Fiscal 2011

Registration Document

sodexo

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→ Message from Michel Landel

Chief Executive Officer, Sodexo

November 9, 2011

In an uncertain economic environment, Sodexo's performance in Fiscal 2011 was satisfactory, as we continued our transformation while maintaining our level of investment.

1. THE YEAR 2011 CONFIRMED THE TRANSFORMATION OF THE MACROECONOMIC LANDSCAPE:

Growth in "developed" countries weakened permanently under the burden of long-term debt.

"Emerging" countries with high growth and rapid development of a very large middle class -- representing a significant number of potential new consumers -- have begun to close the remaining gap with the developed economies.

Meanwhile, other important trends represent both opportunities and challenges for Sodexo:

- the aging population,
- an increasingly integrated and interconnected global economy,
- major environmental issues, and
- the threat of rising inflation, etc.

Faced with these rapid changes, challenges and a society increasingly becoming a "Services Society," in which people are seeking improved quality of life, Sodexo is undergoing a transformation to become an "***Integrator of Quality of Life Services***," capable of supporting its clients' development, not only in terms of economic performance but also in achieving social and environmental progress.

In addition to the substantial size of our markets, our role as an ***"Integrator of Quality of Life Services"*** allows us to act as a "change agent" for our clients -- whose needs are changing as a result of the trends I've just mentioned -- and thus to create additional value for them.

These needs exist at three levels:

- in terms of human resources: our clients are seeking to improve the motivation and commitment of the women and men of their organization and, thus, increase employee loyalty and performance;
- in terms of processes: competitive pressures are driving clients to become even more efficient, competitive and open to change;
- finally, in terms of infrastructure, to ensure the safety of their teams and extend the life of their facilities.

This is true across all of our client segments, in both the private and public sectors.

In partnership with our clients, we create and implement integrated Quality of Life Service Solutions, setting ourselves objectives for tangible and measurable results, not only to lower clients' operating costs but also to improve their image, their attractiveness and the effectiveness of their organizations.

2. TO ACHIEVE SODEXO'S TRANSFORMATION, WE HAVE A CLEAR STRATEGY, BASED ON FIVE PILLARS:

- Maintain the Group's independence;
- Become the global leader in On-site Services;
- Reinforce our position in Foodservices, our historical business;
- Become the global leader in Motivation Solutions;
- Progressively develop our range of Personal and Home Services.

We drive this strategy forward following a clear road map that is applied to all of Sodexo's subsidiaries. I will focus on four points:

Human resources: *People are at the heart of our business…* our conviction is based on the fact that the motivation and commitment of Sodexo's women and men have been, are and will continue to be the basis of our success.

In addition to our actions in leadership management and international mobility, and the development of our Employee Value Proposition, the transformation of our Group – from a single service provider to an ***Integrator of Services*** – includes significant changes at several levels, both in terms of skills as well as the attitudes of our teams. This is our greatest challenge and underlines the particular importance of development and training: during Fiscal 2011, we invested approximately 80 million euros, or close to 10% of operating profit, in 4.8 million hours of training (excluding sites) for 80 % of our employees. We have also increased our recruiting of women and men from other backgrounds with different experiences, including in technical fields.

Improving our Competitiveness

- Through the differentiation of our offers.

  For this we are deploying our **Integrated Services Offer** across our segments and our geographies. We are the only company in the world to offer our clients On-site Service Solutions, Motivation Solutions and Personal and Home Services, through a unique and original positioning: to improve the quality of daily life and contribute to the progress of all those we serve. We also have continued to invest to strengthen our skills in multi-technical maintenance services: the portion of revenues generated from Facilities Management services has increased from 18% in 2005 to 25% this year;
- We also are working on improving the productivity of our organization at all levels and on lowering our operating costs, including by pooling resources and centralizing processes;
- The improvement in our competitiveness also means better leveraging of Sodexo's network through the sharing of information, knowledge, expertise and best practices throughout the Group.

Deployment of the Better Tomorrow Plan

The "Better Tomorrow Plan", Sodexo's roadmap for sustainable development, was launched in 2009 and is based on 14 commitments organized around three priority areas:

- actively promote nutrition, health and wellness;
- support the development of local communities;
- protect the environment.

Timetables and relevant performance indicators have been established for each of these 14 commitments.

Among the major initiatives implemented in Fiscal 2011 was the signing of a global agreement with the Marine Stewardship Council (MSC) to preserve endangered fish species and educate our clients and consumers on the urgency of changing consumption habits. This agreement is in the process of being implemented in all countries where Sodexo operates.

Continued investment in rapidly developing countries

to accelerate profitable growth in India, China, Brazil and Russia. We have achieved double-digit growth in these countries for a number of years and we are continuing to invest, particularly in human resources. After the recent acquisition of Puras in Brazil, we are now # 1 in these four key markets.

3. OUTLOOK FOR FISCAL 2012 AND CONCLUSION

Sodexo's fiscal year has begun in a macroeconomic environment that is more uncertain than ever, especially in Western countries. The debt burden of countries and rising unemployment are exerting major pressure on the economic activity in the public and private sectors. Great caution is required.

In this context, senior management and all of our teams are fully mobilized:

- to lower operating costs and improve productivity at all levels, including pooling resources and centralizing processes;
- to limit the impact of persistent inflation in food prices.

In Fiscal 2012, Sodexo will provide services for major international sporting events (including the Rugby World Cup, held in October 2011 in New Zealand, and the London Olympics to be held in July 2012).

The current year will also require significant investments to facilitate the integration of Puras do Brasil, Lenôtre in France and Roth Bros in the U.S. These investments will weigh slightly on the Group's operating profitability in the short term.

Taking into account all of these elements, Sodexo has set the following objectives for Fiscal 2012:

- An objective for **organic revenue growth of between 5% and 8%;**
- To this organic growth should be added a contribution to consolidated revenues of 4% from recent acquisitions (Puras do Brasil, Lenôtre and Roth Bros);
- The Group also sets an objective for **operating profit growth of around 10%** (excluding currency effects and the one-time adjustment for pension costs in the UK).

In the medium-term:

- Sodexo confirms its objective of **achieving average annual growth in consolidated revenue of 7%;** and
- Building on the strong progress already achieved, **the Group aims to achieve consolidated operating margin of 6.3% within four years.**

Finally, Sodexo has considerable strengths, including:

- its independence;
- a leading international presence in 80 countries including uncontested leadership in each of the BRIC countries (Brazil, Russia, India and China), the markets with the strongest economic growth;
- a well-diversified client portfolio (Corporate, Sports and Leisure, Health Care, Seniors, Education, Defense and Justice Services);
- an increasingly broad integrated offer of Quality of Life services, which support clients in improving their performance;
- a strong culture and values shared by all teams;
- a rich and diverse pool of talent
- an excellent financial model.

