 5 to 20 years based on estimated attrition rates for customer relationships and franchise agreements and over the estimated useful life for brands.

Goodwill corresponds to the residual amount, after allocation of the acquisition price to the fair value of identified assets and liabilities, and represents the value of the human capital, market shares and earnings capacity of the acquired companies.

Goodwill arising on the principal acquisitions in the period	455
Additional goodwill arising on the buyout or commitments to buy out minority interests	24
Goodwill recognized on other acquisitions	8
TOTAL INCREASE IN GOODWILL (NOTE 4.6)	**487**

The amount of revenues and net income generated by these acquisitions during the fiscal year is not material.

4.26 Commitments and contingencies

4.26.1 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 2009 are immaterial.

4.26.2 Operating lease commitments

Outstanding commitments over the residual term of operating leases as of August 31, 2009 were as follows:

- less than 1 year: 101 million euro;
- 1 to 3 years: 143 million euro;
- 3 to 5 years: 68 million euro;
- more than 5 years: 100 million euro;
- total operating lease commitments: 412 million euro.

These commitments arise under a large number of contracts worldwide, the terms of which are negotiated locally. They relate primarily to:

- equipment on sites, office equipment and vehicles for 125 million euro;
- the rent for office premises of 287 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 55.4 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 38 million euro respectively.

4.26.3 Other commitments given

	August 31, 2009					August 31, 2008
(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			8		8	97
Site management commitments	13	16	11	11	51	76
Performance bonds given to clients				123	123	111
Other commitments	2			1	3	5
TOTAL	**15**	**16**	**19**	**135**	**185**	**289**

Financial guarantees to third parties mainly comprise bank subordinated debt commitments under public private partnership (PPP) contracts (see note 2.3.2.) totaling 8 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 1,700,000 hours.

4.27 Related parties

4.27.1 Compensation, loans, post-employment benefits and other employee benefits granted to Board members, the Executive Committee, and the Chief Executive Officer of Sodexo

(in euro)	Fiscal 2009
Short-term employee benefits	11,202,895
Post-employment benefits	303,470
Stock option expenses	3,975,478
TOTAL	**15,481,843**

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.

During Fiscal 2009, the Group did not grant any severance benefit or other long-term benefit to members of the Board of Directors, the Executive Committee or the Chief Executive Officer.

4.27.2 Related companies

Subsidiaries

Sodexo SA provides management and co-ordination services for the entire Sodexo Group. In connection with these services, Sodexo SA received fees totaling 178 million euro from its subsidiaries during Fiscal 2009.

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, 2009	Impairment as of August 31, 2009	Carrying amount as of August 31, 2009	Carrying amount as of August 31, 2008
Associates	75		75	57
Non-consolidated companies	1	(1)	0	0

Off balance sheet commitments	August 31, 2009	August 31, 2008
Commitments to third parties		
Associates	8	13
Non-consolidated companies	0	0
Performance bonds given to clients		
Associates	59	78
Non-consolidated companies	0	0

Revenues generated	Fiscal 2009	Fiscal 2008
Associates	280	235
Non-consolidated companies	0	0

Operating expenses recognized	Fiscal 2009	Fiscal 2008
Associates	1	0
Non-consolidated companies	0	0

Net financing costs	Fiscal 2009	Fiscal 2008
Associates	6	4
Non-consolidated companies	0	0

Principal shareholder

As of August 31, 2009, Bellon SA held 37.71% of the capital of Sodexo SA.

During Fiscal 2009, Bellon SA invoiced Sodexo SA a total of 6.8 million euro for assistance and advisory services under a contract between the two companies.

During the first half of Fiscal 2009, the Annual Shareholders' Meeting of Sodexo approved the payment of a dividend of 1.27 euro per share. Consequently, Bellon SA received a dividend payment of 75.2 million euro in February 2009.

4.28 Group employees

As of August 31, 2009, Group employees comprised:

	August 31, 2009
Executives, middle management, site managers and supervisory staff	50,949
Front-line service staff and other employees	328,800
TOTAL	379,749

Group employees by activity and region were as follows:

	On-Site Service Solutions							
	North America	Continental Europe	United Kingdom and Ireland	Rest of the world	Total	Motivation Solutons	Holding Companies	Total
TOTAL	122,671	100,638	43,002	108,633	374,944	4,396	409	379,749

4.29 Litigation

4.29.1 Sodexo Pass do Brasil

Sodexo Pass do Brasil 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.

4.29.2 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 have been no other governmental, judicial or arbitral proceedings (including any such proceedings which are pending or threatened of which Sodexo is aware) which may have, or have had in the past 12 months, significant effects on Sodexo and/or the Group's financial position or profitability.

4.30 Events subsequent to the balance sheet date

No material event has occurred subsequent to the balance sheet date.

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 influenced by foreign currency translation effects, and in particular by fluctuations in the U.S. dollar. However, exchange rate fluctuations do not generate any operational risk, because each 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 policies approved by the Board of Directors, the Chief Executive Officer and the Chief Financial Officer are designed to prevent speculative positions. Further, 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.

5.1.1 Analysis of sensitivity to interest rates

(in millions of euro)	Note	Less than 3 months	More than 3 months and less than 6 months	More than 6 months and less than 1 year	1 - 5 years	More than 5 years
Financial liabilities		**21**	**37**	**37**	**1,402**	**1,143**
Cash and cash equivalents	1	1,204				
Restricted cash and financial assets: Motivation Solutions activity		137	58	121	267	14
Bank overdrafts		(42)				
TOTAL CASH		**1,299**	**58**	**121**	**267**	**14**
Net renewable position	2	**(1,278)**	**(21)**	**(84)**	**1,135**	**1,129**
Net position renewable within less than three months		(1,278)				
Outstanding amount not covered by the credit line as of August 31, 2009		313				
Total amount exposed to a variation in short-term interest rates		**(965)**				
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	(10)				
Net interest expense paid during Fiscal 2009		111				
Cumulative impact as a % of net interest expense for Fiscal 2009		(9%)				
Favorable impact on shareholders' equity of a 1% rise in interest rates on financing transactions hedged by the instruments described in note 4.17.2.		6				

(1) As some of the Group's cash and cash equivalents are generated by the Motivation Solutions activity, part of the change 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 Sodexo for financing.
(4) A negative amount indicates income.

5.1.2 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

	Dollar USD	Real BRL	Sterling GBP	Other foreign currencies
Closing rate as of August 31, 2009	*1.4272*	*2.7089*	*0.8813*	
Monetary assets				
Working capital items	205	107	84	801
Other receivables	13	5		27
Deferred tax assets	61	5	13	19
Cash and cash equivalents	211	121	84	507
TOTAL MONETARY ASSETS	**490**	**238**	**181**	**1,354**
Monetary liabilities				
Financial liabilities	615	161	107	(36)
Working capital items	960	381	255	1,140
Other liabilities	7	3	27	28
Deferred tax liabilities	35	20	1	11
TOTAL MONETARY LIABILITIES	**1,617**	**565**	**390**	**1,143**
Net position	**(1,127)**	**(327)**	**(209)**	**211**
Impact of €0.01 movement in exchange rate	(16)	(9)	(2)	

5.1.3 Analysis of sensitivity to exchange rates

A favorable 10% movement in the U.S. dollar against the euro would have had an effect of:

- 557 million euro on full-year consolidated revenues;
- 30 million euro on full-year consolidated operating profit;
- 11 million euro on full-year net profit attributable to equity holders of the parent.

A favorable 10% movement in the Brazilian real against the euro would have had an effect of:

- 42 million euro on full-year consolidated revenues;
- 8 million euro on full-year consolidated operating profit;
- 3 million euro on full-year net profit attributable to equity holders of the parent.

A favorable 10% movement in sterling against the euro would have had an effect of:

- 126 million euro on full-year consolidated revenues;
- 5 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, 2009 are described in detail in note 4.16 of the notes to the consolidated financial statements.

During Fiscal 2009, the Group refinanced its two bond issues which matured in March 2009 in the amount of 1.3 billion euro. The new borrowings arranged during the period are at fixed rates and allowed for the Group's debt maturity profile to be extended.

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.

Consequently:

- 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, cash management activities, and the choice of financial counterparties.

6. SCOPE OF CONSOLIDATION

The table below lists the principal companies included in the consolidation as of August 31, 2009.

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 2009 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 following abbreviations indicate the principal activity of each company:

- On-site: On-site Service Solutions;
- Motivation: Motivation Solutions;
- HOL: Holding Company.

		% interest	% voting rights	Principal activity	Country
France					
	Société Française de Restauration (consolidated)			On-site	France
	Altys Multiservice			On-site	France
	Société Française de Services			On-site	France
	Société Française de Restauration et Services (consolidated)			On-site	France
	Sodexo Formation			On-site	France
	Sodexo Prestige			On-site	France
	Lido SEGMSHI			On-site	France
	SIR			On-site	France
	CIR			On-site	France
	Comrest			On-site	France
	Siges			On-site	France
	La Normande SA			On-site	France
	RGC			On-site	France
	Sagere			On-site	France
N	Saveurs et vie	51%	51%	On-site	France
	Sogeres (consolidated)			On-site	France
	Yachts de Paris			On-site	France

		% interest	% voting rights	Principal activity	Country
France					
	Compagnie d'Armateur Fluvial et Maritime	73%	73%	On-site	France
	L'Affiche			On-site	France
EM	Troyes Logipole Services	20%	20%	On-site	France
	Gedex			On-site	France
	Société Française de Propreté			On-site	France
	Millénia	60%	60%	On-site	France
EM	Altima	40%	40%	On-site	France
	Bateaux Parisiens (consolidated)			On-site	France
	Armement Lebert Buisson			On-site	France
	Société des Thermes de Neyrac-les-Bains			On-site	France
N	Score Services			On-site	France
N	Ascoger			On-site	France
N	Caro d'As			On-site	France
N	Score Consultants			On-site	France
N	Sofires			On-site	France
N	Score Groupe			On-site	France
N	Sherpas			On-site	France
N	Sud Ouest Restauration			On-site	France
	Émis			On-site	France
	Altys International			On-site	France
	Sodexho Chèques et Cartes de Services			Motivation	France
	One SAS			HOL	France
	Sodexo Pass International			HOL	France
EM	SSIM	25%	25%	Motivation	France
	One SCA			HOL	France
	Vivaboxes France			Motivation	France
	Tir Groupé			Motivation	France
	Média Cadeaux	60%	60%	Motivation	France
N	Carte Cadeaux Distribution Services	51%	51%	On-site	France
N	West Born	51%	51%	On-site	France
N	Sodexo Remote Sites Caribbean			On-site	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

		% interest	% voting rights	Principal activity	Country
France					
	Sodexo Facilities Management			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			On-site	France
	Société Hôtelière et de Tourisme de Guyane			On-site	France
	Sodex'Net			On-site	France
	Sodexo Guyane			On-site	France
	Société Guyanaise de Protection et Gardiennage			On-site	France

		% interest	% voting rights	Principal activity	Country
Americas					
	Sodexo, Inc. (consolidated)			On-site	United States
	Sodexo Canada (consolidated)			On-site	Canada
	Jathy Inc.			On-site	Canada
	OCDN			On-site	United States
	Delta Catering Management			On-site	United States
	Sodexo Remote Sites (USA)			HOL	United States
	Sodexo Remote Sites Partnership			On-site	United States
	Sodexo Services Enterprises LLC			HOL	United States
	Energy Catering Services LLC			On-site	United States
	Universal Sodexho Empresa de servicios y Campamentos			On-site	Venezuela
	Universal Sodexho Services de Venezuela			On-site	Venezuela
	Universal Services do Brasil Ltda			On-site	Brazil
	Sodexho do Brasil Comercial Ltda			On-site	Brazil
	Sodexho Argentina			On-site	Argentina
	Sodexo Colombia	65%	65%	On-site	Colombia
	Sodexho Venezuela Alimentacion y Servicios	70%	70%	On-site	Venezuela
	Sodexho Costa Rica			On-site	Costa Rica
	Sodexo Mexico			On-site	Mexico
EM	Doyon Universal Services (consolidated)	50%	50%	On-site	United States
	Sodexo Perú			On-site	Peru

		% interest	% voting rights	Principal activity	Country
Americas					
EM	BAS	33%	33%	On-site	Chile
	Siges Chile			On-site	Chile
	Sodexo Chile (consolidated)			On-site	Chile
	Sodexho Servicios de Personal			On-site	Mexico
N	Comfort Keepers			Motivation	United States
	Vivaboxes US			Motivation	United States
	Circle Company Associates Inc.			On-site	United States
	Sodexo Rose Holding Company Inc.			HOL	United States
	Sodexo Concierge Services LLC			HOL	United States
	Sodexo Pass USA Inc.			Motivation	United States
	Sodexo Pass do Brazil			Motivation	Brazil
	Sodexho Servicios de Gestion SA			On-site	Chile
	Sodexho Entrega Comercial			On-site	Brazil
	Sodexho Pass Chile			Motivation	Chile
	Sodexho Pass Venezuela	64%	64%	Motivation	Venezuela
	Sodexho Pass de Colombia	51%	51%	Motivation	Colombia
N	SPI Latin America Consultoria Empresarial			Motivation	Brazil
N	Sodexo Pass do Brazil Servicios de Inovacao Ltda			Motivation	Brazil
	Sodexo Pass Perú			Motivation	Peru
	Sodexho Pass SA			Motivation	Argentina
	Sodexho Pass Corporate Services SA			Motivation	Uruguay
	Prestaciones Mexicanas (consolidated)			Motivation	Mexico
	Sodexho Servicios Operativos			Motivation	Mexico

		% interest	% voting rights	Principal activity	Country
Africa					
	Sodexo Afrique			On-site	France
	Sodexo Nigeria			On-site	Nigeria
	Sodexo Gabon	90%	90%	On-site	Gabon
	Sodexho Angola			On-site	Angola
	SABA			On-site	Tunisia
	Sodexho Bénin			On-site	Benin
	Sodexho Tchad			On-site	Tchad
	Universal Sodexho Ghana	90%	90%	On-site	Ghana
	Sodexho Pass Tunisie	82%	82%	Motivation	Tunisia
	Sodexo Maroc			On-site	Morocco
	Universal Sodexho Guinea Ecuatorial	70%	70%	On-site	Eq. Guinea
	Sodexo Cameroun	70%	70%	On-site	Cameroon
	Sodexo Congo			On-site	Congo
N	Sodexo Guinée			On-site	Eq. Guinea
N	Sodexo Africa			On-site	South Africa
	Sodexo Southern Africa (consolidated)			On-site	South Africa
	Sodexo Investments Ltd			HOL	South Africa
	Wadi Ezzain	75%	75%	On-site	Libya
	Sodexo Madagascar			On-site	Madagascar
	Sodexo Tanzania			On-site	Tanzania

		% interest	% voting rights	Principal activity	Country
Europe					
	Sodexo Belgium (consolidated)			On-site	Belgium
	Altys Belgium			On-site	Belgium
	Special Event			Motivation	Belgium
	Salesprize			Motivation	Belgium
	12Link			Motivation	Belgium
	Educadomo			Motivation	Belgium
	Groupe Cheque-List Groep			Motivation	Belgium
	Imagor Services & Cie SNC			Motivation	Belgium
	Vivaboxes International NV			Motivation	Belgium
	Sogeres Monaco			On-site	Monaco
	Altys Suisse			On-site	Switzerland
	Sodexo Suisse			On-site	Switzerland
	Altys SA			On-site	Czech Republic
	Sodexo Luxembourg (consolidated)			On-site	Luxemburg
	Sodexo Italia (consolidated)			On-site	Italy
EM	Fast Point	33%	33%	Motivation	Italy
	Sodexo Prehrana in Storitve			On-site	Slovenia
	Sodexo Oy			On-site	Finland
	Sigma Eiendomsservice AS	93%	93%	On-site	Norway
	Abra Nordic Vending Oy			On-site	Finland
EM	Arandur Oy	33%	33%	On-site	Finland
	Sodexo AB			On-site	Sweden
	Sodexo Restaurang i Göteborg AB			On-site	Sweden
	Carlstad Conference Centre AB			On-site	Sweden
	Sodexo Scandinavian Finland			On-site	Finland
	ACC Altys AB			On-site	Sweden
	ACC Services AB			On-site	Sweden
	Sodexo Vending Services AB			On-site	Sweden
	Sodexo Scandinavian Norway			On-site	Norway
	Abra Servicesystem AS			On-site	Norway
	Sodexo Scandinavian Denmark			On-site	Denmark
	Sodexo Scandinavian Holding AB			On-site	Sweden
	Sodexo Clean AB			On-site	Sweden
	Sodexo España (consolidated)			On-site	Spain
	Sodexo Facilities Management SA	79%	79%	On-site	Spain
	Sodexo Portugal Restauracao e Servicos			On-site	Portugal

		% interest	% voting rights	Principal activity	Country
Europe					
	Sodexo Services GmbH (consolidated)	93.5%		On-site	Germany
	Sodexho Scs GmbH (consolidated)	93.5%		On-site	Germany
	Barenmenu GmbH	93.5%		On-site	Germany
	Sodab GmbH	93.5%		On-site	Germany
	Känne Catering-Service GmbH	93.5%		On-site	Germany
	Gastro-Kanne	74%	79%	On-site	Germany
N	Sodexo Beteiligungsgesellschaft BV & Co KG	90%	90%	On-site	Germany
N	Zehnacker Group GmbH	94%		On-site	Germany
N	Ga tec	89%	95%	On-site	Germany
N	Sodexo Germany BV	90%	90%	On-site	Germany
N	Sodexo GmbH	94%		On-site	Germany
N	Zehnacker Solutions Austria Subconso	91%		On-site	Austria
N	Zehnacker AG, Schweiz	93%		On-site	Switzerland
N	Aspen Res. Sp.z.o.o.	81%	87%	On-site	Poland
EM	Viabel	49%	49%	Motivation	Bulgaria
	Sodexo Ao			On-site	Russia
	Sodexo Euroasia			On-site	Russia
	Sodexho Pass CIS			Motivation	Russia
N	Sodexo Pass Motivation Services Srl	75%	75%	Motivation	Moldavia
	Sodexo S.R.O.			On-site	Czech Republic
	Sodexho – Zarizeni Skolniho Stravovani Sro			On-site	Czech Republic
	Sodexho Spolocne Stravovanie a Sluzby			On-site	Slovakia
	Sodexo Magyarorszag KTT			On-site	Hungary
	Zona Vendeglato			On-site	Hungary
	Sodexo Entegre Hizmet Yonetimi AS			On-site	Turkey
	Sodexo Polska			On-site	Poland
	Sodexho Catering & Facilty Services GmbH	93.5%		On-site	Austria
EM	Agecroft Prison Management Ltd	50%	50%	On-site	United Kingdom
	Sodexo Services Group			HOL	United Kingdom
EM	HpC King's College Hospital (Holdings) Ltd	25%	25%	On-site	United Kingdom
	Sodexo Ltd			On-site	United Kingdom
	Sodexo Prestige Ltd (consolidated)			On-site	United Kingdom
	Sodexo Remote Sites Scotland Ltd			On-site	United Kingdom
	Harmondsworth Detention Services	51%	51%	On-site	United Kingdom
	Kalyx			On-site	United Kingdom
EM	Catalyst Healthcare (Romford) Ltd	25%	25%	On-site	United Kingdom
EM	Catalyst Healthcare (Roehampton) Holdings Ltd	25%	25%	On-site	United Kingdom

		% interest	% voting rights	Principal activity	Country
Europe					
	Tillery Valley Foods			On-site	United Kingdom
	Rugby Travel & Hospitality Ltd	80%	80%	On-site	United Kingdom
	Sodexo Defence Services			On-site	United Kingdom
	Sodexo Land Technology			On-site	United Kingdom
	Sodexo Investment Services			On-site	United Kingdom
EM	Peterborough Prison Management Ltd	33%	33%	On-site	United Kingdom
EM	Ashford Prison Services Holdings Ltd	33%	33%	On-site	United Kingdom
	Sodexo Cyprus			On-site	Cyprus
	Sodexo Holdings Ltd			HOL	United Kingdom
	Sodexo Education Services			On-site	United Kingdom
	Sodexo Management Services (consolidated)			On-site	United Kingdom
	Sodexo Healthcare Services Ltd			On-site	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%	On-site	United Kingdom
	Sodexo Remote Sites Europe Ltd			HOL	United Kingdom
	Primary Management Aldershot	60%	60%	On-site	United Kingdom
EM	Mercia Healthcare (Holdings) Ltd	25%	25%	On-site	United Kingdom
EM	South Manchester Healthcare (Holdings) Ltd	25%	25%	On-site	United Kingdom
	CORPCO 4263106	55%	55%	On-site	United Kingdom
EM	RMPA Holdings Ltd	14%	14%	On-site	United Kingdom
EM	Pinnacle Schools (Fife) Holdings Ltd	10%	10%	On-site	United Kingdom
EM	Enterprise Civic Buildings (Holdings) Ltd	10%	10%	On-site	United Kingdom
EM	Enterprise Education Holdings Conwy Ltd	10%	10%	On-site	United Kingdom
EM	Enterprise Healthcare Holdings Ltd	10%	10%	On-site	United Kingdom
EM	ES 2005 Ltd	50%	50%	On-site	United Kingdom
EM	Addiewell Prison (Holdings) Ltd	33%	33%	On-site	United Kingdom
EM	Healthcare support (North Staffs) Holding Ltd	25%	25%	On-site	United Kingdom
	Vivaboxes UK			Motivation	United Kingdom
	Sodexo Holdings Ireland Ltd			On-site	Ireland
	Sodexo Ireland Ltd			On-site	Ireland
	Sodexo Remote Sites Norway AS			On-site	Norway
	Sodexo Remote Sites The Nederlands BV			On-site	Netherlands
	Universal Sodexho Kazakhstan Ltd			On-site	United Kingdom
	Universal Services Europe			On-site	Iceland
	Sodexo Nederland BV (consolidated)			On-site	Netherlands
	Sodexo Altys BV			On-site	Netherlands

		% interest	% voting rights	Principal activity	Country
Europe					
	Sodexo Pass Luxembourg			Motivation	Luxemburg
	Sodexo Pass Belgique (consolidated)			Motivation	Belgium
	Sodexho Pass GmbH			Motivation	Germany
	Sodexho Pass SRL (consolidated)			Motivation	Italy
	Vivaboxes Italie			Motivation	Italy
	Sodexho Pass España			Motivation	Spain
	Ticket Menu			Motivation	Spain
	Sodexho Pass Austria			Motivation	Austria
N	James Concepts AB			Motivation	Sweden
	Sodexo Pass Limited			Motivation	United Kingdom
	Sodexo Pass Hungaria			Motivation	Hungary
	Sodexho Pass Bulgaria			Motivation	Bulgaria
	Sodexo Pass Ceska Republika			Motivation	Czech Republic
	Sodexo Pass Slovak Republic			Motivation	Slovakia
	Vouchers Acquisition Corporate Holding BV			Motivation	Netherlands
	Sodexo Pass Polska			Motivation	Poland
	Sodexo Restoran Servisleri			Motivation	Turkey
	Network Servizleri	50%	50%	Motivation	Turkey
	Sodexo Pass Romania			Motivation	Romania
	Bluticket Romania			Motivation	Romania
	Catamaran Cruisers			On-site	United Kingdom
	Compagnie Financière Aurore International			HOL	Belgium

		% interest	% voting rights	Principal activity	Country
Asia, Pacific, Middle East					
	Kelvin Catering Services (Emirates) Ltd	49%	49%	On-site	United Arab Emirates
	Teyseer Services Company	49%	49%	On-site	Qatar
	Restauration Française (Nouvelle-Calédonie)	60%	60%	On-site	France
	Sodexo Nouvelle-Calédonie	54%	54%	On-site	France
	Société de Catering du Nord	60%		On-site	France
	Sodexo Réunion			On-site	France
	Sodexo Singapore			On-site	Singapore
	Sodexo Malaysia			On-site	Malaysia
	Sodexo Hong Kong			On-site	Hong Kong
EM	Sodexo Healthcare Support Services (Thaïland)	26%	26%	On-site	Thailand
	Sodexo Korea Co Ltd			On-site	Korea
	Universal Sodexho Eurasia			On-site	United Kingdom
	Aims Corporation			On-site	Australia
	Sodexho Australia (FM) Pty Ltd			On-site	Australia
	Sodexho Retail Services Pty Ltd			On-site	Australia
	Sodexo Asia Pacific PTE Ltd (consolidated)			On-site	Singapour
N	Sodexo FM Services Pty			On-site	Singapour
	PT Sodexo Indonesia Llc	90%	90%	On-site	Indonesia
	Altys Multi-Service Pty			On-site	Australia
	Sodexo Australia (consolidé)			On-site	Australia
EM	Serco Sodexo Defence Services	50%	50%	On-site	Australia
	Sodexho Venues Australia			On-site	Australia
	Sodexo Total Support Services NZ			On-site	New Zealand
N	Rugby Travel & Hospitality NZ	80%		On-site	New Zealand
	Sodexo Remote Sites Australia Pty			On-site	Australia
	Sodexho Tianjin Service Management Company Ltd			On-site	China
	Sodexho Shanghaï Management Services			On-site	China
	Sodexho Services Company Ltd Shanghaï			On-site	China
EM	Shanghaï SAIC Sodexho Services	49%	49%	On-site	China
	Beijing Sodexho Service Company Ltd	95%	95%	On-site	China
	Sodexho (Guangzhou) Management Services Ltd			On-site	China
	Wuhan Innovation Sodexho Services	70%	70%	On-site	China
	Sodexho Pass Shanghaï			Motivation	China

		% interest	% voting rights	Principal activity	Country
Asia, Pacific, Middle East					
N, EM	JV Faw Sodexo	50%	50%	On-site	China
	Sodexo Amarit (Thaïland Ltd)	49%	49%	On-site	Thailand
	Sodexo Support Services (Thailand) Ltd	61%	74%	On-site	Thailand
	Sodexo Thailand Ltd	49%	49%	On-site	Thailand
	Sodexo Project Management Services India Private Ltd			On-site	India
	Sodexo Food Services India Private Ltd			On-site	India
	Sodexho FM Services India Private Ltd			On-site	India
	Universal Remote Sites Services India Pty Ltd			On-site	India
	Sodexo SVC India Private Ltd			Motivation, On-site	India
N	Unisol Infraservices Private Ltd			On-site	India
N	RKHS Food			On-site	India
N	RKHS			On-site	India
N	Skyline			On-site	India
	Sodexho Pass, Inc.	60%	60%	Motivation	Philippines
	Sodexo Services Liban	60%	60%	On-site	Lebanon
	Sodexo Laos Pvt Ltd			On-site	Laos
	Sodexho Pass Indonesia	95%	95%	Motivation	Indonesia
	Sodexo International UAE			On-site	United Arab Emirates
	Tariq Alghanim	50%	50%	On-site	Kuwait
N	Rogozinsky			On-site	Israel
N	Chefa Ltd	50%	50%	On-site	Israel
	Sakhalin Support Services	95%	95%	On-site	Russia
	Allied Support			On-site	Russia

→ Statutory Auditors' report on the Consolidated Financial Statements

For the year ended August 31, 2009

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, 2009, on:

- the audit of the accompanying consolidated financial statements of Sodexo S.A.;
- the justification of our assessments;
- the specific verification required by the law.

The consolidated financial statements have been approved by the Board of Directors. Our role is to express an opinion on these consolidated 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 performing procedures, on a test basis or by other selection methods, to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit 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 Group as at 31 August 2009 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

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:

- Your Company has tested goodwill and intangible assets with an indefinite useful life for impairment, and also assessed whether any asset with a finite useful life presented an indication it may be impaired, 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 the value in use, based on discounted future cash flows after tax. We have also reviewed the supporting documentation, the consistency of the data, and in particular the underlying assumptions used to prepare the business plans.
- As described in notes 2.17 and 4.18 to the consolidated financial statements, the provisions for pension and other post-employment benefits have essentially 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 disclosure.

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 opinion we formed which is expressed in the first part of this report.

III - Specific verification

As required by the law 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 9, 2009

The Statutory Auditors

PricewaterhouseCoopers Audit

Louis-Pierre Schneider

KPMG Audit
Department of KPMG S.A.

Isabelle Allen

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 2009	Fiscal 2008
	Non-current borrowings		
Financial independence	Shareholders' equity and minority interests	1.1	0.5
	Borrowings*		
Debt coverage (in years)	Cash from operations**	3.9	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)	20.8%	21.2%
	Operating profit		
Interest cover	Net interest expense	6.7	7.4

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

2. TWO-YEAR FINANCIAL SUMMARY

	Fiscal 2009	Fiscal 2008
Total shareholders' equity	**2,316**	**2,171**
Equity attributable to equity holders of the parent	2,279	2,145
Equity attributable to minority interests	37	26
Borrowings (1)		
Non-current borrowings	2,547	1,163
Current borrowings	101	1,348
Cash and equivalent, net of bank overdrafts	**1,162**	**1,563**
Restricted cash and financial assets: Motivation Solutions	**597**	**483**
Net borrowings (2)	**(889)**	**(465)**
Revenue	**14,681**	**13,611**
Operating profit	746	690
Profit for the period	422	397
Profit attributable to minority interests	29	21
Profit attributable to equity holders of the parent	**393**	**376**
Average number of shares outstanding	**154,630,743**	**155,489,727**
Earnings per share *(in euro)*	2.54	2.42
Dividend per share *(in euro)*	1.27	1.15
Share price at August 31 *(in euro)*	40.18	46.26
Highest share price in the fiscal year *(in euro)*	47.14	51.94
Lowest share price in the fiscal year *(in euro)*	31.00	33.13

(1) Including financial instruments, excluding bank overdraft.
(2) Cash and cash equivalents + restricted cash and financial assets of the Motivation Solutions activity - borrowings.

3. EXCHANGE RATES

			Closing exchange rate at August 31, 2009	Average exchange rate Fiscal 2009
ISO Code	**Countries**	**Currency**	**1 euro =**	**1 euro =**
CFA	Africa	C.F.A (thousands)	0.655957	0.655957
DZD	Algeria	Dinar (thousands)	0.104652	0.095120
ARS	Argentina	Peso	5.527000	4.790161
AUD	Australia	Dollar	1.708700	1.853685
BRL	Brazil	Real	2.708900	2.851518
BGN	Bulgaria	Lev	1.955800	1.955800

ISO Code	Countries	Currency	Closing exchange rate at August 31, 2009 1 euro =	Average exchange rate Fiscal 2009 1 euro =
CAD	Canada	Dollar	1.579300	1.585033
CLP	Chile	Peso (thousands)	0.787470	0.794305
CNY	China	Yuan	9.748600	9.237884
COP	Colombia	Peso (thousands)	2.860750	3.020092
KRW	Korea	Won (thousands)	1.783280	1.775764
CRC	Costa Rica	Colon (thousands)	0.838440	0.763742
CZK	Czech Republic	Crown (thousands)	0.025376	0.026139
DKK	Denmark	Crown	7.443100	7.449926
GHS	Ghana	Cedi (thousands)	2.098700	1.733848
GNF	Guinea	Guinea Franc (thousands)	6.795280	6.509709
HKD	Hong Kong	Dollar	11.062000	10.483134
HUF	Hungary	Forint (thousands)	0.271850	0.273778
INR	India	Rupee (thousands)	0.069790	0.066065
IDR	Indonesia	Rupiah (thousands)	14.390150	14.517730
ISK	Iceland	Crown	290.000000	254.773616
ILS	Israel	Shekel	5.479800	5.285298
JPY	Japan	Yen (thousands)	0.133100	0.130494
KZT	Kazakhstan	Tenge (thousands)	0.215640	0.1825468
KRW	Korea	Won (thousands)	1.783280	1.775764
KWD	Kuwait	Dinar	0.411200	0.380901
LBP	Lebanon	Pound (thousands)	2.157230	2.032633
LYD	Libya	Dinar	1.768500	1.719101
MGA	Madagascar	Ariary (thousands)	2.742210	2.544220
MYR	Malaysia	Ringgit	5.025900	4.797657
MAD	Morocco	Dirham	11.310000	11.200013
MXN	Mexico	Peso	19.024600	17.854066
MDL	Moldavia	Leu	16.066600	14.477357
MNT	Mongolia	Togrog (thousands)	2.064700	1.795895
NZD	New Zealand	Dollar	2.097300	2.273873
NGN	Nigeria	Naira (thousands)	0.223940	0.185252
NOK	Norway	Crown	8.607000	8.801706
OMR	Oman	Rial	0.550700	0.519710
PAB	Panama	Balboa	1.432300	1.351639
PEN	Peru	Sol	4.245100	4.158681
PHP	Philippines	Peso	69.667000	64.727419
PLN	Poland	Zloty	4.104000	4.116672

ISO Code	Countries	Currency	Closing exchange rate at August 31, 2009 1 euro =	Average exchange rate Fiscal 2009 1 euro =
QAR	Qatar	Rial	5.213600	4.919969
RON	Romania	Leu	4.223800	4.048545
RUB	Russia	Ruble (thousands)	0.045464	0.041278
SAR	Saudi Arabia	Rial	5.387200	5.084868
SGD	Singapore	Dollar	2.060200	1.992498
SKK	Slovakia	Koruna (thousands)	0.030126	0.030192
ZAR	South Africa	Rand	11.113600	12.004898
SEK	Sweden	Crown	10.219100	10.494299
CHF	Switzerland	Swiss Franc	1.516800	1.516442
TZS	Tanzania	Shilling (thousands)	1.867550	1.740448
THB	Thailand	Baht	48.532000	47.059747
TND	Tunisia	Dinar	1.902900	1.839627
TRY	Turkey	New Lira	2.148000	2.069742
AED	United Arab Emirates	Dirham	5.275200	5.002013
GBP	United Kingdom	Pound	0.881350	0.863648
USD	United States	Dollar	1.427200	1.351806
UYU	Uruguay	Peso	32.441600	31.314643
VEF	Venezuela	Bolivar (thousands)	3.069200	2.900941

4. INVESTMENT POLICY

	Fiscal 2009	Fiscal 2008
Acquisitions of property, plant equipment and intangible assets, plus client investments	242	250
Acquisitions of equity interests	552	662

Because of the nature of the Group's activities, investments represent less than 2% of revenues and mainly relate to investments on the Group's 34,000 sites, which are used to support operating activities and are financed by operating cash. None of these investments is individually significant.

Financial investments made in Fiscal 2009 are described in note 4.25 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

5.1.1 Risks related to On-site Service Solutions contracts

On-site Service Solutions 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 of 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.

5.1.2 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 Motivation Solutions activity depends on Sodexo's ability to achieve geographical expansion and develop new services, and on a trusted brand and established affiliate networks.

5.1.3 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 On-Site Service Solutions rather than outsource them.

5.1.4 Dependency risk

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

In addition, no manufacturer supplier represents more than 3% of the total volume of the Group's purchases. However, the Group's ability to organize its supply systems, including purchasing and logistics, significantly affects its performance.

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

5.1.5 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. In order to protect against eventual shortcomings in this area, Sodexo has implemented control procedures designed to ensure strict compliance with applicable regulations. Staff training and awareness policies are rolled out in all countries in which the Group operates.

However, if Sodexo were to incur significant liability at one or more of its sites, this would impact its activities, operating margins and reputation.

5.1.6 Risks related to food cost inflation risk increases in indirect costs related to operational activities and 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 of 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 the inflation rate.

5.1.7 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. These 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. The Group's knowledge of these markets and its ability to find, attract, recruit and train employees will allow it 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 these purposes, Sodexo has developed training policies at every level of 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 its people – at every level – reflect the diversity of the Group's clients and customers.

As far as the Company is aware, it 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, even though it operates on its clients' sites. Rather than under-emphasize its importance, the Group 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).

As part of its role as a corporate citizen, in 2009 Sodexo launched *The Better Tomorrow Plan*, an iterative and continuous improvement program. This plan identifies 14 commitments pertaining to nutrition, health and well-being, local communities, and the environment.

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 the services provided.

For example, the Motivation Solutions activity 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 ones.

5.5 Interest rate, liquidity, and foreign exchange risk

Sodexo has access to a wide variety of bank funding sources in addition to raising funds directly from investors on the commercial paper and bond markets. Because it has operations in 80 countries, all components of the financial statements are inevitably influenced by foreign currency translation effects, and in particular by fluctuations in the U.S. dollar, the UK pound sterling, the Swedish crown, the Brazilian real, and the Venezuelan bolivar. However, exchange rate fluctuations do not generate operational risk, because each subsidiary bills its revenues and incurs its expenses in the same currency.

Sodexo uses derivative instruments to manage its 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.

5.6 Economic downturn risk

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

The difficult economic context, or a possible worsening of the H1N1 influenza pandemic, could lead to a decrease in demand for the services Sodexo offers its clients, in particular in the Corporate segment, and therefore result in a negative impact on earnings. In addition, public sector clients could be confronted with budget constraints. Nonetheless, a preponderance of Sodexo's clients (around two-thirds of annual revenues), such as those in Education, Healthcare, Justice and Defense, is in segments that 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 dependent on the petroleum and mining industries. Lastly, economic conditions could affect the solvency of Sodexo's clients.

5.7 Acquisition risk

We have acquired and may in the future acquire businesses. Acquisitions enhance our earnings only if we can successfully integrate the acquired businesses into our management organization, purchasing operations, distribution network and information systems. Our ability to integrate acquired businesses may be adversely affected by factors that include failure to retain management and sales personnel, the size of the acquired business and the allocation of limited management resources among various integration efforts. In addition, the benefits of synergies which we expect at the time we select our acquisition candidates may not be as significant as we originally anticipated. Difficulties in integrating acquired businesses, as well as liabilities or adverse operating issues relating to acquired businesses, could have a material adverse effect on our business, operating results and financial condition.

5.8 Litigation risk

Refer to note 4.29 of the notes to the consolidated financial statements for information on these risks.