These strengths enable Sodexo to look to the future with confidence and to continue to invest, particularly in human resources and reinforcing its capabilities.

The Executive Committee and I would like to thank our clients for their loyalty, our shareholders for their confidence and Sodexo's employees for the good performance achieved during Fiscal 2011.

01

History

→ Our history

1966	Pierre Bellon founds Sodexho, a Company specializing in providing Foodservices to institutions, businesses, schools and hospitals, in Marseille (France).
1967	CNES, in French Guiana, awards Sodexho a contract in the "multiservices" market, signaling its entry into the remote site management business.
1968	Sodexho begins operations in the Paris area.
1971-1978	International expansion starts with Belgium, Italy and Spain, with developments in Africa and the Middle East. A new business – Service Vouchers – is launched in Belgium.
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	Acquisitions of Gardner Merchant in the United Kingdom and Partena in Sweden, the then leaders in Foodservices in their respective countries.
1996	The Service Vouchers and Cards business expands into Brazil with the acquisition of Cardàpio.
1997	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. Sodexho Marriott Services will become Sodexho, Inc., a wholly-owned subsidiary of the Group, in 2001.
2000	Sodexho becomes the world leader in remote site management.
2001	Sogeres (France) and Wood Dining Services (U.S.) join the Group.
2003	Jean-Michel Dhenain and Michel Landel are appointed 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 effective September 1, 2005, the roles of Chairman of the Board and Chief Executive Officer will be separated.
2005	Michel Landel becomes Chief Executive Officer of Sodexho Alliance, succeeding Pierre Bellon, who retains his role as Chairman of the Board of Directors.
2008	Sodexho Alliance becomes Sodexo and changes its visual identity. Corporate headquarters is transferred to Issy-les-Moulineaux. Acquisition of VR's Service Vouchers and Cards activity making Sodexho the co-leader of this market in Brazil, the world's largest. Sodexo makes several further acquisitions in several markets, including Zehnacker, which doubles Sodexo's size in Germany, making it the leader in the Health Care segment.
2009	Sodexo adjusts its strategy and embarks on its transformation from a Foodservices Group to become a Quality of Life Services provider. Acquisition of Radhakrishna Hospitality Services Group (RKHS), the leading provider of On-site Service Solutions in India, tripling Sodexo's size in this market with vast potential. In North America, following the acquisition of Circles, a concierge services business, the acquisition of Comfort Keepers, specialized in non-medical services for seniors, contributes to the development of the Group's third activity: Personal and Home Services.
2011	Sodexo becomes No. 1 in On-site Service Solutions in Brazil, following the acquisition of Puras do Brasil. The acquisition of Lenôtre, one of the greatest names in French cuisine, strengthens Sodexo's *savoir faire* in luxury gastronomy in Paris and worldwide.

02

The Fundamental Principles of Sodexo's Development

These fundamental principles are the foundation of our past and future development and the source of the strategic plan of the Group and its subsidiaries, and the keystone of our policies.
Since the founding of the Group, these principles have been defined by Pierre Bellon and the Board of Directors.

→ Sodexo is the community

- of its clients and consumers;
- of its employees and managers;
- of its shareholders.

Our purpose is to satisfy their expectations.

But how is it possible to meet the expectations of our clients, our consumers, our employees and our shareholders simultaneously and for the long-term?

To reach our goals, we have chosen to focus on organic growth in our revenues and profits.

Organic growth:

- guarantees that we are able to retain our clients and consumers therefore satisfy their current and future needs, and also to attract new clients and consumers;
- enables us to respond to our employees' expectations;
- ensures return on investment for our shareholders.

→ Our employees are key to our growth, past, present and future

This growth needs to have meaning

Since the creation of Sodexo in 1966, we have defined:

- a mission;
- values;
- ethical principles.

OUR MISSION

Our mission is twofold:

- **improve the Quality of Daily Life** of our employees and all whom we serve – employees in the workplace, patients in hospitals, students at 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 in which we operate.

OUR VALUES

The values shared by Sodexo's 391,000 employees are:

- Service Spirit;
- Team Spirit;
- Progress Spirit.

The nobility of our profession resides in our service to others.

OUR ETHICAL PRINCIPLES

- Loyalty;
- Respect for people and equal opportunity;
- Transparency;
- Business integrity.

Our vocation, our values and our ethical principles allow for a common vision and a sense of initiative, for the work of each of us.

Today, 45 years after Sodexo's creation, they are the foundation of our commitment, uniting us and serving as a common bond for our teams throughout the world.

This is what sets us apart from our competitors.

→ Our strategy

To define a strategy is to make a choice. It is to decide what we will do and, especially, what we will not do.

When Sodexo was created in 1966, we made two major choices that remain pillars of our strategy.

1. SODEXO IS AND WILL REMAIN A SERVICES COMPANY

Why services?

The conclusion was simple: the service sector would grow much faster than primary and secondary sectors.

Today, this sector provides 75% of the jobs in France, compared with 22% in industry and construction and 3% in agriculture. The same holds true for all major economies: in the U.S., the UK and China, services account for 75% of the jobs created.

Which services?

Those that are consistent with our mission:

Sodexo has become the world leader in Quality of Life services.

The second pillar of our strategy is very clear:

2. SODEXO IS AND WILL REMAIN AN INDEPENDENT COMPANY

Since Sodexo's creation in 1966, independence has been one of its fundamental principles. Independence enables the Group to:

- **maintain its values;**
- **focus on a long-term strategy;**
- **maintain management continuity; and**
- **ensure its durability.**

Today, Sodexo's independence pervades its relationships with all stakeholders, including:

- our clients (our largest client worldwide represents less than 2% of our total revenues);
- our suppliers (our largest industrial supplier represents less than 3% of our overall purchasing);
- our financing partners;
- any external organization that would limit the Company's proper functioning;
- public authorities;
- Sodexo's financial independence is guaranteed through a controlling family shareholding.

Our financial independence rests on two simple principles:

- choosing activities with low capital intensity and average investments (excluding acquisitions) that represent around 2% of revenues;
- permanent access to sufficient cash resources to finance development, reimburse medium term borrowings and pay a dividend to shareholders.

→ Our ambition

We provide a springboard for development for our employees and in the medium term, seek to:

- be among the global companies most appreciated by its employees;
- make Sodexo a globally known, chosen and beloved brand;
- sustain 7% annual average revenue growth;
- reach a consolidated operating margin of 6.3% in four years' time;
- achieve Return on Capital Employed above 15%.

In order to achieve its ambition, Sodexo has prepared action plans and a detailed calendar.

03

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→ Our activities

SODEXO IS THE GLOBAL LEADER IN QUALITY OF LIFE SERVICES

Consolidated revenues:

- **16** billion euro
  *(**22.2** billion U.S. dollars)*

(at the average exchange rate for Fiscal 2011:
1 euro = 1.3896 U.S. dollars)

Source: Sodexo

391,000 employees

33,400 sites

50 million consumers served daily

80 countries

SODEXO'S MARKET POTENTIAL IS CONSIDERABLE

It is estimated at more than 790 billion euro, approximately 50 times our current revenues.

It is as follows:

On-site Service Solutions

A market estimated at more than
650 billion euro

Sodexo estimate

Motivation Solutions

A market estimated at more than
140 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.

SODEXO HAS THREE ACTIVITIES

On-site Service Solutions

Key Figures

96% of Group revenues

Consolidated revenues:

- **15.3** billion euro
  *(**21.3** billion U.S. dollars)*

(at the average exchange rate for Fiscal 2011:
1 euro = 1.3896 U.S. dollars)

Source: Sodexo

Sodexo provides clients with a wide array of on-site services, everything from reception services to the maintenance of scanners and laboratory equipment, foodservices to construction management, technical maintenance to leisure cruises, and housekeeping to rehabilitation services at correctional facilities.

These Sodexo-delivered comprehensive solutions contribute to progress in eight client segments:

- **Corporate**
- **Defense**
- **Justice Services**
- **Remote Sites**
- **Health Care**
- **Seniors**
- **Education**
- **Sports and Leisure**

Leader in On-site Service Solutions in most of its markets

Source: Sodexo

Motivation Solutions

Key Figures

4% of Group revenues

Consolidated revenues:

- **717** million euro
  *(**996** million U.S. dollars)*

(at the average exchange rate for Fiscal 2011:
1 euro = 1.3896 U.S. dollars)

Source : Sodexo

13.7 billion euro in issue volume

385,000 clients (excluding individuals)

27.4 million beneficiaries

1.1 million affiliated partners

Sodexo partners with private and public and organizations to design, manage and deliver customized Motivation Solutions in three service categories:

- **Employee Benefits** to attract, engage and retain employees (such as restaurant and transport vouchers);
- **Incentives and Recognition** to help organizations reach their qualitative and quantitative objectives (gift vouchers, etc.);
- **Public Benefits** to manage and control the distribution of aid and public subsidies.

The Pass, designed by Sodexo to serve a variety of purposes from transport and meals to gifts and training, is accepted by a network of more than 1 million retailers and service providers throughout the world.

Personal and Home Services

Sodexo designs and deploys Personal and Home Services that improve the Quality of Life in four main areas:

- **childcare**;
- **tutoring and adult education**;
- **concierge services** ;
- **senior care**.

Through these services, Sodexo contributes to the development of children, teenagers, adults and seniors.

SYNERGIES BETWEEN OUR THREE ACTIVITIES

Important synergies exist between Sodexo's three activities:

Organizational and cost synergies

The teams of Sodexo's different activities are able to share the same infrastructure (support functions, facilities, etc.), saving on structural costs. In addition, the multiple career gateways that exist between the Group's three activities offer important human resource synergies.

Brand synergies

The presence of the Sodexo brand at the point of sale of numerous Motivation Solutions affiliates contributes to building brand awareness in countries where the Group operates, helping promote medium term development.

Commercial synergies

Commercial relationships created by one of the three activities generate business development opportunities for the other two, such as:

- Sodexo's On-site Services clients may also need restaurant vouchers for geographically-dispersed employees; conversely, Motivation Solutions clients may seek On-site Services;
- Motivation Solutions and On-site Services clients may need Personal and Home Services such as concierge services, a childcare center or assistance to elderly individuals.

These examples illustrate how the choice of these three activities helps Sodexo accelerate its organic growth.

OUR AWARDS

Sodexo again named one of world's best outsourcing companies

For the third consecutive year, Sodexo has been ranked number three among the world's leading outsourcing services companies by an industry trade group, the International Association of Outsourcing Professionals® (IAOP®).

Sodexo is the only Company to have been ranked in the top five every year since 2006, the year that IAOP® began publishing the Global Outsourcing 100.

In addition, in 2011 for the seventh time Sodexo was named as Global Sustainability Industry Leader

for its industry sector "Restaurants, Hotels, Bars and Recreational Services" by the Dow Jones Sustainability Index (DJSI). Sodexo has featured in the DJSI World and DJSI STOXX indexes since 2005.

→ Financial performance

1. CONSOLIDATED REVENUES

CONSOLIDATED REVENUES

	(euro in millions)	*(U.S. dollars in millions*)*
Fiscal 2007	13,385	17,694
Fiscal 2008	13,611	20,449
Fiscal 2009	14,681	19,846
Fiscal 2010	15,256	20,794
Fiscal 2011	16,047	22,299

* *Calculated at the average exchange rate for each year; for Fiscal 2011: 1 euro = 1.3896 U.S. dollars.*

The Group's **organic growth was 5.2%**, notably driven by good development in comprehensive service solutions as well as dynamic performance in emerging markets. This level of organic growth is twice as high as that achieved in Fiscal 2009 and Fiscal 2010; it also exceeds the objectives announced at the beginning of the year.

REVENUES BY REGION (FISCAL 2011)

North America	37%
Continental Europe	36%
United Kingdom and Ireland	8%
Rest of the World	19%

Organic growth in North America (+4.3%) and **Continental Europe** (+2.9%) accelerated compared to that in the prior year. In the **Rest of the World**, organic growth was solid.

REVENUES BY ACTIVITY AND CLIENT SEGMENT (FISCAL 2011)

On-site Service Solutions	**96%**
• Corporate	31%
• Defense	4%
• Justice Services	2%
• Remote Sites	8%
• Health Care	20%
• Seniors	6%
• Education	22%
• Sports and leisure	3%
Motivation Solutions	**4%**

In **On-site Service Solutions**, Fiscal 2011 highlights included:

- 6.7% organic growth in **Corporate**, compared with 2% in Fiscal 2010; this reflects solid development for Sodexo in emerging markets and the significant impact of the phasing in of comprehensive service solutions contracts in the Justice, Defense and Corporate segments;
- 3.5% growth in **Health Care and Seniors**, and a 3.4% increase in **Education**.