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 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 U.S. dollars to 1,000,000 U.S. 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 2009 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.*

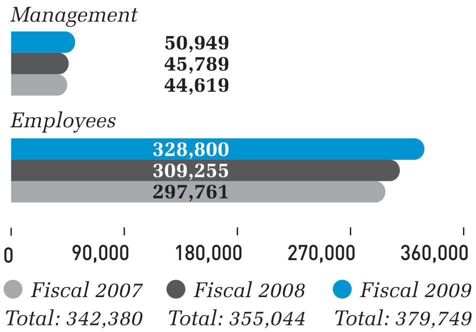
Employment and Environmental information

Information pertaining to employment and environmental aspects of Sodexo's worldwide operations, in particular in France, is provided below. Further information is available in the Human Resources Report, the Diversity and Inclusion Report, and the Sustainable Development Report found on the Sodexo website www.sodexo.com.

1. EMPLOYMENT INFORMATION

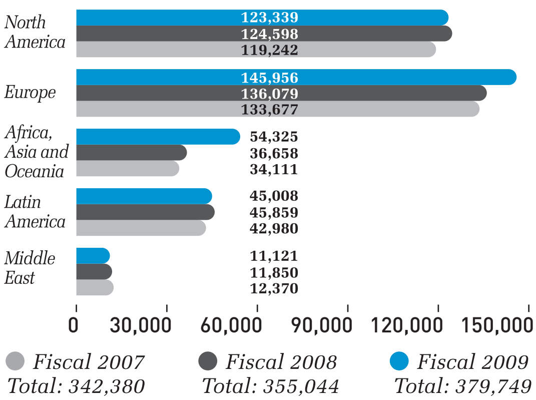
1.1 Worldwide

1.1.1 Group workforce as of the end of the Fiscal year



The number of Group employees increased by 24,705 during Fiscal 2009, as a result in particular of the integration during the year of RKHS in India, Zehnacker in Germany, Austria, Poland and Switzerland, and Score Group in France.

WORKFORCE BY GEOGRAPHIC REGION

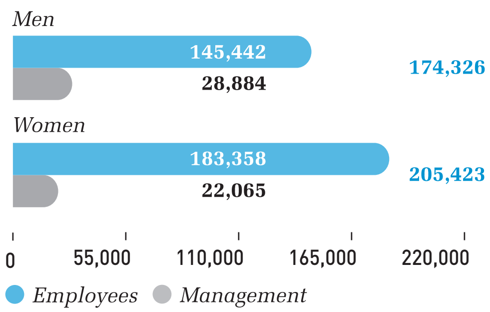


The proportion of the workforce in Africa, Asia and Oceania continued to grow as a result of development in the Asia region.

WORKFORCE BY GENDER

	Fiscal 2007			Fiscal 2008		
	Management	Employees	Total	Management	Employees	Total
Women	19,646	173,340	192,986	19,888	181,438	201,326
Men	24,973	124,421	149,394	25,901	127,817	153,718
TOTAL	**44,619**	**297,761**	**342,380**	**45,789**	**309,255**	**355,044**

Fiscal 2009



Total: 379,749

The proportion of men and women in the Employees category moved close to parity, with 56% women and 44% men in Fiscal 2009, compared with 59% and 41% respectively in the previous Fiscal year.

1.1.2 Recruitment [1]

RECRUITMENTS ON PERMANENT CONTRACTS (EXCLUDING STAFF ASSUMED FROM OTHER SERVICE-PROVIDERS) BY GRADE

	Fiscal 2007	Fiscal 2008	Fiscal 2009
Management	10,960	8,971	7,640
Employees	149,925	147,948	130,786
TOTAL	**160,885**	**156,919**	**138,426**

During Fiscal 2009, the number of permanent contracts entered into by Sodexo declined by 18,493 as compared to Fiscal 2008 because of the lower growth during the period as well as enhanced retention of existing staff.

PERCENTAGE OF RECRUITS ON PERMANENT CONTRACTS (EXCLUDING STAFF ASSUMED FROM OTHER SERVICE-PROVIDERS) AS A PERCENTAGE OF AVERAGE WORKFORCE

	Fiscal 2007	Fiscal 2008	Fiscal 2009
Management	24.6%	19.9%	15.0%
Employees	50.9%	48.8%	40.2%
TOTAL	**47.4%**	**45.1%**	**36.8%**

LOCAL HIRE RATES

	Fiscal 2007	Fiscal 2008	Fiscal 2009
Local hire rates	96.70%	96.95%	96.98%

(1) Scope = 100% of Group employees as of the end of Fiscal 2009.

1.1.3 Training [1]

NUMBER OF EMPLOYEES WHO HAVE UNDERGONE IMPROVEMENT TRAINING

	Fiscal 2007	Fiscal 2008	Fiscal 2009
Management	37,531	40,755	40,393
Employees	177,543	202,307	214,913
TOTAL	**215,074**	**243,062**	**255,306**

12,244 additional employees were trained as compared to Fiscal 2008.

PERCENTAGE OF AVERAGE WORKFORCE WHO HAVE UNDERGONE TRAINING

	Fiscal 2007	Fiscal 2008	Fiscal 2009
Management	84.2%	90.5%	79.3%
Employees	60.2%	66.8%	66.1%
Total	63.4%	69.8%	67.9%

NUMBER OF IMPROVEMENT TRAINING HOURS

	Fiscal 2007	Fiscal 2008	Fiscal 2009
Management	618,333	650,269	722,980
Employees	1,924,976	2,055,158	2,462,914
Total	2,543,309	2,705,427	3,185,894

Total number of training hours for all Group employees was 3,185,894 hours, 480,467 hours more than in Fiscal 2008.

1.1.4 Internal promotion [2]

PERCENTAGE OF INTERNAL PROMOTION FROM ONE GRADE TO ANOTHER

= number of internal promotions/(number of internal promotions plus recruitments)

	Fiscal 2007	Fiscal 2008	Fiscal 2009
% site managers promoted to manager grade	28.2%	26.6%	30.7%
% employees promoted to site manager	19.8%	21.9%	22.8%

During Fiscal 2009, 1,957 employees were promoted to site manager and 441 to manager grade, for a total of 2,398 internal promotions to a supervisory grade by promotion from one grade to another. These figures do not include internal promotions within the same grade.

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

(2) Scope = 100% of Group employees as of the end of Fiscal 2009.

1.1.5 Work-related accidents by grade [1]

PERCENTAGE OF WORK-RELATED ACCIDENTS RELATIVE TO AVERAGE WORKFORCE

	Fiscal 2007	Fiscal 2008	Fiscal 2009
Employees	2.97%	2.92%	2.25%
Management	1.06%	0.77%	0.79%
All employees	2.72%	2.64%	2.05%

The number of accidents was 7,712 for all employees, a decline of 0.59 points from the prior year.

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. The second Sodexo Engagement Survey was conducted worldwide in Fiscal 2008, in 50 countries covering 97% of the Group's employees. The next survey will be conducted in Fiscal 2010.

The 2008 survey demonstrated that:

- 90% of employees understand what is expected of them in their work;
- 87% appreciate their day-to-day work;
- 75% consider that Sodexo gives them opportunities to learn and evolve;
- 84% are fulfilled by their work;
- 77% consider that they have an appropriate balance between work and personal life;
- 86% consider they belong to a team;
- 77% consider that their direct superior knows how to recognize employees who do a good job.

(percentages represent the proportion of employees having indicated mostly true or always true in their answers)

1.1.7 Employee Retention Rate

EMPLOYEE RETENTION RATE

	Fiscal 2007	Fiscal 2008	Fiscal 2009
Site managers	87.2%	84.3%	84.9%
All employees	64.2%	61.5%	63.6%

The employee retention rate is a key performance indicator for Sodexo. The retention rate for all employees for the current year increased by 2.1 points compared to the previous year. The retention rate for Site Managers reflected a 0.6 points improvement.

(1) Scope: 91% of employees.

1.1.8 Employee Share Ownership

NUMBER OF EMPLOYEE SHAREHOLDERS

	Fiscal 2007	Fiscal 2008	Fiscal 2009
Employee shareholders	27,284	22,257	35,410

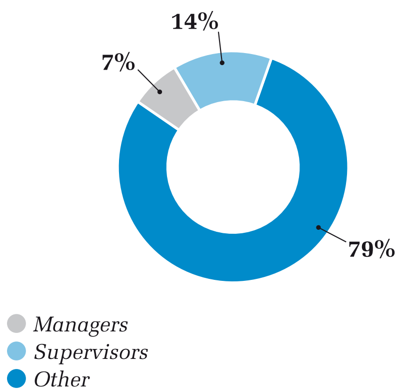
Following the International Savings Plan in 2008, the number of employee shareholders was 35,410 as of the end of Fiscal 2009.

1.2 In France

These disclosures relate to the employment and environmental impact of the activities of Sodexo in France, namely On-site Service Solutions and Motivation Solutions, the parent company, and the Group management companies.

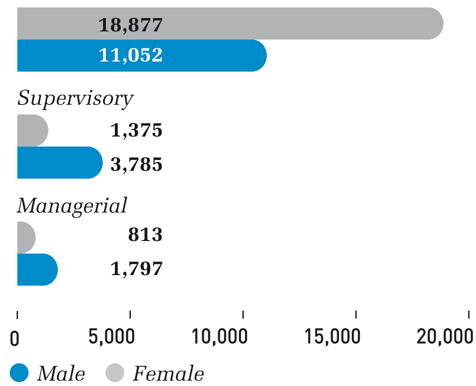
1.2.1 Workforce

As of August 31, 2009, Sodexo employed a total of 37,699 people in France, an increase of 3,069 employees relative to the previous year, as a result of the inclusion of the Score Group in particular.



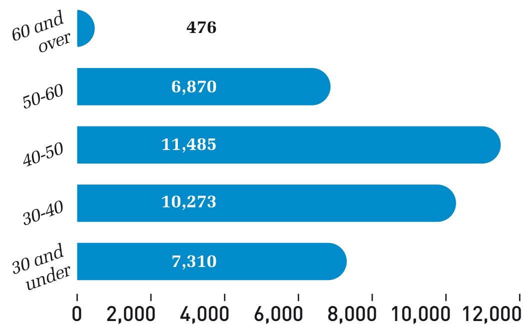
WORKFORCE BY GENDER

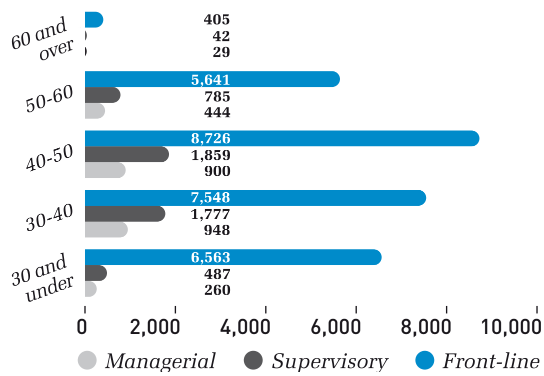
Women represent 56% of total employees, and 63% of front-line staff, 27% of supervisory staff, and 31% of managerial staff.



WORKFORCE BY AGE GROUP AND JOB CATEGORY

The average age is 40.74 years.

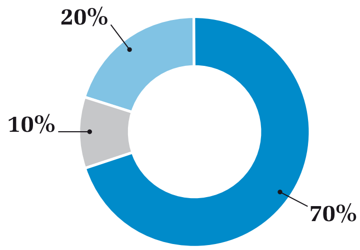




1.2.2 Employment

5,907 staff were recruited on a permanent contract during Fiscal 2009, comprising 4,147 by direct recruitment, 598 by conversion of fixed-term contracts into permanent contracts, and 1,162 by taking over staff from other service-providers.

RECRUITMENTS ON PERMANENT CONTRACT



Sodexo maintains active relations with educational institutions:

- More than 80 activities with 24 higher education campuses and participation in 13 higher education forums resulted in meeting 780 potential candidates;
- 18 presentations were made at these campuses and seven courses were attended by Sodexo employees in three schools.

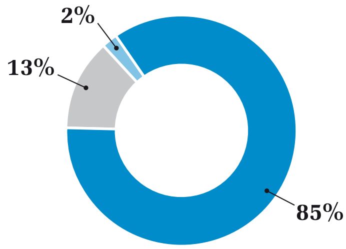
Sodexo also reinforced its recruiting policy for interns and management trainees, which led to the integration of 63 interns and trainees of which 23 were subsequently hired.

As of August 31, 2009, 10% of employees were on fixed term contracts.

During the Fiscal year, 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.

137,415 hours of overtime were worked in Fiscal 2009, or 0.25% of hours worked.

NUMBER OF HOURS WORKED, BY CONTRACT TYPE



1,165 employees were terminated in Fiscal 2009, of which 40 were for economic reasons.

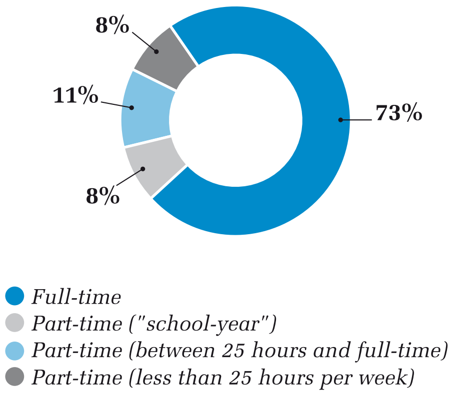
1.2.3 Internal promotion

Internal promotion is a key feature of Sodexo's human resources policy. In Fiscal 2009, 298 front-line employees were promoted to supervisor and 88 supervisors became managers, for a total of 386 employees promoted to a supervisory position by a change of category, out of a total population of 7,700 managers and supervisors.

1.2.4 Organization of working hours

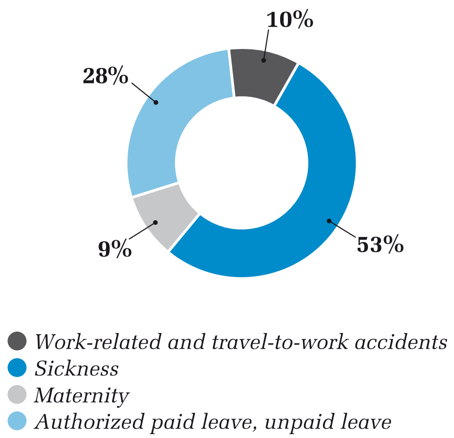
Except for restaurants open to the public, which account for 2.06% of the total workforce, the working week is 35 hours (34.87 hours for most subsidiaries).

For Fiscal 2009, 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.



1.2.5 Absenteeism

The average absenteeism rate calculated based on the number of days absent was 7.88% for the workforce as a whole. The three main reasons for absenteeism were sickness (53%), authorized paid leave and unpaid leave (28%), and work- and travel-to-work related accidents (10%).



1.2.6 Compensation

The average annual salary for a full-time front-line employee was 20,061 euros, which is 25.44% higher than the legal minimum wage. [1]

Sogeres has created an Individual Employee Relations Report, which is issued to each of its employees.

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

Profit-sharing agreements exist within Sodexo's French subsidiaries. The share of profits allocated to employees during Fiscal 2009 was 13,295,365 euro.

1.2.7 Social security charges

For Fiscal 2009, social security charges represented 23.89% of the compensation of front-line staff. The employer's contribution was 48.09%.

1.2.8 Social and cultural activities

The contribution to the financing of social and cultural activities promoted by the various Works Councils represented 0.6% of payroll.

1.2.9 Employee recognition

The annual gala evening reception honored 341 employees who have earned qualifications under our different vocational training programs, while long-service awards were presented to employees with 30 years' seniority.

1.2.10 Collective agreements

In total, 41 collective agreements were signed in Fiscal 2009. These included agreements covering:

- a national pre-election agreement;
- regional pre-election agreements (9);
- employee healthcare costs;
- persons with disabilities;
- employee insurance plan surplus;
- integration of the GMR company;
- leave to attend training in economic, social and cultural subjects;
- establishment of Health, Safety and Working Conditions Committees;
- regional agreement to renew the headquarters Health, Safety and Working Conditions Committee;
- supervisory and managerial grade personnel pay agreement.

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

1.2.11 Health and Safety

The frequency rate of work-related accidents declined from 50.27 in Fiscal 2009, compared to 50.21 in Fiscal 2008. The severity rating was 1.33, compared to 1.30 in Fiscal 2008.

There were 139 meetings of Health, Safety and Working Conditions Committees during the fiscal year.

As part of general legal obligations for 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;
- a single document, the "Work-related Risk Assessment," is produced, which identifies dangers, analyzes risks and indicates preventive action to be taken.

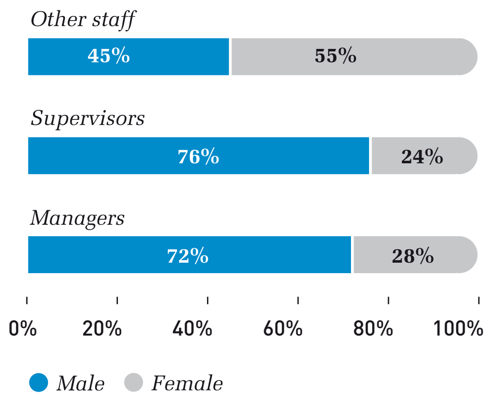
Three high profile programs were implemented in Fiscal 2009, namely:

- introduction of a "Safety in the Workplace Management Plan," comprising:
  - everyday safety instruction sheets and posters in the workplace,
  - safety documentation posted on the intranet,
  - a hotline to answer specific questions;
- introduction of a monthly reporting to the Management Committee, comprising information on trends in accident frequency and severity, and the list of the ten worst-performing sites in terms of accidents.
- A not-for-profit organization called "*Ecoute et Vigilance*" (listening and vigilance) has been set up to detect situations in the work place that could lead to stress, violence, or harassment.

1.2.12 Human Resources training and development

Expenditure on training by all Sodexo businesses in France totaled 16,314,351 euro in Fiscal 2009, an increase of 476,923 euro compared to the previous year. This figure represented 1.95% of total payroll.

TRAINING BY GRADE AND GENDER



The number of training hours increased by 32,840 during the fiscal year to 272,717.

1.2.13 Equality in the workplace

Men - Women

Three networks of women managers or supervisors have been set up.

18% of Site Managers and 17% of Regional Managers are currently women and a second woman has been appointed to the post of Regional Managing Director.

Employees with disabilities

Sodexo subsidiaries in France employ 809 workers with disabilities, including 17 managers and 74 supervisors.

Sodexo confirmed its long-term commitment to hiring individuals with disabilities in a second "employees with disabilities" agreement. The new agreement runs from 2009 through 2011 and will lead to fulfillment of the following targets over three years: 200 hires, 150 interns, and 70 apprentices.

Titled "From employment obligation to innovation," the second agreement for employees with disabilities represents a commitment by the company to transform the employment of people with disabilities into an advantage in terms of team spirit and innovation, while continuing to *change our perceptions of others*.

Results of the 1st Sodexo agreement for employees with disabilities (2006-2008)

	Target	Result
Hiring	200	252 (including 168 permanent contracts)
Apprenticeships	50	84
Internships	150	155

Over the period January-August 2009, the work force included 22 new employees with disabilites, 43 apprentices, and 17 individuals were maintained in employment.

2. ENVIRONMENTAL INFORMATION

2.1 The Better Tomorrow Plan

Overview

Sodexo's sustainable development programs are centered on three priorities, namely:

- Nutrition, health and wellness;
- Local communities;
- The environment;

Pursuing these priorities, Sodexo has identified significant key challenges for its stakeholders within the framework of its operations. To improve our performance, we have drawn up a new strategic road map for the Sodexo Group. Entitled *The Better Tomorrow Plan*, it engages all of the 380,000 employees at the 34,000 sites in the 80 countries in which the Group operates.

Sodexo is committed to carrying out precise and regular assessments of progress achieved in moving toward its objectives. Because of the Group's broad geographic presence and the complexity of its businesses, Sodexo evaluates its performance in two stages:

- Progress indicators: in the first stage progress in implementing the actions included in the plan will be measurred;
- Impact indicators: then the actual impact of these actions on pilot sites will be measured, before expanding the process to whole countries, regions, and finally the Group as a whole.

Sodexo's three priorities

To address today's huge environmental and social challenges, Sodexo has established 14 commitments within these three priorities, which are as follows:

1. Nutrition, health and wellness

As a world leader in foodservices, Sodexo plays a role in the consumption habits of the 50 million people we serve daily. Sodexo is helping to promote a healthy and balanced diet, restricting fatty, sweet and salty ingredients, and offering solutions that promote health and wellness.

SODEXO'S THREE COMMITMENTS:

We will develop and promote health and wellness solutions for our clients, consumers and employees in all the countries where we operate by 2015.
We will offer and provide varied and balanced food options at all of our clients' sites by 2012.
We will promote choices with reduced amounts of sugar, salt and fats at all of our clients' sites by 2015.

Examples of best practices:

- **Live & Work Well** *at Nokia in China.* Sodexo rolled out an innovative program, "Live & Work Well at Nokia", at the Beijing site of its client, Nokia, in 2008. All of the wellness offerings designed to improve the quality of life in the workplace and outside are very readily accessible and affordable. This program offers access to quality amenities and services, and also to classes run by health and fitness professionals. 1,750 employees were enrolled in the program at the end of August 2009;

- **Vitality** – *Europe.* In 2006, Sodexo developed its Vitality offering, which targets employees seeking a balanced diet in company restaurants. Tested first in Sweden, Vitality is now available at more than 500 sites in Europe (France, Finland, Italy, Germany, Austria, Spain, Portugal, etc.) and recently was also launched in Russia. Vitality is one of a series of initiatives Sodexo has launched worldwide to promote good eating habits and combat obesity.
- **Cutting down on salt and fats in sauces in Europe**. As part of the drive to improve the nutritional quality of the products served, Sodexo has worked with the European subsidiaries of one of our largest suppliers and as a result, has cut the quantity of salt and fat that goes into the preparation of our sauces.

2. Local Communities

With operations in 80 countries, Sodexo is committed to contributing to the economic and social development of the local communities where it works. Hunger and malnutrition are rife in the world, representing a prime target for action as part of our efforts to improve the quality of life. Sodexo support the development of fair trade benefiting local producers.

SODEXO'S THREE COMMITMENTS:

We will fight hunger and malnutrition through our STOP Hunger program in all the countries where we operate by 2020.
We will support local community development in all the countries where we operate by 2015.
We will increase the purchase of products sourced from fairly traded certified sources by 2015.

Examples of best practices:

- **The STOP Hunger program** and the worldwide SERVATHON. In April of each year, Sodexo organizes a SERVATHON as part of the global STOP Hunger program to combat hunger and malnutrition. The first SERVATHON took place in 1997 in the United States, with Sodexo employees volunteering to distribute meals and collect food items and donations. The program was expanded to the Group as a whole in 2004. Eight countries took part in 2008, and in 2009, 35,000 Sodexo employees in 20 countries collected 100 metric tons of food;
- **Developing local communities in Madagascar**. 92% of our personnel at Fort-Dauphin, including the management team, were born on the island of Madagascar. Of these, 43% are women and the great majority live in neighboring communities. The aim is to deploy programs in support of local producers, helping them respond to the needs of the mining industry. Since 2007, we have enabled more than 250 fruit and vegetable growers to diversify and improve the quality of their produce;
- **Aspretto** – Sodexo has launched a global hot drink brand (tea and coffee) called Aspretto, sourced through fair trade. Quality is obviously a key feature of the brand, and four key principles shape the service offering: diversity, health and wellness, and social responsibility. These have been translated into practical commitments, namely guaranteed traceability of the teas and coffees used, to be able to verify that their production is 100% natural; using products obtained in local markets accredited by globally recognized Fair Trade certification bodies, i.e. the Rainforest Alliance, the Fairtrade Foundation or the Soil Association. Sodexo serves 8,000 metric tons of Aspretto coffee, representing more than 1 billion cups of coffee, annually, and part of the proceeds of sales is paid to STOP Hunger, Sodexo's program to combat hunger and malnutrition.

3. Environment

Respecting the environment implies creating the requisite framework to promote quality of life in the communities where we live, while responding to the needs of our stakeholders, who aspire to preserve a sustainable planet. Sodexo is well aware that its activities at 34,000 sites in 80 countries have an impact on the environment. Our priority is to purchase more sustainable and ethical products, reduce our carbon footprint, curb our water consumption, and manage the waste produced by our activities responsibly.

SODEXO'S EIGHT COMMITMENTS:

RESPONSIBLE PURCHASING	We will ensure compliance with a Global Sustainable Supply Chain Code of Conduct in all the countries where we operate by 2015.
	We will source local, seasonal or sustainably grown or raised products in all the countries where we operate by 2015.
	We will source sustainable fish and seafood in all the countries where we operate by 2015.
	We will source and promote sustainable equipment and supplies in all the countries where we operate by 2020.
ENERGY AND EMISSIONS	We will reduce our carbon footprint in all the countries where we operate and at clients' sites by 2020.
WATER AND EFFLUENT	We will reduce our water consumption in all the countries where we operate and at clients' sites by 2020.
MATERIALS AND WASTE	We will reduce organic waste in all the countries where we operate and at clients' sites by 2015. We will support initiatives to recover organic waste.
	We will reduce non organic waste in all the countries where we operate and at clients' sites by 2015. We will support initiatives to recover non organic waste.

Examples of best practices:

- **Eliminating fish species on the WWF red list – Sweden**. Sodexo Sweden has eliminated banned fish species on the WWF red list from its menus, recipes and catalogue. This measure has been applied to 100% of sites in all client segments.
- **Energy audit**. Sodexo consumes energy at its sites in meeting the needs of clients and consumers. A number of initiatives in Asia and Australia have served to develop a set of best practices. Thanks to deployment of an energy management and audit program, energy savings of between 18% and 23% have been achieved over the past two years.
- **Conserving water in laundry departments in North America**. Significant progress has been achieved in curbing water use in 2008 for reuse at our sites. The Aqua Recycle system was installed in fifteen laundries run by Sodexo to treat waste water. This water recycling system cut Sodexo's water consumption by 200 gallons in 2008, saving up to USD 200,000 in some of its largest facilities. Laundry departments have also introduced a policy on the purchase of new equipment.
- **Converting cooking oil to biofuel**. The foodservices business is one of the largest producers of organic waste. Sodexo is working to cut the volume of waste sent to landfills and incinerators. As a major user of cooking oil in Chile, the Netherlands, Australia, and France, for example, Sodexo has deployed a program to optimize the collection of used cooking oil from its kitchens. Sodexo is working with companies that specialize in converting used cooking oil to biodiesel. The resulting biodiesel emits 78% less CO_2 in the course of its life cycle, than petroleum origin diesel oil. In the United Kingdom, Sodexo has worked with Honda at its Swindon site to build a plant to convert used cooking oil to biofuel for vehicles. The plant's objective was to cover its diesel equivalent needs and cut costs. Around 3,000 liters of biodiesel were produced in 2008.
- **Recycling vouchers in the Motivation Solutions segment**. Sodexo places a high premium on recycling inorganic waste from its activities. In Motivation Solutions, 17 countries have also begun recycling paper vouchers, and now 95% of the approximately two billion vouchers issued

annually are recycled, via a network of partnerships in each of these countries. Where possible, Sodexo has opted for recyclable paper, to further reduce its environmental footprint. Also, subsidiaries are developing electronic solutions to cut down on the use of paper.

08

Information on the Issuer

Sodexo SA Individual Company Financial Statements

1. INCOME STATEMENT

(in thousands of euro)	Note	Fiscal 2009	Fiscal 2008
Revenues	**3**	**72,056**	**41,976**
Other income		193,340	137,348
Purchases		(255)	(279)
Employee costs		(30,359)	(29,537)
Other external charges		(112,906)	(121,652)
Taxes other than income taxes		(8,613)	(4,626)
Depreciation, amortization and increase in provisions		(3,638)	(3,367)
Operating profit		**109,625**	**19,863**
Financial income/(expense), net	4	222,999	140,473
Exceptional income/(expense), net	5	(1,727)	(15,206)
Income taxes	6	17,982	28,985
Net income		**348,879**	**174,115**

2. BALANCE SHEET

ASSETS

(in thousands of euro)	Note	August 31, 2009	August 31, 2008
Fixed and intangible assets, net			
Intangible assets	7	11,898	3,260
Property, plant and equipment	7	9,615	9,281
Financial investments	7	5,003,218	4,304,963
TOTAL FIXED AND INTANGIBLE ASSETS	**7**	**5,024,731**	**4,317,504**
Current and other assets			
Accounts receivable	9	67,287	45,049
Prepaid expenses, other receivables and other assets	9	41,066	171,141
Marketable securities	11	90,169	231,282
Cash		11,648	61,884
TOTAL CURRENT AND OTHER ASSETS		**210,170**	**509,359**
TOTAL ASSETS		**5,234,901**	**4,826,860**

LIABILITIES AND EQUITY

(in thousands of euro)	Note	August 31, 2009	August 31, 2008
Shareholders' equity			
Common stock		628,528	629,437
Additional paid in capital		1,108,954	1,121,644
Reserves and retained earnings		978,402	826,090
RESTRICTED PROVISIONS		**3,721**	**1,314**
Total shareholders' equity	**13**	**2,719,605**	**2,578,485**
Provisions for contingencies and losses	10	84,399	113,526
Liabilities			
Borrowings		2,296,903	2,038,968
Accounts payable		17,969	23,910
Other liabilities		116,025	71,971
TOTAL LIABILITIES	**14**	**2,515,296**	**2,248,375**
TOTAL LIABILITIES AND EQUITY		**5,234,901**	**4,826,860**

Notes to the Individual Company Financial Statements

1. SIGNIFICANT EVENTS

1.1 Transactions affecting issued capital

On September 9, 2008, 804,887 treasury shares were cancelled, resulting in a reduction in issued capital.

Following completion of the capital increase in connection with the International Employee Stock Purchase Plan (ESPP), on September 18, 2008, the issued capital of Sodexo SA was increased through the issuance of 577,630 new shares.

As a result, the common stock of Sodexo SA as of August 31, 2009, consisted of 157,132,025 shares with a par value of 4 euro for a total of 628,528,100 euro.

1.2 Share purchases

Sodexo SA acquired:

- 100% of Score Group, a leading independent provider of foodservices in France, in September 2008;
- 93.5% of the shares of Zehnacker, a specialist in comprehensive service solutions in the Healthcare segment in Germany; and
- the shares of RKHS, one of the leading providers of On-Site Service Solutions in India.

1.3 Borrowings

In order to extend the average maturity of its debt, Sodexo SA completed a 500 million USD private placement with U.S. investors at a fixed rate of interest on September 29, 2008.

As part of the refinancing of 1,224 million euro in loans reimbursed in March 2009, the Company also issued bonds totaling 650 million euro in January 2009, followed by an additional tranche of 230 million euro in June 2009.

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 accounting policies applied in preparing the individual company financial statements are the same as those applied in the prior year with the exception of Opinion 2008-17 of the *Conseil national de la comptabilité* (CNC) and Rule 2008-15 of the CRC, both of which were applicable starting with the current fiscal year and which concern the accounting treatment for stock option plans and/or share subscription plans as well as plans granting free shares to employees.

These rules consider that stock options constitute a form of compensation, and when it is probable that resources will be used in connection with these options, a provision must be recognized on a straight-line basis over the vesting period. Previously Sodexo recognized a provision for the full amount whether or not they were vested.

The effects of the prospective application of this change in method, in compliance with the Recommendation 2009-R-01 of the CNC, were primarily a release of the provision for shares to be acquired and the provision on treasury shares (58.7 million euro as of August 31, 2008), in the amount of 26.4 million euro in order to value the Company obligation with respect to stock option grants in conformity with the new method described above.

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.

2.1.1 Intangible assets

Software is amortized over four to five years, depending on its useful life.

2.1.2 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%

2.1.3 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, Sodexo 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 (excluding treasury shares)

Marketable securities are carried at acquisition cost, with any unrealized losses covered by a provision for impairment.

2.4 Treasury shares

When it is considered probable that resources will be used to satisfy stock option obligations, the risk is provisioned pro rata over the vesting period. In certain cases, this provision reflects whether or not treasury shares have been allocated to stock option plans.

Treasury shares directly allocated to stock option plans granted to employees are recognized in marketable securities and are accounted for as follows:

- If the exercise price of the options is less than the market price of the shares as of the closing date, a provision is recognized over the vesting period of the options for the difference between the acquisition cost of the shares and the exercise price.

- If the exercise price of the options is higher than the market price of the shares as of the closing date, or if the shares have not been allocated to a plan, the shares are evaluated at the lower of the average purchase price and the average market price for the preceding month.

Treasury shares acquired for cancellation purposes are recognized in other financial assets and are not provisioned.

2.5 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.

2.6 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.

2.7 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

(in thousands of euro)	Fiscal 2009	Fiscal 2008
Revenues by business activity		
On-Site Service Solutions	22,826	22,998
Holding company services	49,230	18,978
TOTAL	**72,056**	**41,976**
Revenues by geographic region		
France	62,560	31,496
French overseas departments and territories	9,496	10,480
TOTAL	**72,056**	**41,976**

4. FINANCIAL INCOME AND EXPENSE, NET

(in thousands of euro)	Fiscal 2009	Fiscal 2008
Dividends received from subsidiaries and equity investments	314,231	231,246
Interest income	39,032	29,160
Interest expense	(130,170)	(103,976)
Net foreign exchange gain/(loss)	(1,388)	(1,467)
Net change in provisions for financial items	2,785	(14,490)
Other items	(1,491)	
TOTAL	**222,999**	**140,473**

5. EXCEPTIONAL ITEMS, NET

(in thousands of euro)	Fiscal 2009	Fiscal 2008
Net change in provision for negative net assets of equity investments	(96)	(12,367)
Net expense on treasury shares and commitments under stock option plans	6,315	(4,687)
Net change in other provisions for contingencies and losses	(2,411)	(842)
Net increase in provisions for tax losses reclaimable by subsidiaries included in group tax election	(7,454)	(4,216)
Net loss on asset disposals	1,919	6,913
Other items		(7)
TOTAL	**(1,727)**	**(15,206)**

The net gain of 6,315 thousand euro on treasury shares and purchase commitments for stock option plans comprises:

- the provision for stock options: 169 thousand euro;
- the release of the provision for Sodexo SA shares to be acqujred: 19,270 thousand euro;
- the release of the impairment provision on treasury shares of 7,185 thousand euro;
- the loss on stock options for 19,971 thousand euro.

6. ANALYSIS OF INCOME TAX EXPENSE

(in thousands of euro)	Pre-tax income	Income taxes	After-tax income
Operating income	109,625	(37,852)	71,773
Financial income and expense, net	222,999	27,502	250,501
Exceptional items, net	(1,727)	28,332 (1)	26,605
TOTAL	**330,897**	**17,982**	**348,878**

(1) This amount includes the 19,169 thousand euro tax gain arising from the French group tax election.

7. FIXED ASSETS

(in thousands of euro)	Gross value: August 31, 2008	Additions in the period	Decreases in the period	Gross value: August 31, 2009	Net value: August 31, 2009
Intangible assets	4,877	9,161	193	13,845	11,898
Property, plant and equipment	14,562	2,774	3,625	13,711	9,615
Financial investments					
• Equity investments	4,175,024	449,007	13,541	4,610,490	4,525,020
• Receivables related to equity investments	161,202	334,407	36,319	459,290	459,290
• Other financial assets	46,647	19,666	47,153	19,160	18,907
Total financial investments	**4,382,873**	**803,080**	**97,013**	**5,088,940**	**5,003,218**
TOTAL FIXED ASSETS	**4,402,313**	**815,015**	**100,831**	**5,116,496**	**5,024,731**

Equity investments

Companies created and acquired

The shares of Score Groupe, a leading independent foodservices company in France, was acquired for 148 million euro.

An investment of 178 million euro was made in order to acquire Zehnacker, the leader in comprehensive service solutions in the Healthcare segment in Germany.

The amounts shown here include costs incurred in the purchase of the shares.

The acquisition of the RKHS group, one of the foremost players in foodservices in the Indian market, has strengthened Sodexo's position in India.

8. DEPRECIATION AND AMORTIZATION

(in thousands of euro)	Accumulated amortization: August 31, 2008	Increases in the period	Decreases in the period	Accumulated amortization: August 31, 2009
Intangible assets	1,617	441	111	1,947
Property, plant and equipment	5,281	2,326	3,512	4,095
TOTAL	**6,898**	**2,767**	**3,623**	**6,042**

9. AMOUNTS AND MATURITIES OF RECEIVABLES AND OTHER ASSETS

(in thousands of euro)	Gross value	Less than 1 year	More than 1 year	Amortization and provisions	Carrying amount
Equity investments	4,610,490		4,610,490	85,470	4,525,020
Receivables related to equity investments	459,290	341,501	117,789		459,290
Other financial investments	19,160		19,160	253	18,907
Total financial investments	**5,088,940**	**341,501**	**4,747,439**	**85,723**	**5,003,217**
Accounts receivable	70,264	70,624		2,977	67,287
Prepaid expenses, other receivables & other assets	42,016	527	41,489	950	41,066
Total receivables	**112,280**	**70,791**	**41,489**	**3,927**	**108,353**
TOTAL	**5,201,220**	**412,292**	**4,788,928**	**89,650**	**5,111,570**

There are no securitized trade assets.

10. PROVISIONS

(in thousands of euro)	Amount as of August 31, 2008	Increases and charges in the period	Decreases, releases and reclassifications in the period	Amount as of August 31, 2009
Provisions for contingencies and losses	113,526	16,405	45,532	84,399
Provisions for impairment				
• financial investments	77,910	10,024	2,212	85,722
• current assets	3,925	21	20	3,926
Total provisions for impairment	**81,835**	**10,045**	**2,232**	**89,648**
TOTAL	**195,361**	**26,450**	**47,764**	**174,047**
Comprising				
• operating items		870	663	
• financial items		15,252	18,038	
• exceptional items		10,328	29,063	

Provisions for contingencies and losses

As of August 31, 2009, the main provisions for contingencies and losses were:

- provision for tax losses reclaimable by subsidiaries included in group tax election: 27,940,826 euro;
- provision for obligation with respect to stock option grants: 32,177,013 euro;
- risks related to negative net assets of subsidiaries: 17,736,433 euro;
- provision for currency translation loss: 5,228,196 euro.