Most of the growth +6.9% of organic growth in revenues in **Motivation Solutions** resulted from the excellent performance of teams in Latin America.

FACILITIES MANAGEMENT SERVICES' SHARE OF REVENUES

Fiscal 2007	18%
Fiscal 2008	22%
Fiscal 2009	23%
Fiscal 2010	24%
Fiscal 2011	25%

Facilities Management services, which represented only 18% of Group revenues in Fiscal 2006, were more than 25% of consolidated revenues in Fiscal 2011. During Fiscal 2011, the growth in Facilities Management services was three times that of Foodservices.

REVENUE AND ISSUE VOLUME, MOTIVATION SOLUTIONS (FISCAL 2011)

	Revenues	Issue volume
South America	53%	45%
Europe and Asia	47%	55%

2. EMPLOYEES AND SITES

NUMBER OF EMPLOYEES AS OF THE END OF FISCAL

2007	342,380
2008	355,044
2009	379,749
2010	379,137
2011	391,148

EMPLOYEES BY REGION (FISCAL 2011)

North America	32%	124,919 employees
Continental Europe	26%	102,166 employees
United Kingdom and Ireland	9%	34,918 employees
Rest of the World	33%	129,145 employees

EMPLOYEES BY ACTIVITY AND CLIENT SEGMENT (FISCAL 2011)

On-site Service Solutions	**97%**
• Corporate	37%
• Defense	4%
• Justice Services	1%
• Remote Sites	10%
• Health Care	16%
• Seniors	3%
• Education	24%
• Sports and Leisure	2%
Motivation Solutions	**1%**
Personal and Home Services	**0.5%**
Group Headquarters and shared structures	**1.5%**

NUMBER OF OPERATING SITES AS OF AUGUST 31

2007	28,896
2008	30,584
2009	33,884
2010	33,543
2011	33,400

SITES BY CLIENT SEGMENT (FISCAL 2011)

• Corporate	49%
• Defense	3%
• Justice Services	1%
• Remote Sites	5%
• Health Care	13%
• Seniors	9%
• Education	18%
• Sports and Leisure	2%

3. RESULTS AND RATIOS

OPERATING PROFIT

	(euro in millions)	*(U.S. dollars in millions*)*
Fiscal 2007	640	846
Fiscal 2008	690	1,036
Fiscal 2009	746	1,008
Fiscal 2010	771	1,051
Fiscal 2011	853	1,185

* *Calculated at the average exchange rate for each year; for Fiscal 2011: 1 euro = 1.3896 U.S. dollars.*

Excluding exchange rate effects, operating profit increased by 10.4%, representing an improvement in operating margin of 0.20 percentage points compared to the prior year.

- In **On-site Service Solutions**, this growth reflects profitability improvements in North America and growth in volumes in the Rest of the World.
- In **Motivation Solutions**, growth resulted from the increased volumes and a more efficient production process. The operating margin for this activity increased from 32.4% in Fiscal 2010 to 36.5% in Fiscal 2011, already meeting the Group's medium-term objective.

GROUP NET INCOME

	(euro in millions)	*(U.S. dollars in millions*)*
Fiscal 2007	347	459
Fiscal 2008	376	565
Fiscal 2009	393	531
Fiscal 2010	409	557
Fiscal 2011	451	627

**Calculated at the average exchange rate for each year; for Fiscal 2011: 1 euro = 1.3896 U.S dollars.*

Group net income increased by 10.3% (9.3% excluding exchange rate effects) compared to Fiscal 2010. The increase was slightly less than for operating profit, mainly due to the rise in the effective tax rate.

DIVIDENDS PAID

	(euro in millions)	(U.S. dollars in millions*)
Fiscal 2007	179	263
Fiscal 2008	197	281
Fiscal 2009	197	250
Fiscal 2010	208	301
Fiscal 2011**	229	331

* Calculated at the closing exchange rate for each year of payment; for Fiscal 2011: 1 euro = 1.4450 U.S. dollars.
** Subject to approval at the Annual Shareholders' Meeting of January 23, 2012.

At the General Shareholders Meeting on January 23, 2012, Sodexo's Board of Directors will propose to distribute a dividend of 1.46 euro per share, an increase of 8.1% over the previous year. This represents a payout ratio of around 50% of Group net income and a yield of 2.8% based on a share price of 51.82 euro (as of August 31, 2011).

NET CASH FLOW PROVIDED BY OPERATING ACTIVITIES

	(euro in millions)	(U.S. dollars in millions*)
Fiscal 2007	753	995
Fiscal 2008	780	1,172
Fiscal 2009	577	780
Fiscal 2010	1,006	1,371
Fiscal 2011	847	1,177

* Calculated at the closing exchange rate for each year of payment; for Fiscal 2011: 1 euro = 1.3896 U.S. dollars.

Net cash provided by operating activities was 847 million euro in Fiscal 2011. This compares with 1,006 million euro provided by operating activities in Fiscal 2010, which benefited from exceptional cash flows from issue volumes in the Motivation Solutions activity, notably resulting from the startup of the Eco Pass contract in Belgium.

NET DEBT AS A PERCENTAGE OF SHAREHOLDERS' EQUITY*

(Including non-controlling interests)

Fiscal 2007	5%
Fiscal 2008	21%
Fiscal 2009	38%
Fiscal 2010	24%
Fiscal 2011	15%

* Debt net of cash and financial assets related to Motivation Solutions activity, less bank overdrafts.

RETURN ON CAPITAL EMPLOYED (ROCE)*

Fiscal 2007	18%
Fiscal 2008	17%
Fiscal 2009	15%
Fiscal 2010	15%
Fiscal 2011	18%

$$* \frac{\text{Operating income after tax}}{\text{Total of tangible and intangible assets plus goodwill plus client investments plus working capital, as of the end of the year.}}$$

4. SODEXO SHARES

EARNINGS PER SHARE *(in euro)*

Fiscal 2007	2.22
Fiscal 2008	2.42
Fiscal 2009	2.54
Fiscal 2010	2.64
Fiscal 2011	2.95

DIVIDEND PER SHARE *(in euro)*

Fiscal 2007	1.15
Fiscal 2008	1.27
Fiscal 2009	1.27
Fiscal 2010	1.35
Fiscal 2011	1.46*

* *At the General Shareholders Meeting on January 23, 2012, Sodexo's Board of Directors will propose to distribute a dividend of 1.46 euro per share, an increase of 8.1% over the previous year.*

04

Quality of Life Services

→ Introduction

Sodexo is the world's leading Quality of Life services Company.