11. MARKETABLE SECURITIES

(in thousands of euro)	Gross value August 31, 2009	Net value August 31, 2009	Net value August 31, 2008
Money-market mutual funds	0	0	119,500
Treasury shares	90,169	90,169	111,782
Cash under Oddo liquidity contract	0	0	0
Total	90,169	90,169	231,282

12. TREASURY SHARES

MOVEMENTS IN TREASURY SHARES DURING THE PERIOD

(in thousands of euro)	Marketable securities	Other financial investments
Number of shares held		
September 1, 2008	2,151,175	1,187,887
Acquisitions	383,000	0
Disposals	644,231 (1)	1,187,887 (2)
August 31, 2009	1,889,944	0
Gross value of shares held		
September 1, 2008	111,782	45,481
Acquisitions	13,947	0
Disposals	35,560	45,481
August 31, 2009	90,169	0

(1) Disposals of marketable securities were made within the framework of the exercise of stock options granted to employees in prior years.
(2) Where other financial investments are concerned, the 383,000 shares held under the liquidity provision contract with ODDO were sold in Fiscal 2009 and the 804,887 treasury shares in the process of cancellation were canceled in the course of the year.

13. SHAREHOLDERS' EQUITY

13.1 Issued capital

Pursuant to the decision of the Board of Directors on September 9, 2008, the issued capital of Sodexo was reduced through the cancellation of 804,887 treasury shares.

This was followed by a capital increase reserved for employees on September 18, 2008 through the issuance of 577,630 new shares.

As of August 31, 2009, common stock totaled 628,528,100 euro and comprised 157,132,025 shares, including 33,379,994 carrying double voting rights.

13.2 Changes in shareholders' equity

(in thousands of euro)

Shareholders' equity at end of previous fiscal year	2,578,485
Dividends approved by Annual Shareholders' Meeting and paid	(199,558)
Dividends on treasury shares	2,991
Net income for the fiscal year	348,879
Restricted provisions	2,407
Capital increase in connection with the International Employee Share Purchase Plan (net of costs)	17,967
Other (cancellation of treasury shares)	(31,566)
SHAREHOLDERS' EQUITY AT END OF FISCAL YEAR	**2,719,605**

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 *(in thousands of euro)*	Gross amount	Less than 1 year	1 to 5 years	More than 5 years
Bond issues	1,421,801	41,801	500,000	880,000
Bank overdrafts	1,000	1,000		
Borrowings from related companies	28,682	432	28,250	
Other borrowings	845,420	377,695	215,484	252,241
Sub-total: borrowings	**2,296,903**	**420,928**	**743,734**	**1,132,241**
Accounts payable	17,969	17,969		
Other liabilities	116,025	97,808		18,217
TOTAL	**2,430,897**	**536,705**	**743,734**	**1,150,458**

There are no bills of exchange included in payables.

15. BOND ISSUES AND OTHER BORROWINGS

15.1 880 million euro bond issue

On January 30, 2009, Sodexo SA issued new bonds for 650 million euro maturing on January 30, 2015 and carrying annual interest of 6.25%.

On June 24, 2009, a 230 million euro complement to this bond issue raised its nominal amount to 880 million euro.

These bonds do not have any financial covenants.

15.2 500 million dollars bond issue

This private placement bond issue subscribed on September 29, 2008 by U.S. investors comprises three tranches:

- tranche A - 5 years - 140 million USD – interest at 5.69%;
- tranche B - 7 years - 290 million USD – interest at 5.99%;
- tranche C - 10 years - 70 million USD – interest at 6.43%.

This bond issue carries two financial covenants related to the Group's financial performance:

- net debt (excluding restricted cash in the Motivation Solutions activity) no higher than 3.5 times EBITDA (operating profit plus amortization and depreciation) for the past 12 months;
- net assets restated for cumulative currency translation effects since August 31, 2007 not lower than 1.3 billion euro.

The Group was in compliance with these ratios as of August 31, 2009.

15.3 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.

This bond issue is not subject to any financial covenants.

15.4 Repayment of 1999 and 2002 bond issues

On March 16 and 25, 2009 Sodexo SA reimbursed bonds issued in March 1999 and March 2002, respectively for a total of 1.3 billion euro.

15.5 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, 2009, total drawings on this facility amounted to 250 million euro and 160 million USD.

This credit facility is not subject to any financial covenants, but requires the borrower to comply with the standard clauses usually 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.

16. ACCRUED EXPENSES

(in thousands of euro)	
Borrowings	57,069
Accounts payable	9,093
Tax and employee-related liabilities	14,634
TOTAL	**80,796**

17. FINANCE LEASES

(in thousands of euro)	Buildings	Other property, plant and equipment	Total
Original cost	10,054	1,359	11,413
Acquisitions			
Retirements	(9,773)	(603)	(10,376)
TOTAL	**281**	**756**	**1,037**
Depreciation			
Accumulated depreciation at start of period	9,824	964	10,789
Retirements	(9,641)	(472)	(10,113)
Charge for the period	183	493	676
TOTAL	**98**	**263**	**360**
Lease payments			
Accumulated lease payments at start of period	13,701	1,111	14,812
Retirements	(13,478)	(510)	(13,988)
Lease payments made in the period			
TOTAL	**223**	**601**	**824**
Outstanding lease obligations			
Within no more than 1 year	47	127	174
Within more than 1 year but no more than 5 years	47	127	174
After more than 5 years			
TOTAL	**94**	**254**	**348**
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	**47**	**127**	**174**

18. RELATED PARTY INFORMATION

(in thousands of euro)	Subsidiaries	Associates	Unrelated investees
Assets – Gross values			
Equity investments	4,609,333	1,157	
Receivables related to equity investments	459,290		
Other investment securities			253
Advances to suppliers			
Accounts receivable	40,514		
Other operating receivables			
Due from related companies	17,972		
Non-operating receivables			
TOTAL	**5,127,109**	**1,157**	**253**
Liabilities			
Advances from clients	30		
Accounts payable	6,669		
Other operating liabilities			
Due to related companies	31,164		
TOTAL	**37,863**		
Income statement			
Financial income	348,723		1,974
Financial expenses	13,539		

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

19.1 Commitments made by Sodexo SA

(in thousands of euro)	August 31, 2009	August 31, 2008
Performance bonds given to Sodexo Group clients	508,648	503,127
Financial guarantees to third parties	485,697	539,405
Retirement benefit commitments	1,943	1,838
Other commitments	60,232	64,355

Virtually all financial guarantees to third parties relate to loans to Sodexo SA subsidiaries.

New 12-year leases signed on October 19, 2006 in connection with the move to the Group's new headquarters in Issy-les-Moulineaux in 2008 increased commitments for office leases by 55 million euro.

19.2 Commitments received by Sodexo SA

(in thousands of euro)

August 31, 2009	August 31, 2008
1,280,669	1,777,827

Sodexo, Inc. has counter-guaranteed Sodexo SA's borrowings.

19.3 Financial instrument commitments

Sodexo SA contracted new financial instrument commitments during Fiscal 2009. 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, 2009
Cross currency swap contracted to hedge a loan to Sodexo, Inc.	February 2008	February 2012	70,000,000 USD	4.23%	0.57%	3,122,526
Currency swaps	August 2009	September 2009	96,000,000 USD	0.30%	0.26%	164,507

20. PRINCIPAL FUTURE ADJUSTMENTS TO THE TAX BASIS

(in thousands of euro)

Increases	
Unamortized deferred charges	0
Exceptional amortization	3,720
Reductions	
Provision for employment tribunal risks	126
Other non-deductible provisions, including organic provisions	266

The future tax liability related to this unrealized tax difference amounts to 1,146 thousand euro.

21. RETIREMENT BENEFIT COMMITMENTS

21.1 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 521 thousand euro.

21.2 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 1,422 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, 2009 the number of hours available was approximately 12,583.

23. DIRECTORS’ FEES

Directors’ fees paid to Board members in Fiscal 2009 totaled 501 thousand euro.

24. GROUP TAX ELECTION

24.1 Gain arising from group tax election

Sodexo recognized a gain of 19,169 thousand euro from the Group tax election for Fiscal 2009. 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.

24.2 Tax losses reclaimable as of August 31, 2009

The amount of potentially reclaimable tax losses as of August 31, 2009 was 81,153 thousand euro. The provision as of that date (using a rate of 34.43%) was 27,941 thousand euro.

The balance of losses generated by subsidiaries that operate as holding companies (and hence that cannot be restituted) was 136,984 thousand euro.

25. AVERAGE NUMBER OF EMPLOYEES

Managerial	174
Supervisory	28
Other	44
Apprentices	2
TOTAL	**248**

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, Marseilles, France.

27. POST-BALANCE SHEET EVENTS

There were no significant post-balance sheet events.

28. LIST OF SUBSIDIARIES AND OTHER EQUITY INVESTMENTS

(in thousands of euro)	Capital	Other shareholders' equity	Percentage interest in capital	Book value of investment gross	Book value of investment net	Loans and advances granted, net	Guarantees given	Revenues for most recent fiscal year	Net income for most recent fiscal year	Dividends received during the fiscal year
Detailed information										
French subsidiaries										
Score Groupe	10,069	28,931	100.00%	148,455	148,455			0	(5,677)	
Sodexo Pass International	157,780	0	93.46%	147,458	147,458	117,390		0	68,525	46,818
Holding Sogeres	6,098	4,919	100.00%	104,702	104,702			0	5,711	3,000
Sofinsod	21,283	47,766	100.00%	72,460	72,460			0	15,365	16,465
Sodexo Amecaa	31,712	0	100.00%	31,400	31,400		3,503	0	(3,705)	
Sodexo Grande Chine	13,910	0	99.60%	13,855	5,685			0	(4,043)	
France Entreprise (SFR)	10,643	314	93.49%	12,553	12,553			485,445	6,681	11,318
Gardner Merchant Group SA	34,330	0	100.00%	12,348	12,348			6	1,039	
SFRS	1,899	1,011	86.20%	9,649	9,649		2,140	212,524	317	3,809
OCF	516	0	100.00%	9,200	9,200			934	(5,009)	
Sodexo Facilities Management	8,016	0	100.00%	8,016	8,016			39,943	2,324	3,557
Sodexo IS&T	6,500	0	100.00%	6,500	6,500			0	1,899	
French equity investments										
Sogeres	1,986	7,069	37.05%	72,567	72,567			410,843	8,116	3,510
Foreign subsidiaries										
Sodexo, Inc.	105	1,687,158	100.00%	2,377,539	2,377,539	323,074	423,600	5,363,400	116,575	127,716
Sodexo Holdings LTD	354,910	227,885	100.00%	751,028	751,028			0	53,183	34,075
Sodexo BV & CO KG (member of Zehnacker Group)	194	192,527	89.62%	177,712	177,712			0	(4,857)	
RKHS	716	0	100.00%	97,747	97,747			24,538	4	
Sodexo Scandinanvian	51,864	0	100.00%	86,089	86,089		7,339	0	570	
Compagnie Financiere Aurore International	58,010	0	100.00%	68,918	68,918			0	8,266	
Circles	17,855	0	10.00%	51,316	51,316			0	(1,825)	
Sodexo Awards	14	54,639	100.00%	45,684	5,318			0	1,188	
Sodexo Australia	27,954	7,950	100.00%	36,378	36,378		16,270	63,033	(4,294)	
Sodexo Rose	33,352	0	100.00%	32,877	32,877			0	268	3,050
Sodexo Belgium	4,299	5,081	73.74%	26,887	26,887			264,750	7,670	5,432
Sodexo España	3,467	2,464	98.86%	26,804	26,804			149,450	3,278	2,899

(in thousands of euro)	Capital	Other shareholders' equity	Percentage interest in capital	Book value of investment gross	Book value of investment net	Loans and advances granted, net	Guarantees given	Revenues for most recent fiscal year	Net income for most recent fiscal year	Dividends received during the fiscal year
Sodexo Venues Australia	17,971	3,800	100.00%	21,729	4,873			0	0	
Sodexo Chile	11,005	0	99.61%	10,911	10,911			173,326	1,563	
Kalyx	17	0	100.00%	9,430	9,430		84,870	108,953	10,356	5,010
Sodexo Mexico	8,033	0	100.00%	8,673	8,673			26,138	250	
Sodexo India	5,094	0	100.00%	7,344	7,344			0	(4)	
Sodexo Italia	1,898	89	100.00%	7,029	7,029			428,785	6,497	6,977
Foreign investments										
Sodexo GMBH	308	307,384	37.37%	38,702	38,702			0	(158)	
Aggregate information										
Other French subsidiaries				23,201	15,039	598	1,882			16,837
Other foreign subsidiaries				54,387	42,877	7,349	26,111			32,779
Other French equity investments				415	9					181
Other foreign equity investments				528	528					941
TOTAL				**4,610,490**	**4,525,020**	**448,411**	**565,714**			**323,872**

STATUTORY AUDITORS' REPORT ON THE INDIVIDUAL COMPANY FINANCIAL STATEMENTS

For the year ended August 31, 2009

To the shareholders

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

Ladies and Gentlemen,

In compliance with the assignment entrusted to us by your General Meeting, we hereby report to you, for the year ended August 31, 2009, 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 involves performing procedures, on a test basis or by selection, to obtain audit evidence about the amounts and disclosures in the financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit 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, 2009, and of the results of its operations for the year then ended in accordance with the accounting rules and principles applicable in France.

Without qualifying our opinion, we draw your attention to the matter set out in the note 2 of the financial statements regarding the change in accounting principle and related implications on the financial statements resulting from the application of the "*avis n° 2008-17 du Conseil National de la Comptabilité*" and of the "*règlement 2008-15 du Comité de Réglementation Comptable,*" both are related to the accounting treatment of stock option plans.

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:

- Change in accounting principle:

  As part of our consideration of the accounting principles used by the Company, we have assessed the reasonableness of the change in accounting principle described above and its correct disclosure as set out in the note 2 of the financial statements.

- Accounting estimate:

  Your Company has valued its financial investments in accordance with the accounting principles set out in note 2.1 "Summary of significant accounting policies" in the notes to the financial statements. Our procedures consisted in reviewing, on a test basis, the data and assumptions used for the determination of the values in use 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.

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 have verified that the management report contains the appropriate disclosures regarding acquisitions of investments and controlling interests and reciprocal shareholding and the identity of shareholders.

Neuilly-sur-Seine and Paris La Défense, November 9, 2009

The Statutory Auditors

PricewaterhouseCoopers Audit	**KPMG Audit**
	Department of KPMG S.A.
Louis-Pierre Schneider	Isabelle Allen

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, 2009

To the shareholders

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

Ladies and Gentlemen,

In our capacity as statutory auditors of your Company, we hereby present our report on the regulated agreements and commitments.

1. Agreements and commitments entered into by the Company during the financial year 2009 and subject to the approval of your Annual Shareholders' Meeting

In accordance with article L.225-40 of the Commercial Code (*Code de Commerce*) we have been notified 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 may exist but to inform you, on the basis of the information provided to us, of the key terms and conditions of those agreements and commitments of which we were notified. We are not expected to determine whether they are useful or appropriate. It is your responsibility, under the terms of article R.225-31 of the French Commercial Code, to assess the purpose sought from the signing of these agreements and commitments prior to their approval.

We conducted our work in accordance with the professional standards applicable in France for this mandate; those standards require that we perform the procedures deemed necessary to verify that the information provided to us is consistent with the underlying documentation from which it was extracted.

Transactions on Chefa shares

On May 14, 2009, through its 100% subsidiary Sofinsod S.A.S, Sodexo S.A.acquired 16,9% of the shares in Chefa Ltd from two Israeli shareholders. This company is providing catering services in Israel.

In order to further reinforce its investment in Chefa Ltd, Sofinsod S.A.S acquired on July 29, 2009, all the Chefa Ltd shares owned by Baumira S.A.R.L company (a 100% subsidiary of Bellon S.A.), representing 32.6% of the Chefa share capital. The purchase price amounted to approximately 3.2 M€ and was based on the same valuation as the transaction concluded on May 14, 2009.

As a result, Sofinsod S.A.S. owned 49.5% of the capital in Chefa Ltd, the two Israeli shareholders owned 49.9% and Mr. Rémi Baudin owned 0.6%. On August 31, 2009, Mr. Rémi Baudin concluded with Sofinsod S.A.S. a cross call option (exercisable at any date before July 2016) and a cross put option (exercisable in July 2016 only), covering all the Chefa shares Mr. Rémi Baudin was owning.

As Pierre Bellon, Rémi Baudin, Bernard Bellon, François-Xavier Bellon, Sophie Clamens, Nathalie Szabo and Astrid Bellon are directors of both Sodexo S.A. and Bellon S.A., and since both of these companies have an indirect interest in the operations described above, the conclusion of these transactions between Sofinsod S.A.S. and Baumira S.A.R.L. on one hand, and Sofinsod S.A.S. and Mr. Rémi Baudin, on the other hand, was submitted for preliminary approval by the Board of Directors on July 8, 2009, in accordance with article L.225-38 of the French Commercial Code.

2. Continuing agreements and commitments previously approved

Moreover, in accordance with the French Commercial Code, we have been informed of the continued execution of the following agreements and commitments during the last financial year, which have been previously approved:

- Contract for assistance and advisory services between Bellon S.A. and Sodexo S.A., whereby Pierre Bellon, Rémi Baudin, Bernard Bellon, François-Xavier Bellon, Sophie Clamens, Nathalie Szabo and Astrid Bellon are directors of both these companies. For the year ended August 31, 2009, Bellon S.A. invoiced Sodexo S.A. an amount of 6,764,500 euros excluding VAT.
- Commitments given to Mr. Michel Landel, Chief Executive Officer

  In the event of the termination of his appointment as Chief Executive Officer (excluding for reasons of resignation or retirement, and barring revocation for serious misconduct or gross negligence), Mr. Michel Landel 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 is subject to the achievement of an annual growth in the consolidated operating result of the Sodexo Group, at constant consolidation scope and exchange rates, equal to or greater than 5% for each of the three financial years preceding the termination of his appointment. This undertaking given by Sodexo S.A. was approved by your Annual Shareholders' Meeting on January 19, 2009.

  Bellon S.A. has committed to grant Mr. Michel Landel the benefits of the Sodexo Group executive retirement benefit plan, in addition to his standard retirement benefit entitlement. In respect of the financial year 2009, an expense of 152,621 euros was recorded for this plan and the total commitment to Mr. Michel Landel amounted to 1,147,860 euros as at August 31, 2009.

Neuilly-sur-Seine and Paris La Défense, November 9, 2009

The Statutory Auditors

PricewaterhouseCoopers Audit	**KPMG Audit** *Department of KPMG S.A.*
Louis-Pierre Schneider Partner	Isabelle Allen Partner

This is a free translation into English of the statutory auditors' report issued in the French language, which 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 2009 [1]	Fiscal 2008	Fiscal 2007	Fiscal 2006	Fiscal 2005
Capital at end of period					
Issued capital	628,528,100	629,437,128	636,105,652	636,105,652	636,105,652
Number of ordinary shares outstanding	157,132,025	157,359,282	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	72,056,382	41,976,277	39,020,200	42,117,334	43,188,837
Earnings before income tax, employee profit-sharing, depreciation, amortization and provisions	314,763,639	173,568,558	142,738,625	109,457,262	81,909,782
Income tax	17,981,642	28,984,831	34,627,337	19,431,725	14,468,156
Employee profit-sharing			-	-	-
Earnings after income tax, employee profit-sharing, depreciation, amortization and provisions	348,878,824	174,115,194	135,978,445	113,759,209	77,098,733
Dividend payout	199,557,672	199,557,671	182,880,375	151,075,092	119,269,810
Per share data					
Earnings after income tax and employee profit-sharing but before depreciation, amortization and provisions	2.11	1.29	1.12	0.81	0.61
Earnings after income tax, employee profit-sharing, depreciation, amortization and provisions	2.22	1.11	0.86	0.72	0.48
Net dividend per share	1.27	1.27	1.15	0.95	0.75

(in euro)	Fiscal 2009 (1)	Fiscal 2008	Fiscal 2007	Fiscal 2006	Fiscal 2005
Employee data					
Average number of employees during the fiscal year	248	231	198	176	259
Salary expense for the fiscal year	21,039,372	19,016,424	14,930,987	13,535,263	11,348,563
Social security and other employee benefits paid during the fiscal year	9,319,716	10,520,885	7,472,219	5,823,051	4,984,400

(1) Subject to approval by the Annual Shareholders' Meeting to be held on January 25, 2010.

2. APPROPRIATION OF EARNINGS

(in thousands of euro)	Fiscal 2009 (1)	Fiscal 2008	Fiscal 2007	Fiscal 2006	Fiscal 2005
Net income	348,879	174,115	135,978	113,759	77,098
Retained earnings	512,156	532,971	577,832	613,189	653,290 (2)
Retained earnings (3)	2,991	3,961	2,040	1,959	2,070
Transfer to legal reserve	0	666	0	0	0
Transfer to long-term capital gains reserve	0	0	0	0	0
Transfer from long-term capital gains reserve	0	0	0	0	0
Distributable earnings	**864,026**	**711,713**	**715,850**	**728,907**	**732,458**
Net dividend	199,558	199,557	182,880	151,075	199,270
Reserves	0	0	0	0	0
Retained earnings	664,468	512,156	532,971	577,832	613,188
Number of shares outstanding	**157,132,025**	**157,359,282**	**159,026,413**	**159,026,413**	**159,026,413**
Number of shares entitled to dividend	**157,132,025**	**157,132, 025** (4)	**159,026,413**	**159,026,413**	**159,026,413**
Earnings per share *(in euro)*	**2.22**	**1.11**	**0.86**	**0.72**	**0.48**

(1) Subject to approval by the Annual Shareholders' Meeting to be held on January 25, 2010.
(2) Change in accounting method relating to the recognition of a provision in the parent company books benefiting from the group tax regime. Impact on opening shareholders' equity: 9,110 thousand euro.
(3) Dividends on 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, 2009
	I) SUBSIDIARIES AND EQUITY INVESTMENTS	
	1- FRENCH COMPANIES	
	**** Subsidiaries**	
100,690,905	SCORE GROUPE	148,454,727
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	France ENTREPRISE (SFR)	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
500,982	SODEXO FACILITIES MANAGEMENT	8,015,712
1,625,000	SODEXO IS & T	6,500,000
13,854,658	SODEXO GRANDE CHINE	5,684,658
338,698	ONE SCA	3,386,980
139,618	S.F.S	2,377,241
2,250,000	ONE SAS	2,250,000
	OTHER: carrying amount < €2,000,000 individually	7,024,480
	**** Equity investments**	
45,998	SOGERES	72,566,845
	OTHERS: carrying amount < €2,000,000 individually	9,329
	TOTAL – FRENCH COMPANIES	**656,040,436**
	2- FOREIGN COMPANIES	
	**** Subsidiaries**	
195	SODEXO, INC.	2,377,539,202
513,646,471	SODEXO HOLDINGS LTD	751,028,037
3,454,420	SODEXO BV & CO KG (MEMBER OF ZEHNACKER GROUP)	177,711,522
5,000,000	RKHS	97,746,630
5,300,000	SODEXO SCANDINAVIAN	86,089,349
136,607	COMPAGNIE FINANCIERE AURORE INTERNATIONAL	68,918,257
20,100	CIRCLES	51,315,992
62,752	SODEXO AUSTRALIA	36,378,141
200	SODEXO ROSE	32,876,599
29,046	SODEXO BELGIQUE	26,887,366
11,407	SODEXO ESPAÑA	26,804,146

Number of shares		Carrying amount at August 31, 2009
50,700	SODEXO CHILE	10,910,841
15,000	KALYX	9,430,426
86,662,670	SODEXO MEXICO	8,672,833
35,550,102	SODEXO INDIA	7,343,516
1,898,000	SODEXO ITALIA	7,029,452
998,000	SODEXO AWARDS	5,317,641
3,000,000	RKHS FOOD	5,122,903
298,500	SODEXO OY	4,956,750
1,044,798	SODEXO ARGENTINE	4,911,585
37,200	SODEXO VENUES AUSTRALIA	4,872,577
495,499,996	SODEXO TOPLU YEMEK	4,466,910
8,355,292	SXO VENEZUELA ALIMENTACION Y SERVICIOS	2,416,870
45,000	AIMS CORPORATION	2,994,284
67,643	SODEXO POLSKA	2,037,782
	OTHERS: carrying amount < €2,000,000 individually	15,969,820
	**** Equity investments**	
3,737	SODEXO GMBH	38,701,811
	OTHERS: < €2,000,000 individually	528,463
	TOTAL – FOREIGN COMPANIES	**3,868,979,705**
	TOTAL – SUBSIDIARIES AND EQUITY INVESTMENTS	**4,525,020,141**
	II) OTHER INVESTMENT SECURITIES	
	Others: carrying amount < €2,000,000 individually	0
	TOTAL – OTHER INVESTMENT SECURITIES	0
	III) MARKETABLE SECURITIES EXCLUDING TREASURY SHARES	
	Others: carrying amount < €2,000,000 individually	0
	TOTAL – MARKETABLE SECURITIES EXCL. TREASURY SHARES	**0**

Employment and Environmental Information - Issuer

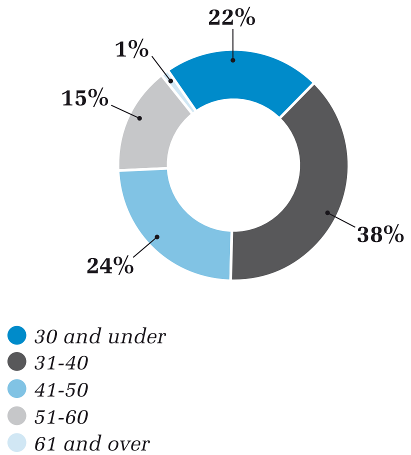
These disclosures relate to the employment and environmental impact of all of the activities of Sodexo SA in France and its Overseas Departments and Territories (DOM), as required by article L. 225-102-1 of the French Commercial Code.
Data relating to Group companies as a whole are disclosed on pages 203 through 214.

1. EMPLOYMENT INFORMATION

As of August 31, 2009, Sodexo SA employed 252 people, with the following breakdown by category:

	Managerial	Supervisory	Front-line	Total
Men	78	1	6	85
Women	107	35	25	167
TOTAL	**185**	**36**	**31**	**252**

66% of the Sodexo SA workforce are women. The breakdown by age group is as follows:



During Fiscal 2009, 50 staff were recruited on permanent contract, comprising 44 by direct recruitment, and 6 by conversion of fixed-term contracts into permanent contracts.

4.76% of the workforce was on fixed-term and temporary agency work accounts for only 0.27% of hours worked. In both cases, these are basically jobs designed to cope with spikes in workload.

During the fiscal year, 3 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 16 people, i.e., 5 managers, 4 supervisors and 7 front-line staff.

Altogether 1,247 hours of overtime were worked during the year, representing 0.31% of total hours worked.

The absenteeism rate was 2.97% 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	0	0	0	0
Number of days absence for sickness	213	230	452	895
Number of days absence for maternity	302	90	178	570
Number of days absence for other reasons (unpaid leave, authorized paid leave)	67	27	364	458
TOTAL	**582**	**347**	**994**	**1,923**

Average annual salaries for the fiscal year:

Average annual salary in euro	Managers	Supervisors	Front-line staff
Men	126,192	NC*	27,496
Women	78,941	36,447	28,209

* *Not communicated, as there is only one employee in this category.*

Sodexo SA did not make any payment into an employee profit-sharing plan during the year.

The Health and Safety and Working Conditions Committee met four times in Fiscal 2009 and registered no work-related accidents entailing sick leave.

The frequency rate was 0, and the severity rating was 0.

Sodexo SA spent 1.6%* of its payroll on training, as follows:

	Managers	Supervisors	Front-line staff	Total
Number of hours training	3,471	1,000	95	4,566
Number of persons trained	110	19	66	195
Men (%)	35	0	2	20
Women (%)	65	100	98	80

* *Annual training filing.*

Sodexo SA spent 38,951 euro on finding work for the persons with disabilities and employs three disabled workers.

The company also paid 116,292 euro to the Works Council for staff social programs.

2. ENVIRONMENTAL INFORMATION (ISSUER)

As part of its commitment to sustainable development, Sodexo 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, travelling: 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.

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

- Staff members were given a PEFC wood tray to recycle 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 recyclable paper;
- Boxes have been installed in staff break areas to collect plastic bottle tops and batteries;
- Compostable biodegradable cups have replaced plastic cups;
- Ink cartridges are also being collected for submission for recycling by the manufacturer.

Consumption of electricity and water

ELECTRICITY

Fiscal 2009	2,334,494 kWh
Fiscal 2008	2,315,301 kWh
Fiscal 2007	1,766,632 kWh

The Headquarters transfer from Montigny-le-Bretonneux to Issy-les-Moulineaux took place in March 2008. Fiscal 2009 is the first full year in the new building, which is larger than the former and in which employees from various other sites have been included. Nevertheless, the consumption by square meter declined by 23% compared to the former site.

Other measures will be deployed during Fiscal 2010 in order to continue to improve energy savings:

Current measures to reduce energy consumption :

- separating heated from non-heated areas;
- use of special glass to reduce air conditioning costs;
- positioning desks to optimize natural lighting ;
- placing desks at a distance from glass surfaces and external walls to improve thermal comfort;
- using energy class A 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 3°C below the outside temperature with targets of 21°C in winter and 24°C in summer;
- regularly servicing all equipment and appliances (changing filters, cleaning, etc.);
- controlling lighting centrally;
- fitting energy-saving fluorescent tubes above desks and in desk lamps;

- using light hues for walls to optimize natural lighting;
- cleaning and servicing light bulbs and tubes annually;
- fitting occupancy detectors to reduce electric power consumption;
- for the future, a survey of consumption points will serve to optimize lighting level depending on needs.

WATER

Fiscal 2009	2,322 m^3
Fiscal 2008	2,804 m^3
Fiscal 2007	1,777 m^3

Water consumption by person during Fiscal 2009 declined by 36% compared to the previous fiscal year. Other measures will be deployed during Fiscal 2010 to continue improving water consumption.

Current measures to reduce water consumption:

- training cleaning personnel in eco-friendly methods of using less water;
- optimizing water temperature;
- optimizing water heater settings to shut down one hour before office 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.

09

Legal Information

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, save earlier extension or winding up."

The date of expiration of the company is December 30, 2073.

1.5 Corporate purpose (article 2 of the bylaws)

"*The objectives 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, as follows:*

- *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)

5629B.

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 midnight (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 (excerpt 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.

1.16 Modification of shareholders' rights

All modifications to share capital or voting rights attached to the shares therein are subject to legal requirements, as the by-laws do not contain specific provisions.

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
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 (Employee Stock Purchase 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 30, 2007, January 22, 2008, and January 19, 2009 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 (1)	€64 million (1)	January 22, 2008	March 22, 2010
• Issuance of debt securities giving access to Sodexo shares (1)	€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 (2)	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 (1) (2)	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 19, 2009	March 19, 2012 (2)
Issuance of shares by capitalization of earnings, reserves or additional paid-in capital (1)		January 22, 2008	March 22, 2010

(1) The Board of Directors will recommend that shareholders renew this authorization at the Annual Meeting on January 25, 2010 (see page 264 et seq. of this document).

UTILIZATION MADE OF DELEGATIONS DURING FISCAL 2009:

(2) Sodexo carried out a capital increase on September 18, 2008, reserved for the employees of French and non-French Group companies who are members of the "Sodexo with me" international employee saving plan, via the issuance of 577,630 new shares (representing 0.37% of the share capital).

(3) Stock options granted by the Board of Directors to Group employees and corporate officers are described in pages 75 et seq. of this document.

The other delegations were not utilized during Fiscal 2009.

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), each month Sodexo communicates to the AMF and publishes – notably on its website www.sodexo.com – the total number of voting rights and the number of shares comprising the issued capital of Sodexo, if these have changed relative to the previously published information.

2.4.1 Issued capital as of August 31, 2009

Sodexo had issued capital of 628,528,100 euro divided into 157,132,025 shares with a par value of 4 euro each, all fully paid and of the same class. Of these 157,132,025 shares, 33,379,994 carried double voting rights.

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.

The most recent Euroclear survey identified 850 registered shareholders and 25,842 holders of bearer shares.

2.4.2 Share ownership as of August 31, 2009

	Number of shares	% of share capital	Number of voting rights (1)	% of voting rights (1)
Bellon SA	59,252,063	37.71	83,407,240	43.78
Arnhold and S. Bleichroeder Advisers (2)	8,919,895	5.68	15,229,012	7.99
Caisse des Dépôts et Consignations (3)	4,095,853	2.61	5,145,421	2.70
Employees	1,676,263	1.07	2,540,665	1.33
Treasury shares	2,090,977	1.33	2,090,977	1.09
Public	81,096,974	51.60	82,098,704	43.10
TOTAL	**157,132,025**	**100.00**	**190,512,019**	**100.00**

(1) The Company bylaws confer double voting rights on shares that have been registered for more than four years. In addition, 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) Acting on behalf of its managed funds (including First Eagle Funds, Inc).
(3) Acting directly and indirectly via its Fonds Stratégique d'Investissement (FSI) subsidiary.

The corporate officers together held less than 0.5% of the Company's share capital directly.

The Company is not aware of any shareholder having increased its shareholding above any legal or statutory ownership level during Fiscal 2009.

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' agreement or other agreement which, if implemented, could result in a change of control of Sodexo.

2.4.3 Changes in share ownership during the last three fiscal years

	August 31, 2009		August 31, 2008		August 31, 2007	
Shareholder	% of capital	% of voting rights	% of capital	% of voting rights	% of capital	% of voting rights
Bellon SA	37.71	43.78	37.65	43.79	36.83	43.05
Arnhold and S. Bleichroeder Advisers	5.68	7.99	7.33	6.33	6.24	5.37
Caisse des Dépôts et Consignations	2.61	2.70	3.11	3.95	2.76	3.63
Employees	1.07	1.33	0.65	1.05	0.71	1.16
Treasury shares	1.33	1.10	2.31	2.01	1.94	1.67
Public	51.60	43.10	48.95	42.87	51.52	45.12

2.4.4 Buybacks, disposals and cancellations of Sodexo shares during Fiscal 2009

- At its September 9, 2008 meeting, the Board of Directors decided to apply the authorization given to it at the January 22, 2008 Combined Annual Meeting to reduce the share capital by canceling treasury shares representing up to 10% of the share capital per 24-month period. Accordingly, the Board of Directors decided to cancel 804,887 treasury shares (representing approximately 0.5% of the share capital) purchased in a series of transactions on the market in June and July 2008;
- At its meeting on March 10, 2009, the Board of Directors decided to implement the Company's share repurchase program pursuant to the authorization given to it at the January 19, 2009 Combined Annual Meeting;
- On May 5, 2009, Oddo Corporate Finance sold the remaining 383,000 shares in the liquidity account at the time of termination of the liquidity contract on July 13, 2008 and remitted to Sodexo the proceeds of this disposal, representing 13,946,945 euro, in compliance with the applicable regulations. Sodexo purchased this block of 383,000 shares (representing 0.24% of the share capital) over the counter, through Shelcher Prince Gestion, for 36.415 euro per share. Trading fees amounted to 6,672 euro;
- During Fiscal 2009, Sodexo transferred 639,474 shares in connection with the exercise of stock options. As of August 31, 2009 it directly held 1,894,701 of its own shares (representing 1.20% of the share capital) intended to cover the various stock options plans benefiting Group employees. Sodexo Awards (a wholly-owned subsidiary of Sodexo) transferred 102,868 shares, mainly in the form of American Depositary Receipts (ADR) upon exercise of stock options by Group employees in the United States. As of August 31, 2009 it directly held 196,276 Sodexo shares (representing 0.12% of the share capital) intended to cover the various stock options plans benefiting employees of Sodexo, Inc., within the framework of the assumption of the plans granted by Sodexho Marriott Services (SMS Plans) and assumed by Sodexo. The carrying value of the treasury shares portfolio amounted to around 101 million euro as of August 31, 2009;
- The Board of Directors will recommend to the Shareholders' Meeting of January 25, 2010 that it renew the authorizations given to the Board to repurchase the Company's shares and to reduce the share capital by cancelation of shares (see pages 263 and 264 of this document).

2.4.5 Management stock option plans

As of August 31, 2009, there were 6,172,826 unexercised stock purchase options reserved for Group employees and corporate officers, representing approximately 3.9% of the issued capital at that date. Of these options, 2,333,721 were exercisable as of August 31, 2009, each option giving the holder access to one Sodexo share if exercised (for further details, see page 75 et seq. of this document).

2.5 Employee share ownership

As of August 31, 2009, employees held 1.07% of the Company's share capital (approximately 89% of this figure held via FCPE funds).

2.5.1 Company employee savings plans

The various profit-sharing agreements in force allow employees of the Group's French subsidiaries to pay the amounts they receive in respect of these profit-sharing agreements into an employees' mutual fund invested in Sodexo shares, or into an escrow account. To qualify for favorable tax treatment, employees' cash or investments are subject to a five-year lock-up period.