Sodexo's mission, since its founding in 1966, has been improving the Quality of Life of its own employees, its clients' employees, as well as students, parents, patients, seniors, workers in desert or frozen regions, soldiers in garrisons or on peacekeeping operations and prisoners.

To fulfill its mission, Sodexo chose three activities:

- **On-site Service Solutions;**
- **Motivation Solutions;**
- **Personal and Home Services.**

Eight long-term trends contribute to the development of Sodexo's three activities:

- **demographic change** (population growth, life expectancy);
- **a global economy** in which capital, information, talents and trade are continuously interconnected;
- **rapid urbanization** and the development of megacities;
- **the transfer of economic power to new countries** with the development of emerging markets (including the BRIC countries, Mexico, Turkey) and a rising middle class;
- **increased public deficits** that generate political and social tensions;
- **environmental issues** including the risk of natural resources shortages leading to high inflation in the cost of raw materials and the search for new alternative resources;
- **the growing influence of consumers** seeking well-being, Quality of Life, improved health and personalized service;
- **development of new information and communication technologies.**

A clear strategy to achieve our ambition:

- be the global leader in On-site Service Solutions;
- strengthen and leverage our leadership position in foodservices;
- become the global leader in Motivation Solutions;
- steadily grow our activities in Personal and Home Services.

→ Our On-site Service Solutions

Key figures

96% of Group revenues

Consolidated revenues:

- **15,347** million euro
  (***21,326*** *million U.S. dollars)*

(at the average exchange rate for Fiscal 2011: 1 euro = 1.3896 U.S. dollars)

Source: Sodexo

386,477 employees

33,400 sites

Sodexo delivers a wide array of performance-enhancing services across eight client segments:

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

1. CORPORATE

Key figures

31% of Group revenues

Revenues:

- **4,968** million euro
  (***6,904*** *million U.S. dollars)*

(at the average exchange rate for Fiscal 2011: 1 euro = 1.3896 U.S. dollars)

Source: Sodexo

143,095 employees

16,234 sites

1.1 Our offer

Quality of Life for better performing organizations

Faced with the unprecedented pace of competition, innovation and globalization, corporations are seeking solid partners to improve **their employees' Quality of Life – and productivity**.

Sodexo provides **innovative and integrated services** to clients, meeting industry-specific challenges in offices, R&D laboratories, manufacturing sites and industrial zones.

1.2 Market trends and growth potential

Market trends

Beyond long-term trends that promote the development of all of Sodexo's activities, specific factors affecting the Corporate segment include:

- **new approaches to work**: technology, work at home;
- **industrial restructuring** through mergers, development of business services, concern for the environment and safety, cost reduction, elimination of discretionary spending; the same for governments, with more frequent use of outsourcing;
- **many international companies** seeking global partners able to meet their needs, wherever they are located;
- finally, the increasing influence of **consumers**.

In this rapidly changing socio-economic context and a market still beset by uncertainty:

- multinational clients are seeking socially-responsible partners with demonstrated efficiency based on best practices, expertise in integrating business services and a commitment to ongoing innovation;
- the increasingly sophisticated expectations and global strategies of client procurement organizations demand solutions tailored to the client's specific organization and site portfolio;
- companies in Continental Europe increasingly are looking for international partners capable of adapting to local contexts;
- economic momentum in developing markets such as India and China is fueling competition for talent, driving higher demand for integrated services that contribute to the engagement and well-being of client employees.

Source: Sodexo

Growth potential

More than 250 billion euro
in estimated total market value,

with an outsourcing rate around 55% (among the highest rates: the United Kingdom and Italy, above 70%; among the lowest rates: Brazil and China, around 35%).

Sodexo estimate

1.3 Achievements

China - Comprehensive services for future R&D center

For its new R&D center currently being constructed, AstraZeneca chose Sodexo to deliver an array of services for its 2,000 employees working on the site.

France - Customized service response for R&D institute

For a new state-of-the-art spine and brain research facility in Paris, Sodexo partnered with its client to devise a solution optimizing the attractiveness and performance of the site, host to 1,400 staff, including 600 researchers and physicians. Facilities Management services include building technical maintenance, cleaning, reception, help desk, security, grounds maintenance and meeting room and conference management.

International - One-stop reporting

"Sodexo Connections," a newly-launched web-based operational and reporting tool, allows global clients to streamline the administration of international service contracts. The system consolidates information from diverse data sources at multiple client sites to create a single, central information bank. From anywhere in the world, Sodexo and client teams can review KPI reports, access key contract documents and share benchmarking and innovation information.

United Kingdom - Origo: sustainable food

The new premium foodservices offer, Origo, responds to heightened consumer interest in sustainability, ethical food sourcing and improved health and well-being, emphasizing fresh, high-quality, seasonal produce, fair-trade sourcing and recyclable packaging. Origo's outstanding menu creativity won Sodexo the 2010 Menu Innovation and Development Award (MIDAS).

United States - New foodservices sites for Discover Financial Services

Sodexo expanded its foodservices to financial services Company, Discover, adding new sites in Arizona, Ohio, Illinois and Delaware to an existing contract in Utah. Sodexo now provides cafeteria, catering, vending and convenience store services to more than 10,000 Discover employees.

1.4 Among our clients...

***Adidas**, 3 sites, Germany.*

***Agrosuper**, 4 sites, Chile.*

***Airbus Operations Ltd**, 2 sites, United Kingdom.*

***AkzoNobel**, Germany, Italy, Netherlands, Russia.*

***Alcatel-Lucent**, Austria, Canada, Czech Republic, France, Hungary, India, Poland, Romania, Slovakia.*

***ArcelorMittal**, Belgium.*

***AREVA**, France.*

***Argos**, 90 sites, Colombia.*

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

***Bajaj Auto Limited**, India.*

***BBVA Banco Continental**, 268 sites, Peru.*

***BAO Steel Group**, 4 sites, China.*

***BlueCross Blue Shield**, multiple locations (North Dakota, Nebraska), United States.*

***China Energy Conservation and Environmental Protection Group**, China.*

***Compañía Manufacturera de Papeles y Cartones (CMPC)**, 12 sites, Chile.*

***Compagnie Maritime d'Affrètement - Compagnie Générale Maritime (CMA CGM)**, France.*

***ConocoPhillips**, Germany, United Kingdom, United States.*

***Danfoss**, 6 sites, Denmark.*

***Dow Chemical**, Michigan, United States.*

***EADS**, France, Germany, United Kingdom.*

***Ericsson**, Russia, United States.*

***Exxon Mobil**, China, Italy, Norway, United States.*

***FAW**, 22 sites, China.*

***General Electric**, Angola, China, France, Germany, Italy, Norway, Poland, Russia, Sweden, United States.*

***General Mills**, Minnesota, United States.*

***GSK**, Argentina, Belgium, Brazil, Canada, China, Costa Rica, France, Ireland, Italy, Mexico, Poland, Spain, United Kingdom, United States.*

***Honda**, United Kingdom.*

***HSBC**, France, Hong Kong, India, Luxembourg, United Kingdom, United States.*

***Jernbaneverket**, 58 sites, Norway.*

***Kamaz**, Naberezhnye Chelny, Russia.*

***La Poste Belge**, 35 sites, Belgium.*

***Merck**, Austria, Belgium, Cyprus, Czech Republic, France, Germany, Hungary, Israel, Italy, Lebanon, Morocco, Poland, Romania, Russia, Slovakia, Slovenia, Spain, Switzerland, Turkey.*

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

***Procter & Gamble**, Argentina, Belgium, Brazil, Chile, China, Colombia, Czech Republic, France, Germany, Hungary, Italy, Japan, Mexico, Peru, Poland, Romania, South Africa, Turkey, United Kingdom, United States.*

***Pilkington**, 8 sites, United Kingdom.*

***Reliance Industries Limited**, 12 sites, India.*

***Royal Dutch Shell**, Denmark, Gabon, Norway, United States.*

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

***Shanghai Automotive Industrial Corporation (SAIC)**, 2 sites, China.*

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

***Tata Group**, 46 sites, India.*

***Toyota**, Belgium, Italy, United States.*

***Unilever**, Brazil, China, Costa Rica, France, India, Italy, Netherlands, Poland, Russia, United Kingdom, United States.*

***Wipro**, India.*

2. DEFENSE

Key figures

3.6% of Group revenues

Revenues:

- **580** million euro
  (**806** *million U.S. dollars)*

13,693 employees

1,164 sites

(at the average exchange rate for Fiscal 2011: 1 euro = 1.3896 U.S. dollars)

Source: Sodexo

2.1 Our offer

Supporting Quality of Life at home and abroad

Sodexo has years of experience helping armed forces throughout the world. With its expertise and insight into the special demands of military life, Sodexo delivers **integrated service offers that improve the Quality of Life** for women and men serving their countries, on domestic bases and on missions overseas.

Foodservices for military personnel and their families in garrisons, equipment maintenance, recreational activities, and complex logistics services in connection with peace-keeping operations… **flexibility, reliability** and **rapid deployment capabilities** make Sodexo the ideal Quality of Life services partner for headquarters.

2.2 Market trends and growth potential

Market trends

Professionalizing the armed forces

The trend toward professionalizing armies continues. Military leaders seek comprehensive Quality of Life services that contribute to troop retention while also controlling costs. By outsourcing activities such as base operations maintenance, technical maintenance, uniform care and dining services, military leaders are able to focus their resources on their core mission.

Peacekeeping operations

Armed forces are being downsized due to budget reductions and professionalization but governments seek to maintain their foreign peacekeeping commitments undertaken through international bodies such as the United Nations, NATO and the European Union. With military forces stretched to the limit, these operations are becoming more sophisticated, demanding complex logistical resources that only experienced partners can provide.

Source: Sodexo

Growth potential

Over 20 billion euro
in estimated total market value,

with an outsourcing rate around 40% (among the highest rates: the United Kingdom, more than 85%; among the lowest rates: Finland, around 10%).

Sodexo estimate

2.3 Achievements

France - New headquarters for French Defense Ministry

Under a 30-year Public-Private Partnership signed with the French Defense Ministry, Sodexo will provide an array of services for the 9,600 people at the Ministry's new headquarters, including cleaning, foodservices, accommodations, concierge services, laundry services, waste management, grounds maintenance and security.

Kuwait - Ensuring service quality at desert bases

The Ministry of Defense in Kuwait entrusted Sodexo with the responsibility to deliver support for 6,000 American soldiers stationed at three widely dispersed and remote sites under a three-year contract for foodservices and equipment maintenance.

Sweden - Site and Facilities Management

At Ronneby Air Force Garrison in the South of Sweden, Sodexo is responsible for facilities and site maintenance as well as providing administrative services at the 160-building garrison.

United States

U.S. Marines renew their confidence in Sodexo...

The U.S. Marine Corps reaffirmed its confidence in Sodexo awarding two regional foodservices contracts at 51 mess halls across the U.S. at which Sodexo feeds the Marines and maintains and repairs foodservices equipment. Sodexo subcontracts 37% of the services to small, minority, disadvantaged and women-owned businesses and to organizations representing individuals with disabilities. Sodexo custom-designs its offers at each base and gives preference in its purchases to locally grown products.

...and honor it with the Best Mess Hall Award

The Sodexo-operated Mess Hall 1660 at Marine Corps Air Ground Combat Center 29 Palms in California earned the U.S. Marine Corps' (USMC) highest honor for a foodservices operation, the 2011 W.P.T. Hill Memorial Award, an annual competition recognizing foodservice excellence at USMC installations around the globe.

2.4 Among our clients...

Australia

***Australian Defence Force**, 52 bases - 6 contracts.*

Chile

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

***Hospital**, Antofagasta.*

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

Cyprus

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

France

***Future Defense Ministry Headquarters**, Paris.*

***CNES and Military Protection Force**, Kourou, Guiana.*

***Naval Air Station**, Landivisiau.*

India

***Naval Officers Club**, Delhi.*

Poland

***Military Medical Institute**, Warsaw.*

Singapore

***Civil Defence Force Basic Rescue Training Centre and Academy**.*

South Korea

***DLA Troop Support**, Osan.*

Sweden

***Swedish Armed Forces**, Karlskrona Naval Base, Skövde Army Garrison and the Ronneby Air Force Garrison.*

United Kingdom

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

United States

***Army and Navy Hospitals**, 10 sites.*

***Military Building (Army, Air Force and Marine Corps)** foodservices retail operations, 35 sites.*

***U.S. Marine Corps**, 51 mess halls.*

***U.S. Merchant Marine Academy**, 1 dining facility.*

***U.S. Navy**, 7 Facilities Management contracts.*

In theater military forces

***UNIFIL**, Lebanon.*

***U.S. Defense Logistics Agency** (MRO contract), South Korea.*

***U.S. Forces Camps**, 3 sites, Kuwait.*

3. JUSTICE SERVICES

Key figures

2.0% of Group revenues

Revenues:

- **326** million euro
  *(**453** million U.S. dollars)*

(at the average exchange rate for Fiscal 2011: 1 euro = 1.3896 U.S. dollars)

Source: Sodexo

3,956 employees

123 sites

3.1 Our offer

Putting Quality of Life at the service of prisoner rehabilitation

Sodexo operates prisons only in **democratic countries** that do not have the death penalty, where the ultimate goal of incarceration is prisoner rehabilitation and where its staff is not required to carry arms.