2.5.2 International employee share purchase plan

An international share purchase plan created in 2008, allowed employees of French and foreign subsidiaries of the Group in more than 20 countries to subscribe to a special share capital issuance at a favorable share price. In connection with this plan, entitled "Sodexo with me," eligible employees were offered a choice of two formulas:

- the "Plus" plan allowed employees to invest up to 2.5% of their annual gross compensation and to benefit from a multiplier effect on the increase in the share price, or a guaranteed return in the absence of an increase in the share price;

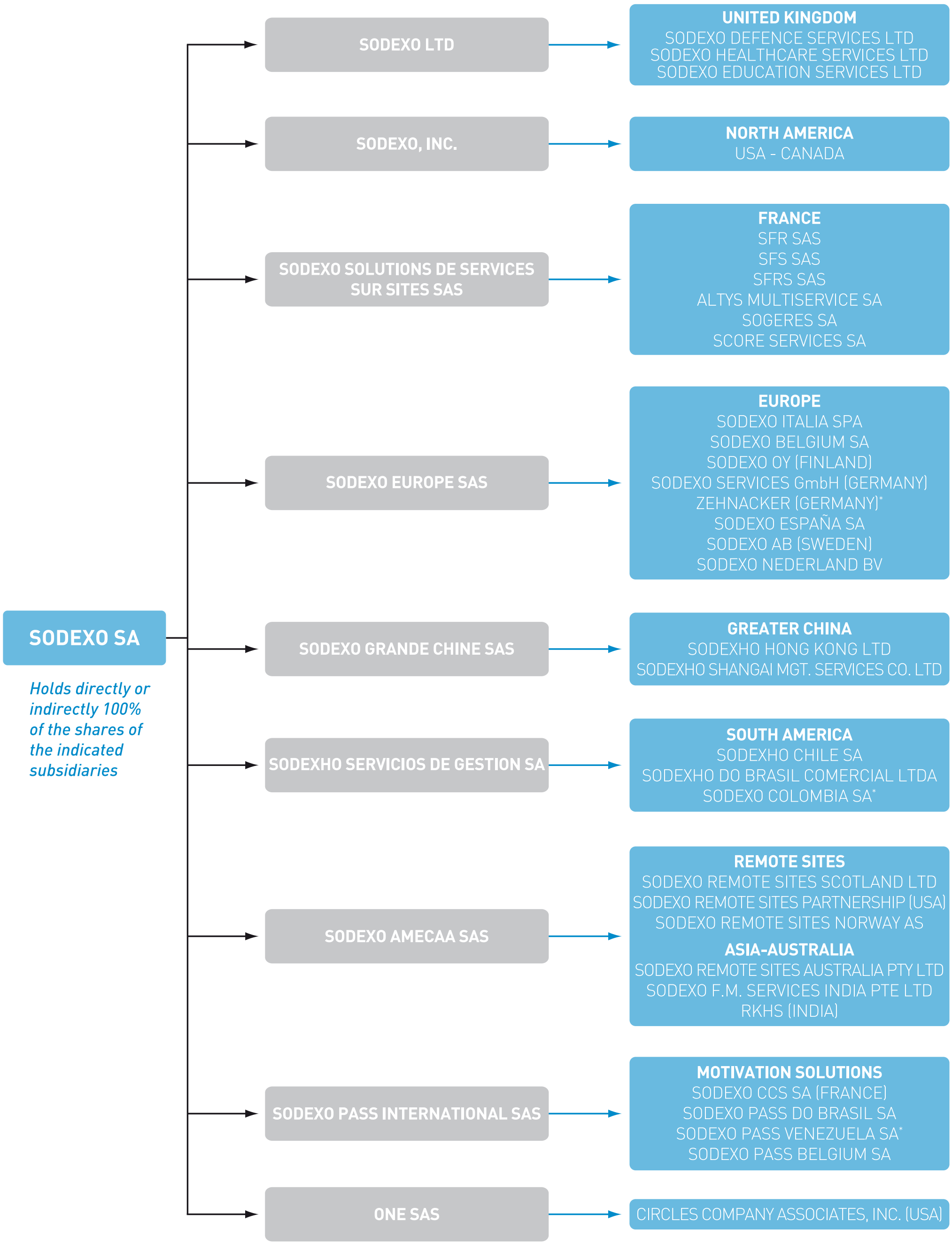
- the "Classic" plan allowed employees to invest up to 25% of their annual gross compensation and to receive all of any increase in Sodexo's share price, while assuming the risk of any fall in the share price.

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.

On September 18, 2008, the Chief Executive Officer recognized the subscription of 577,630 new shares in connection with the "Sodexo with me" plan.

Since 2006, employees of the Group's North American subsidiaries have been able to invest between 1% and 8% of their annual gross compensation in the Company's shares via an Employee Share Purchase Plan. Participating employees qualify for a 10% discount on the share price. If they sell these shares within a period of two years, they are required to repay the amount of the discount they received. The employees concerned did not participate in the 2008 International Employee Share Purchase Plan.

→ Condensed Group Organizational Chart



→ Shareholding
→ Management

* Subsidiaries majority held by Sodexo SA

The operational subsidiaries indicated for each geographic area or activity are those with the highest revenues as of August 31, 2009.

10

Combined Annual Shareholders' Meeting, January 25, 2010

Board Report

Presentation of Resolutions submitted to the Combined Annual Shareholders' Meeting, January 25, 2010

1. ORDINARY BUSINESS

Adoption of the annual and consolidated financial statements (1st resolution)

The Board of Directors is requesting the Shareholders' Meeting to adopt, for Fiscal 2009, the individual company financial statements of Sodexo showing net income of 349 million euro and the consolidated financial statements of the Group showing consolidated net income, Group share of 393 million euro.

Appropriation of net income for the fiscal year and dividend (2nd resolution)

This resolution relates to appropriation of net income for Fiscal 2009 and the distribution of a dividend. 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, as for the previous year. The dividend will become payable as of February 8, 2010. Specifically, shares not entitled to the distribution of dividends will be as of February 3, 2010 (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 February 5, 2010 (the record date).

Regulated agreements (3rd resolution)

The Third Resolution seeks approval by the Shareholders' Meeting, pursuant to article L. 225-38 of the French Commercial Code, of regulated agreements for Fiscal 2009, which are described in a Special Report of the Auditors presented on page 236 of this document.

Directors' fees (4th 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 2010 at 530,000 euro, as for the previous year.

Purchase by the Company of its own shares (5th 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 19, 2009.

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: 70 euro;
- total maximum amount: 750 million euro;
- the program can be carried out at any time except when a public tender offer is underway, subject to the limits stipulated in the relevant laws and regulations, and can be carried out by any means.

Details of the purposes of the share repurchase program are provided in the resolutions submitted to the Shareholders' Meeting.

2. EXTRAORDINARY BUSINESS

Reduction of the issued capital through the cancellation of treasury shares (6th resolution)

The Board of Directors is proposing to the Shareholders' Meeting to renew the authorization to reduce the share capital through the cancellation of some or all of the shares purchased under the Company's share repurchase program, up to a maximum (per 24 month period) of 10% of the total number of shares as of the date of the Shareholders' Meeting.

This authorization would be valid for 26 months and would replace the authorization of the same type given by the Shareholders' Meeting of January 19, 2009.

Increase of issued capital with maintenance of preferential subscription rights and by capitalization of premiums, reserves or profits (7th and 8th resolutions)

The Board of Directors is proposing to the Shareholders' Meeting to renew the authorization given to it to act in the best interests of the Company, to decide when appropriate and on the most appropriate terms and conditions (in light of opportunities arising on the financial markets) to increase the permanent capital of the Company. The authorization given under the 7th resolution will enable the Board of Directors to decide to increase the issued capital, on one or more occasions, maintaining the shareholders' preferential subscription rights, via the issuance of ordinary shares, warrants and/or securities giving immediate or future access to Company's shares, within the following limits:

- the maximum nominal amount of the capital increases that may be carried out shall not exceed 63 million euro (equivalent to approximately 10% of the issued capital);
- the total nominal amount of securities representing claims on the Company that may be issued shall not exceed 750 million euro.

The authorization given under the 8th resolution will allow the Board of Directors to carry out capital increases by capitalization, on one or more occasions, of all or part of the premiums, reserves or profits permitted to be capital by law and the bylaws, by means of allocation of allocating new shares for no consideration, or raising the par value of existing shares, or both; the maximum nominal amount of the capital increases that may be carried out shall not exceed 100 million euro.

These authorizations would be valid for 26 months and would replace the authorizations of the same type given by the Shareholders' Meeting of January 22, 2008.

Increase of issued capital reserved for members of the employee share purchase plan (9th resolution)

Under French law, any Shareholders' Meeting that is invited to decide on or authorize an increase in the issued capital by cash offer (as in the case of the 7th resolution), is required to approve a draft resolution for a capital increase reserved for employees who are members of an employees' stock purchase plan (article L. 225-129-6 para. 1 of the French Commercial Code).

The Board of Directors is therefore proposing to the Shareholders' Meeting to renew the authorization to increase the issued capital through the issuance of equity securities or other securities in favor of members of an employees' stock purchase plan.

The maximum nominal amount of the capital increases that may be carried out shall not exceed 1,600,000 euro (equivalent to approximately 2.5% of the issued capital); the price of subscription to shares by beneficiaries will be set by the Board of Directors and shall be not be more than 20% less than the average trading price for the twenty trading sessions preceding the date of the decision setting the opening date of the subscription.

This authorization would be valid for 26 months and would replace the authorization of the same type given by the Shareholders' Meeting of January 22, 2008.

Staggered renewal of directors (10th resolution)

In order to provide for the staggered renewal of the members of the Board of Directors, so as to avoid a renewal of the entire Board at once and to facilitate the smooth replacement of directors as prescribed in the AFEP-MEDEF code of corporate governance for listed companies issued in December 2008, the Board of Directors is proposing to the Shareholders' Meeting to renew the terms of two directors for an exceptional period of 2 years.

3. ORDINARY BUSINESS

Renewal and appointment of directors (11th to 16th resolutions)

The Board tenures of Pierre Bellon, Rémi Baudin, François-Xavier Bellon, Astrid Bellon, Sophie Clamens, Nathalie Szabo expire at the end of the Shareholders' Meeting on January 25, 2010.

As provided in the 10th resolution, the Board of Directors is proposing to the Shareholders' Meeting first, in the 11th and 12th resolutions, to renew the terms of Nathalie Szabo and Sophie Clamens for two years ending at the close of the Shareholders' Meeting called to approve the financial statements for the Fiscal year ended August 31, 2011, and second, in the 13th and 15th resolutions, to renew the terms of Pierre Bellon, François-Xavier Bellon and Astrid Bellon for three years ending at the close of the Shareholders' Meeting called to approve the financial statements for the Fiscal year ended August 31, 2012.

The Board of Directors is also proposing to the Shareholders' Meeting, in the 16th resolution, and as recommended by the Nominating Committee, to elect Alain Marcheteau as director for three years ending at the close of the Shareholders' Meeting called to approve the financial statements for the Fiscal year ended August 31, 2012. As recommended by the Nominating Committee, the Board of Directors believes that Alain Marcheteau is independent within the meaning of the criteria set forth in the AFEP-MEDEF code of corporate governance for listed companies issued in December 2008.

The biographies of each of the foregoing persons are presented on pages 43-49 of this document.

Rémi Baudin, who has been a director of Sodexo since February 25, 1983 (the date on which Sodexo was first publicly listed), Vice Chairman of the Board of Directors and Chairman of the Compensation Committee, and whose term expires at the end of the Shareholders' Meeting on January 25, 2010, has notified the Board of Directors that he does not intend to seek re-election to the Board.

On behalf of the Board of Directors, the shareholders and the people who have worked for him, Pierre Bellon wishes to thank Rémi Baudin for his persistence, loyalty, integrity and clear vision. In light of his vast knowledge of the Group, his international experience and his various activities, Rémi Baudin has made a significant contribution to the Group's development.

The Board of Directors is proposing the appointment of Robert Baconnier as Vice Chairman of the Board of Directors and of Patricia Bellinger as Chairwoman of the Nominating Committee, replacing Rémi Baudin.

Powers to perform formalities (17th resolution)

This standard resolution concerns the conferring of powers to perform all formalities and filings relating to the resolutions approved by the Shareholders' Meeting.

4. USE OF FINANCIAL AUTHORIZATIONS BY THE BOARD

Disclosures pertaining to the utilization by the Board of Directors in Fiscal 2009 of the financial authorizations granted to it by the Shareholders' Meeting are provided on pages 252. *et seq.* of this document.

Resolutions submitted to the Combined Annual Shareholders' Meeting of January 25, 2010

1. ORDINARY BUSINESS

First resolution

(Adoption of the annual and consolidated financial statements – Discharge to directors)

The Shareholders' Meeting, having heard the report of the Board of Directors, the Chairman's Report appended to the Board Report, and the auditors' reports on the annual financial statements, on the consolidated financial statements and on the Chairman's report, adopts the individual company financial statements for the year ended August 31, 2009 as presented, showing net income of 348,878,824 euro, and the consolidated financial statements for the year ended August 31, 2009, showing net profit, Group share equal to 393 million euro.

The Shareholders' Meeting also approves the transactions reflected in these financial statements and/or described in these reports.

The Shareholders' Meeting discharges the directors from responsibility for their management for the year ended August 31, 2009.

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 2009 of	348,878,824 euro
plus retained earnings as of the close of Fiscal 2009 of	515,147,682 euro
Making a total available for distribution of:	**864,026,506 euro**
In the following manner:	
• dividend (on the base of 157,132,025 shares comprising share capital)	199,557,672 euro
• retained earnings	664,468,834 euro
TOTAL	**864,026,506 euro**

The Shareholders' Meeting accordingly resolves that 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 8, 2010. Specifically, shares not entitled to the distribution of dividends will be as of February 3, 2010 (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 February 5, 2010 (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 allowance 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.

The Shareholders' Meeting notes the Board of Directors' summary of dividends paid by the Company in respect of the last three fiscal years, as follows:

	Fiscal 2008 (paid in 2009)	Fiscal 2007 (paid in 2008)	Fiscal 2006 (paid in 2007)
Dividend per share *	€1.27	€1.15	€0.95
Total payout	€196,566,626	€178,918,994	€149,034,320

* *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 from January 1, 2008.*

Third 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 such agreements executed in Fiscal 2009 as presented in the report.

Fourth resolution

(Directors' fees for fiscal 2010)

The Shareholders' Meeting sets at 530,000 euro the total amount of directors' fees to be paid for Fiscal 2010.

The Shareholders' Meeting resolves that the Board of Directors shall determine the allocation and date of payment of said directors' fees at its discretion.

Fifth resolution

(Authorization to the Board of Directors regarding purchases by the Company of its own shares)

The Shareholders' Meeting, having heard the report of the Board of Directors, authorizes the Board of Directors and any duly authorized representative of the Board, in accordance with articles L. 225-209 *et seq.* of the French Commercial Code, to arrange for the repurchase by the Company of its own shares. This authorization is designed to allow the Company to:

- grant shares to employees or corporate officers of the Company or affiliates 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, on the terms provided by law, subject to adoption by this Shareholders' Meeting of the Sixth Extraordinary Resolution;
- carry out market-making in the shares under a liquidity contract with an investment services provider, drawn up in accordance with the Code of Conduct recognized by the *Autorité des Marchés Financiers*;
- hold shares for subsequent use as needed in connection with the exercise of rights attached to securities giving rights to the granting of Company shares via the redemption, conversion, exchange or presentation of a warrant, or by any other means;
- hold shares for subsequent use as needed in connection with mergers and acquisitions in accordance with market practice recognized by the *Autorité des marchés financiers* (AMF).

These transactions may be effected by any method on the stock market or over-the-counter, including by means of derivatives and by block purchase or disposal.

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), 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 legally permitted maximum of 10% of its own shares.

The Shareholders' Meeting resolves that the purchase price may not exceed 70 euro per share, subject to any adjustments required in the event of transactions involving the Company's capital.

The Shareholders' Meeting resolves that the total amount spent on such purchases may not exceed 750 million euro.

The Shareholders' Meeting notes that this authorization is granted for a period of eighteen (18) months as from the date of this Meeting and voids from this day the unused portion of the authorization to the same effect granted in the sixth resolution of the Combined Shareholders' Meeting of January 19, 2009.

Full powers are given to the Board of Directors and any duly authorized representative of the Board to decide on and act on the present authorization, clarify its terms if necessary and determine its precise details, including to place stock market orders, and enter into agreements, in particular for the keeping of share purchase and sale registers and to make filings and carry out other formalities, and generally do all that is necessary.

2. EXTRAORDINARY BUSINESS

Sixth resolution

(Authorization given to the Board of Directors to reduce share capital through the cancellation of shares owned by the Company)

The Shareholders' Meeting, having reviewed the report of the Board of Directors and the auditors' special report, authorizes 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 (24) month period, all or part of the shares acquired by the Company through a stock repurchase program authorized by the shareholders, and to reduce the issued capital accordingly.

Full powers are given to the Board of Directors and any duly authorized representative of the Board to carry out such cancellations and reductions in the issued capital pursuant to the present authorization, and in particular to 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 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 twenty-six (26) 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 eleventh resolution of the Combined Shareholders' Meeting of January 19, 2009.