Sodexo adapts its offer to national laws and cultures. Consistent with its commitment, Sodexo has developed a strong expertise in **offender rehabilitation** and has made education, training and help opening a bank account or finding housing or a job an intrinsic part of its offer.

3.2 Market trends

Economic and societal costs, prison over-population are major challenges

Government budgets everywhere are falling, reflecting the continuing effects of the global economic crisis and causing many clients to outsource certain services in an effort to significantly reduce costs while maintaining standards.

The high economic and societal costs of re-offending resulting from the associated police, court and prison costs are compelling governments to look at more effective forms of rehabilitation in order to reduce the number of repeat offenders.

Correctional authorities around the world are seeing that the private sector can meet their needs effectively while complying with budget constraints and bring added expertise to prison management and offender rehabilitation.

Source: Sodexo

3.3 Achievements

Chile - Rehabilitation sales

At the Alto Hospicio Site in Iquique where Sodexo provides services, a nearby store sells hand-crafted products made by inmates as part of their rehabilitation process. A portion of the revenue is deposited in individual accounts, to be turned over to the inmates at the time of their release, with a goal of contributing to lower recidivism. The initiative has helped increase awareness in the local community of the emphasis placed on rehabilitation at the prison.

France

Thinking ahead about post-release careers

"Forum Oriente Express," an innovative program traveling between correctional facilities, offers detainees the opportunity to hear directly from visiting Company representatives about their business and to participate in hands-on workshops. The goal: help spur thinking about potential career paths as part of preparing for life after prison.

Individualized apprenticeship programs

Through the Inserxo platform, deployed at 22 correctional facilities in France, the needs of each detainee are assessed and an individualized apprenticeship program established. In close partnership with public associations, each detainee's progress is monitored with support provided from incarceration to rehabilitation.

United Kingdom

"Day prison" experience an effective deterrent

Under a new program at HMP Forest Bank, launched by Sodexo in partnership with Greater Manchester Probation Trust, offenders sentenced to perform community service work are also getting a taste of prison life by working in workshops inside the prison. Observing the greater deterrent effect of "day prison" compared with community-based work, the probation service is doubling the program's size.

No return to prison = return on investment

At a time of tight public finances, an innovative financing approach proposed by Sodexo combines socially responsible investors and NGOs in helping reduce re-offending. Investments in the "Social Impact Bond" program finance the NGOs' efforts to prepare and support the re-entry of detainees into society. Bond investors will see a return on their investment only if the re-offending rate drops by at least 7.5% over six years.

3.4 Among our clients...

Belgium

***Ministry of Justice**, 1 prison (2013).*

Chile

***Ministry of Justice**, 5 prisons.*

France

***Ministry of Justice**, 34 prisons.*

Italy

***Ministry of Justice**, 17 prisons.*

Netherlands

***Ministry of Justice**, 54 prisons.*

Spain

***Catalonia Government**, 5 prisons.*

United Kingdom

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

4. REMOTE SITES

Key figures

8.5% of Group revenues

Revenues:

- **1,371** million euro
  *(**1,905** million U.S. dollars)*

(at the average exchange rate for Fiscal 2011: 1 euro = 1.3896 U.S. dollars)

39,112 employees

1,703 sites

Source: Sodexo

4.1 Our offer

Efficiency and Quality of Life at the ends of the earth

Mastering challenging and often isolated environments, providing technical expertise, looking after the performance and well-being of people working and living far from home: Sodexo designs, manages and delivers innovative solutions tailored to meet the specific requirements of each client as well as the expectations of their employees.

From planning and building camps to dismantling sites, Sodexo's comprehensive offer:

- includes **added-value technical and cost-saving services**;
- meets rigorous **Health, Safety and Environmental standards**;
- creates a **safe and comfortable workplace** for all;
- reflects Sodexo's commitment to sustaining the **economic development, social needs and environmental resources of host communities**.

4.2 Market trends and growth potential

Market trends

In the **oil and gas sector** high oil prices continue to drive large exploration and production projects for deepwater and non-conventional resources. At the same time, regulatory uncertainties may continue to affect drilling activity in the Gulf of Mexico.

Mining companies have strongly increased their exploration investments, driven by rising demand from emerging countries, notably China. Challenges include the need to reach higher risk remote locations, attracting and retaining workers and engineers as well as ensuring site compliance with local regulatory requirements.

While work on some mega-projects launched before the recession in the **Engineering and Construction sector** remains suspended or has slowed, there are new growth opportunities due to demand from the petrochemicals industry and the increasing reliance of financially-constrained governments on private sector participation to address infrastructure needs.

Source: Sodexo

Market potential

10 billion euro total estimated sales for On-site Service Solutions

Sodexo estimate

4.3 Achievements

Chile - Safety award

For the second year in a row, Sodexo was recognized for its high safety standards through an award from the **Chilean Safety Association, ACHS**.

Democratic Republic of Congo - Major new mining contract

Sodexo opened its first contract with Tenke Fungurume Mining Sarl, a Freeport-McMoran-led consortium, providing services for 1,500 full-time residents and 2,800 day-workers on its copper/cobalt mine site in the south of the country.

Netherlands - New office focuses on expanding the Marine sub-segment market

Sodexo, the global leader in providing services on drilling rigs and production platforms, opened a new Marine Business office in Rotterdam to support its growing activities with clients working on vessels and barges that service North Sea oil and gas projects.

South Korea - Delivering offshore solutions

Leading international oil and gas clients rely on Sodexo's expertise and rapid mobilization capabilities for all types of marine vessels deploying from South Korean shipyards. Sodexo's teams are adept at handling diverse crew management needs, such as documentation requirements, ensuring appropriate nutritional options for multinational workforces and delivering on-board accommodation and repair services for offshore clients.

United States - Camp administration and foodservices

In Arkansas, Sodexo provides camp administration and foodservices for a 135-bed training center under a new contract with NOMAC Drilling, a subsidiary of Chesapeake Energy, the second-largest producer of natural gas in the U.S.