Seventh resolution

(Authorization to the Board of Directors to increase the issued capital through the issuance - with maintenance of preferential subscription rights - of ordinary shares and/or securities giving access to the share capital)

The Shareholders' Meeting, having reviewed the report of the Board of Directors and the auditors' special report, in accordance with the terms of the French Commercial Code, and particular articles L. 225-129, L. 225-129-2 and L. 228-92 thereof, and having noted that the issued capital has been paid in full,

1. authorizes the Board of Directors and any duly authorized representative of the Board to issue, on one or more occasions, in such proportions and times as it shall determine, in France or in another country, in euros or in any other currency or currency unit established by reference to a

basket of currencies, with the maintenance of preferential subscription rights to ordinary shares (not preferred shares) and/or all other securities, including standalone subscription or purchase warrants giving access to the share capital, in such forms and conditions as the Board of Directors shall deem appropriate;

2. sets the duration of this authorization at twenty-six (26) months from the date of the present Shareholders' Meeting;
3. decides that, in the event that the Board of Directors should utilize this authorization:
   - the maximum nominal amount of the capital increases that may be carried out under this authorization shall be set at 63 million euro; to this ceiling may be added, as the need may arise, the nominal amount of additional shares that may need to be issued in the event of further financial transactions in order to safeguard the rights of holders of securities giving access to the share capital,
   - moreover, the aggregate maximum nominal amount of issues of securities representing a claim on the Company and giving access to the share capital may not exceed 750 million euro or equivalent value at the present date of said amount in any other currency or currency unit established by reference to a basket of currencies;
4. decides that, in the event that this authorization is utilized:
   - The issue or issues shall be reserved by preference to shareholders who may subscribe in proportion to the number of shares held by them at that time ("*à titre irréductible*"), the Board being empowered to put in place a non-proportional subscription right ("*à titre réductible*") pursuant to article L. 225-133 of the French Commercial Code;
   - If the *irréductible* and, where applicable, *réductible* subscriptions fail to take up the entire issue, the Board of Directors may offer all or part of the unsubscribed shares and/or securities to the public;
5. notes that, in the event that this authorization is utilized, the decision to issue securities giving access to the share capital shall entail explicit waiver by the shareholders of their preferential subscription rights to the equity securities to which the securities issued give access, in favor of holders of the securities issued;
6. notes that this authorization confers full powers on the Board of Directors or any duly authorized representative, to carry out said authorization, and in particular to:
   - decide to increase the capital and determine the securities to be issued,
   - decide the amount to be issued, the issue price, and the amount of the premium that may, depending on the circumstances, be required upon issue,
   - determine the dates and terms of the issue, the characteristics of the securities to be created; decide, moreover, in the case of bonds or other debt securities giving access to the Company's share capital, whether they will be subordinated or not (and, where applicable, their order of subordination, as prescribed in article L. 228-97 of the French Commercial Code), set their rate of interest (in particular fixed or floating rate, zero coupon of index-linked) and provide, where appropriate, mandatory or optional cases of suspension or non-payment of interest, decide on their duration (fixed or indeterminate), on the possibility of reducing or increasing the par value of said securities and other terms and conditions of their issuance (including whether or not to grant them guarantees or sureties) and of repayment (including repayment in the form of transfer of assets of the Company); to modify, during the lifetime of said securities, the aforesaid terms and conditions, respecting the applicable formalities,
   - determine the method of payment of the shares and/or securities issued or to be issued,
   - set, where applicable, the terms and conditions for exercising the rights (where applicable, rights to conversion, exchange, repayment, including by transfer of assets of the Company including treasury shares or securities already issued by the Company) attached to the shares or securities giving access to the capital that are to be issued, and in particular to set the date, which may even be retroactive, as of which the new shares shall be effective, as well as all other conditions and terms for carrying out said capital increase,

- set the terms and conditions whereby the Company shall, where applicable, have the possibility of purchasing or trading on the stock market, at all times or at predetermined periods of time, the securities issued or to be issued immediately or at a later date, for the purpose of cancelling them or otherwise, as prescribed by law,
- provide for the possibility of suspending, if necessary, the exercise of rights attaching to the securities issued, in compliance with the law and regulations,
- at its sole discretion, to charge the costs incurred in the increase of issued capital to the premiums attaching thereto, and to draw from this amount the necessary sums for transfer to the legal reserve,
- make all adjustments required to take account of the impact of transactions on the Company's capital and to set the terms and conditions under which the rights of holders of securities giving access to the capital may be safeguarded, where necessary,
- note the completion of each capital increase and amend the bylaws accordingly,
- generally, enter into all agreements, in particular in order to complete the planned issues, take all measures and perform all formalities required for the carrying out of the issue, for the listing and servicing of the securities issued under the present authorization, and for the exercise of the rights attaching thereto;

7. notes that the present authorization voids as of this date the previous delegation of the same type granted in the fourteenth resolution of the Combined Shareholders' Meeting of January 22, 2008;
8. notes that, in the event that the Board of Directors decides to avail itself of the delegation granted under this resolution, the Board of Directors shall report to the next Ordinary Shareholders' Meeting, as prescribed by law and the regulations, on the utilization made of the authorizations granted in this resolution.

Eighth resolution

(Authorization allowing the Board of Directors to increase the issued capital by capitalization of premiums, reserves or profit)

The Shareholders' Meeting, deciding in accordance with the requisite quorum and majority voting conditions for ordinary meetings, having reviewed the report of the Board of Directors, and pursuant to articles L. 225-129, L. 225-129-2 and L. 225-130 of the French Commercial Code:

1. delegates to the Board of Directors and any duly authorized representative, its power to decide to increase the issued capital on one or more occasions, in the proportion and at the times of its choosing, by capitalization of all or part of such premiums, reserves or profit as may be capitalized in accordance with the law and bylaws, in the form of an allocation of new shares for no consideration, or by increasing the par value of existing shares, or both;
2. sets the duration of this authorization at twenty-six (26) months from the date of the present Shareholders' Meeting;
3. decides that, in the event that the Board of Directors should utilize this authorization, the maximum nominal amount of the capital increases that may be carried out pursuant to this authorization shall be set at 100 million euros;
4. notes that this authorization confers full powers on the Board of Directors or any duly authorized representative, to carry out said authorization, and in particular to:
   - decide on the amount and the type of reserves to be capitalized, to set the number of new shares to be issued and/or the amount by which the par value of existing shares comprising the issued capital shall be increased, to set the date, which may even be retroactive, as of which the new shares shall be effective or as of which the increased par value of the existing shares shall take effect,

- decide, in the event of issuance of new shares that (i) the rights of odd lots shall not be tradable and that the corresponding shares shall be sold, and that the proceeds of said sale shall be allocated to the holders of rights on the terms provided by law and the regulations, and (ii) shares allocated pursuant to this delegation on the basis of existing shares and carrying double voting rights shall enjoy said right as of their issuance,
- make all adjustments in order to take account of the impact of transactions on the capital of the Company and set terms and conditions for safeguarding the rights of holders of securities giving access to the share capital, where applicable,
- note the carrying out of each capital increase and amend the bylaws accordingly,
- generally, enter into all agreements, take all measures and perform all formalities required for the carrying out of the issue, for the listing and servicing of the securities issued under the present authorization, and for the exercise of the rights attaching thereto;

5. notes that the present authorization voids as of this date the previous delegation of the same type granted in the fifteenth resolution of the Combined Shareholders' Meeting of January 22, 2008.

Ninth resolution

(Authorization to the Board of Directors to increase the issued capital by issuing shares or securities giving access to the share capital reserved for members of employee stock ownership plans, with waiver of preferential subscription rights in favor of said members)

The Shareholders' Meeting, having reviewed the report of the Board of Directors and the auditors' special report, in keeping with articles L. 225-129-2, L. 225-129-6 and L. 225-138-1 of the French Commercial Code, and with articles L. 3332-18 to L. 3332-24 of the French Labor Code:

1. delegates to the Board of Directors and any duly authorized representative its power to increase on one or more occasions the issued capital of the Company, by issuing shares or securities giving access to share capital reserved for members of one or more employee stock ownership plans established within the Group consisting of the Company and French or foreign companies coming within the scope of consolidation or of combination of the financial statements of the Company pursuant to article L. 3344-1 of the French Labor Code;
2. sets the duration of this authorization at twenty-six (26) months from the date of the present Shareholders' Meeting;
3. decides that, in the event that the Board of Directors avails itself of this delegation, the maximum nominal amount of capital increases that may be carried out pursuant to the present delegation shall be set at 1,600,000 euro; to this ceiling shall be added, where applicable, the par value of the supplementary shares that may be issued in the event of new financial transactions carried out to safeguard the rights of holders of securities giving access to the share capital;
4. decides that the issue price of new shares or securities giving access to the share capital that may be issued pursuant to the present delegation shall be determined in accordance with article L. 3332-18 *et seq.* of the French Labor Code and shall be at least equal to 80% of the average opening listed price of the Company's shares on the Euronext Paris regulated market for the twenty trading sessions preceding the date of the decision setting the opening date of subscription for the members of an employee stock ownership plan, it being stipulated that the Board of Directors may at its discretion reduce or waive the aforementioned discount within the limits permitted by law and the regulations, notably in order to take account, among others, of locally applicable legal, accounting and tax regimes and labor laws;

5. authorizes the Board of Directors to grant, for no consideration, to the aforementioned beneficiaries, in addition to the shares or securities giving access to the share capital for cash subscription, shares or securities giving access to the share capital to be issued or already issued, in place of all or part of the discount and/or employer's contribution, it being understood that the benefit resulting from the said grant may not exceed the legal or regulatory limits applicable under articles L. 3332-10 *et seq.* of the French Labor Code;
6. decides to waive, in favor of the aforementioned beneficiaries, shareholders' preferential subscription right to shares and securities giving access to the share capital whose issuance is the subject of the present delegation, and to the shares to which the said securities will give access;
7. decides that the Board of Directors and any duly authorized representative shall have full powers to carry out the present resolution, and in particular to set the terms and conditions of the operations and decide on the date and terms and conditions of the issues carried out pursuant to this delegation; to set the opening and closing dates of subscriptions, the dates of eligibility, terms and conditions of payment of the shares; to set periods for payment of the shares; to apply for market listing of the shares created wherever it may see fit; to note the carrying out of the capital increases in the amount of the shares actually subscribed; to perform, whether directly or via an appointed representative, all operations and formalities associated with the increases of the issued capital and do so at its sole discretion; and, as it deems fit, charge costs incurred in the capital increases to the amount of the premiums arising in respect of said increases and charge to this amount the sums required to bring the legal reserve to one tenth of the new issued capital resulting from these capital increases;
8. notes that the present authorization voids as of this date the unused portion of the previous delegation of the same type granted in the sixteenth resolution of the Combined Shareholders' Meeting of January 22, 2008;
9. notes that, in the event that the Board of Directors decides to avail itself of the delegation granted pursuant to this resolution, the Board of Directors shall report to the next Ordinary Shareholders' Meeting, as prescribed by law and the regulations, on the utilization made of the authorizations granted in this resolution.

Tenth resolution

(Staggered renewal of directors)

The Shareholders' Meeting, having reviewed the report of the Board of Directors, decides to mandate the staggered renewal of the terms of members of the Board of Directors, thereby avoiding block renewal of the directors and promoting the smooth renewal of directors in keeping with the AFEP-MEDEF code of corporate governance for listed companies issued in December 2008.

Consequently, the Shareholders' Meeting decides that the Annual General Shareholders' Meeting, deciding in accordance with the requisite quorum and majority voting conditions for ordinary meetings, shall renew the appointment of two (2) directors (expiring this day) for an exceptional term of two (2) years.

3. ORDINARY BUSINESS

Eleventh resolution

(Re-election of Nathalie Szabo *as director)*

Consequent upon the adoption of the tenth resolution above, the Shareholders' Meeting re-elects Nathalie Szabo to serve as director for a two-year term expiring at the end of the Annual Shareholders' Meeting held to adopt the financial statements for the year ending August 31, 2011.

Twelfth resolution

(Re-election of Sophie Clamens *as director)*

Consequent upon the adoption of the tenth resolution above, the Shareholders' Meeting re-elects Sophie Clamens to serve as director for a two-year term expiring at the end of the Annual Shareholders' Meeting held to adopt the financial statements for the year ending August 31, 2011.

Thirteenth resolution

(Re-election of Pierre Bellon as director)

The Shareholders' Meeting, noting the expiration of Pierre Bellon's tenure as director this day, re-elects Pierre Bellon 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, 2012.

Fourteenth resolution

(Re-election of François-Xavier Bellon as director)

The Shareholders' Meeting re-elects François-Xavier 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, 2012.

Fifteenth resolution

(Re-election of Astrid Bellon as director)

The Shareholders' Meeting re-elects Astrid 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, 2012.

Sixteenth resolution

(Election of Alain Marcheteau as director)

The Shareholders' Meeting elects Alain Marcheteau, 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, 2012.

Seventeenth 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 25, 2010 – 6th resolution

To the shareholders

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

Ladies and Gentlemen,

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 5th 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 26 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 as submitted to your approval in the 5th resolution.

Neuilly-sur-Seine and Paris La Défense, November 9, 2009

The Statutory Auditors

PricewaterhouseCoopers Audit	**KPMG Audit** *Department of KPMG S.A.*
Louis-Pierre Schneider	Isabelle Allen

This is a free translation into English of the Statutory Auditor's special report issued in the French language and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

SPECIAL REPORT OF THE STATUTORY AUDITORS ON A SHARE CAPITAL INCREASE RESERVED FOR PARTICIPANTS IN AN EMPLOYEE SHARE PURCHASE PLAN

Ordinary and Extraordinary Shareholders' Meeting of January 25, 2009 - 9th resolution

To the shareholders

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

Ladies and Gentlemen,

In our capacity as Statutory Auditors of your Company and pursuant to the provisions of articles L.225-135 et seq. of the French Commercial Code (*Code de commerce*), we hereby present our report on the proposed employee share issue of a maximum nominal value of 1,600,000 euros, with cancellation of preferential subscription rights, reserved for employees of your Company members of an employee savings plan, upon which you are called to vote.

This proposed share capital increase is submitted to you for approval pursuant to article L.225-129-6 of the French Commercial Code and articles L.3332-18 *et seq.* of the French Labour Code (*Code du travail*).

Your Board of Directors proposes that, on the basis of his report, to be delegated to it the authority, for a period of 26 months, to decide on one or more share capital increases and to cancel your preferential subscription rights. If necessary, it has the authority to determine the final conditions for this operation.

It is the role of the Board of Directors to prepare a report in accordance with articles R.225-113 and R.225-114 of the French Commercial Code. It is our role to issue a conclusion on the true and fair nature of financial information taken from the accounts, on the proposed cancellation of preferential subscription rights and on certain other information concerning the issue presented in this report.

We have performed the procedures deemed necessary with regard to French professional standards. Those procedures consisted in verifying the content of the Board of Directors report in respect of this operation and the terms and conditions for determining the share issue price.

Subject to a subsequent examination of the conditions for the proposed increase in capital, we have nothing to report on the methods used for determining the share price provided in the Board of Directors Report.

As the share issue price has not yet been set, we do not express a conclusion on the final terms and conditions under which the share capital increase would be performed. As a result, we do not express a conclusion on the cancellation of preferential share subscription rights which the Board of Directors has proposed

In accordance with Article R. 225-116 of the French Commercial Code, we will issue a further report when the increase in capital has been performed by your Board of Directors.

Paris La Défense and Neuilly-sur-Seine, November 9, 2009

The Statutory Auditors

PricewaterhouseCoopers Audit	KPMG Audit *Department of KPMG SA.*
Louis-Pierre Schneider	Isabelle Allen

This is a free translation into English of the Statutory Auditors' 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.

11

Glossary

Glossary

ADR (American Depositary Receipts)

Abbreviation for "American Depositary Receipt." An ADR is a registered certificate issued by a U.S. bank to represent ownership of a share or bond issued by a publicly-traded non-U.S. company. ADRs are quoted in U.S. 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-U.S. 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.

CLEAR (Controls for Legal Requirements and to Enhance Accountability and Reporting)

Sodexo launched the CLEAR initiative in 2003, with the goal of improving the identification of operational, financial and strategic risks, and ensuring the implementation of an appropriate internal control system to mitigate these risks.

CLEAR comprises both a self-assessment of priority controls in each significant subsidiary, and an independent evaluation at Group level through testing conducted by internal or external auditors and an evaluation of deficiencies.

Client Retention

The client retention rate equals prior-period revenues from contracts lost by Sodexo (to competitors 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 (Committee 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 certain provisions of Sarbanes-Oxley Act.

Group net income

Group net income is total net income generated by all Group companies less the portion of net income attributable to minority investors in subsidiaries not wholly owned by Sodexo.

Intensity Risk

Risks which due to their frequency and gravity must be transferred to the insurance market.

Issue Volume

The face value of vouchers and cards multiplied by the number of vouchers and cards issued.

Motivation Solutions

Formerly Service Vouchers and Cards – Motivation Solutions are offered through three service categories: Employee Benefits, Incentive Programs and Public Benefits.

Number of sites

The number of sites corresponds to the number of client locations in the Group.

On-site Service Solutions

Formerly Food and Facilities Management Services – On-site Service Solutions are dedicated to Sodexo eight client segments. These On-site Solutions are complemented by Personal and Home Solutions within the Corporate and Seniors Segments.

Organic Growth

Organic growth is the increase of revenues, at constant exchange rates, and excluding the impact of acquisitions or divestitures of subsidiaries for a twelve month period.

Work-related accident frequency rate

Number of accidents per million hours worked.

Work-related accident severity rate

Number of day's work lost due to work-related accidents per million hours worked.

Responsibility for the Reference Document and the audit of the Financial Statements

12

→ 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 net worth, the financial position, and of the income of the Company, and of the consolidated entities.

The Management Report described on page 284 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 annual consolidated financial statements for the year ended August 31, 2009 presented in this document were the subject of reports by legal auditors, which are provided on page 193 and 234, the report related to Sodexo SA including an observation related to a change in accounting method.

Michel Landel
Chief Executive Officer

→ 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 Registered no. RCS Nanterre 672 006 483 Represented by Louis-Pierre Schneider	February 22, 1994	6 years	Annual Shareholders' Meeting to be held in 2011 to adopt the financial statements for Fiscal 2010
KPMG Audit Département de KPMG SA 1, cours Valmy 92923 Paris-La Défense Cedex RCS Nanterre 775 726 417 Represented by Isabelle Allen	February 4, 2003	6 years	Annual Shareholders' Meeting to be held in 2015 to adopt the financial statements for Fiscal 2014
Alternate auditors			
Patrick Frotiée 63, rue de Villiers 92208 Neuilly-sur-Seine	February 25, 1997	6 years	Annual Shareholders' Meeting to be held in 2011 to adopt the financial statements for Fiscal 2010
Bernard Pérot 1, cours Valmy 92923 Paris-La Défense Cedex	January 19, 2009	6 years	Annual Shareholders' Meeting to be held in 2015 to adopt the financial statements for Fiscal 2014

13

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 the French Commercial Code.

In accordance with Annex I of European Regulation no.809/2004	Pages
14. Board of Directors and Senior Management	
14.1. Information concerning members of the Board of Directors and Senior Management	42-49, 71-72, 74
14.2. Absence of potential conflict of interest within the membership of the Board of Directors and Senior Management	71-72
15. Compensation and benefits	
15.1. Amount of compensation of Board members and the CEO	49-54, 75-84, 177
15.2. Total amounts provided for or recognized for the payment of pensions or other benefits	52, 177
16. Duties of the Board of Directors	
16.1. Date of expiration of current terms	42
16.2. Service contracts between members of the Board of Directors and the CEO and the Company or one of its subsidiaries	72
16.3. Information concerning the Audit Committee, the Nominating Committee and the Compensation Committee	57-58, 260
16.4. Statement of compliance with the current principles of Corporate Governance	59
17. Employees	
17.1. Number of Employees	178, 203-204
17.2. Shareholdings and stock options	43-48, 75-84, 170-174
17.3. Employee participation in Share Capital	174, 207, 209, 254-255
18. Principal shareholders	
18.1. Shareholders holding more than 5% of the share capital or voting rights	93-94, 253
18.2. Existence of different voting rights	93, 250, 253
18.3. Controlling interests	71-72, 253
18.4. Pact known to the issuer that could, if implemented, result in a change of control of Sodexo	N/A
19. Related party transactions	**71-72, 177-178**
20. Financial information concerning assets, financial position and company operating profit	
20.1. Historical financial information*	283
20.2. Pro forma financial information	N/A
20.3. Financial statements	113-117, 216-217
20.4. Verification of historical annual financial information*	193-194, 234-235, 283
20.5. Date of most recent financial information	113
20.6. Interim and other financial information	N/A
20.7. Dividend distribution policy	92, 108, 258, 262-263

** Pursuant to article 28 of Rule (CE) n° 809/2004 of the European Commission of April 29, 2004, the following information is incorporated by reference into this Reference document:*

- *Group management report, Group consolidated financial statements and Statutory Auditors' report on the consolidated financial statements for the year ended August 31, 2008, as presented on pages 226 and 71-147 of the V2 Reference document filed with Autorité des Marchés Financiers (French financial markets authority) on November 12, 2008, under number D. 08-721;*
- *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.*

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STOP HUNGER

A Sodexo Initiative

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Making every day a better day