4.4 Among our clients...

Energy

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

Chevron: *Saudi Arabia, United States (Gulf of Mexico).*

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

ExxonMobil: *Angola, Australia, Canada, Norway, Saudi Arabia, United States (Alaska, Gulf of Mexico).*

Manitoba Hydro: *Canada.*

Noble Drilling: *Netherlands, Qatar, Singapore, United Kingdom, United States (Gulf of Mexico).*

Saudi Aramco: *Saudi Arabia.*

Schlumberger: *Russia, Saudi Arabia, United States (Alaska).*

Seadrill: *Angola, Brazil, Indonesia, Norway, United States (Gulf of Mexico).*

Shell: *Gabon, Norway, Qatar, Russia, Saudi Arabia, Sultanate of Oman, United Kingdom, United States (Gulf of Mexico).*

Teekay: *Norway, Qatar, United Kingdom.*

Total: *Angola, Congo, Gabon, Indonesia, Netherlands, Norway, Qatar.*

Transocean, Inc.: *India, Norway, Qatar, Thailand.*

Mines

Anglo American: *Canada, Chile.*

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

BHP Billiton: *Australia, Brazil, Canada, Chile, Peru.*

Rio Tinto: *Australia, Chile, Guinea Conakry, India, Madagascar.*

Vale: *Brazil, Canada, New Caledonia, Peru.*

Xstrata: *Australia, Chile, Peru.*

Engineering and construction

Bechtel: *Peru.*

Chiyoda: *Algeria, Qatar.*

Fluor Daniel: *Saudi Arabia.*

JGC: *Algeria.*

Punj Lloyd: *Qatar, United Arab Emirates.*

SNC Lavalin: *Algeria, Saudi Arabia, United Arab Emirates.*

Technip: *Angola, Qatar.*

5. HEALTH CARE

Key figures

19.6% of Group revenues

Revenues:

- **3,139** million euro
  *(**4,362** million U.S. dollars)*

(at the average exchange rate for Fiscal 2011: 1 euro = 1.3896 U.S. dollars)

Source: Sodexo

61,964 employees

4,274 sites

5.1 Our offer

Quality of Life at the service of quality care

Whether foodservices, hospitality, transport services, maintenance and sterilization of equipment, bio-cleaning of patient and operating rooms, Sodexo proposes services that are adapted to the client's priorities:

- **increase patient satisfaction;**
- **motivate and retain staff;**
- **ensure compliance with the highest standards of performance;**
- **reduce operating costs.**

The result for the client? Improved performance and an enhanced reputation for their facility.

5.2 Market trends and growth potential

Market trends

Health Care costs are constantly increasing, driven by a combination of demographic, social, economic and technological factors.

- In many developed countries, budgetary constraints are causing **the number of hospital beds** and the **average length of stays to be reduced** and leading to increased investment **in ambulatory care**.
- **The shortage of qualified personnel** is becoming more acute and **competition** for nurses and staff is intensifying.
- **Chronic diseases** (diabetes, cardiovascular disease, cancer, etc.) mainly due to poor eating habits and lifestyles have a significant impact on the organization and costs of health systems.
- **Patient consumerism** is on the rise. For hospitals, this means that they will increasingly need to focus on improving the patient experience.

A high-growth market undergoing profound transformation:

- there will be fewer but larger health care facilities, always attentive to their reputation and demanding partners capable of helping to increase their attractiveness and competitiveness;
- governments are looking to public-private partnerships to finance their infrastructure;
- health care systems have to focus more on prevention to limit the rise of chronic disease;
- outpatient and in-home care is increasing, offering new opportunities for Sodexo.

Source: Sodexo

Growth potential

More than 150 billion euro
in estimated total market value,

with an outsourcing rate at 40% (among the highest rates: Chile and Singapore, around 70%; among the lowest rates: Canada and Sweden, around 25%).

Sodexo estimate

5.3 Achievements

Brazil - Sodexo retains first place ranking

For the sixth consecutive year, Sodexo was chosen as the best foodservices provider in the Brazilian health care market, receiving the "Top Hospitalar," the industry's most prestigious award.

Chile - Adding value through comprehensive service offers

Reinforcing its leadership position in the country's Health Care segment, Sodexo signed four new contracts (Clinica Bicentanario, Clínica Davila, Clínica Tabancura and Clínica Lircay) to deliver an array of technical and general services.

France - Working in hospitals for a Better Tomorrow

Under an ambitious five-year agreement with association C2dS (Committee for Sustainability in Health Care), Sodexo has committed to a series of sustainability actions at hospitals aimed at promoting better nutritional habits and a cleaner environment. Sodexo will work to further limit salt, sugar and fats while educating consumers on the effects of excessive use, optimize serving sizes to reduce food waste, increase recycling, minimize packaging, reduce organic and inorganic wastes, improve water and energy conservation practices, monitor facilities' carbon footprints and increase local sourcing.

Italy - Multiple services for large university hospital

Sodexo won a major new contract at University of Pisa Hospital to provide cleaning services, including bio-cleaning of the 1,300-bed facility's patient areas, management of supplies, sterilization of operating rooms and waste management.

Russia - First hospital contract

Sodexo opened its first hospital contact in Russia in Naberezhnye Chelny providing daily foodservices for 700 patients and 300 staff members at the emergency care hospital.

Thailand - First public health sector contract

Sodexo's Thailand team won a prestigious contract in the country's public health sector to provide technical facilities services and maintain critical medical equipment for the Queen Sirikit Medical Center. Sodexo also will be working on a one-year plan to help the medical center achieve Joint Commission International (JCI) accreditation

United Kingdom - Recognition for occupational health and safety performance

The Royal Society for the Prevention of Accidents (RosPa) recognized Sodexo with a silver award for the Company's management system to protect the health and safety of patients, visitors and staff at Hereford County Hospital, part of Wye Valley NHS Trust.

United States - Outpatient nutrition therapy services

To help discharged patients gain confidence and become active participants in managing their own medical care, Sodexo Wellness and Nutrition Services offers nutrition education and support through individualized, interactive dialogue with highly-trained registered dietitians. Patients receive counseling and are provided with physician-approved information aimed at maintaining wellness and creating a foundation for a lifetime of optimal health.

5.4 Among our clients...

***Beijing Friendship Hospital**, Beijing (China).*

***Casa di Cura Multimedica SpA**, 4 sites, Sesto San Giovanni, Milan (Italy).*

***Centre Hospitalier Universitaire Ibn Rochd of Casablanca**, Casablanca (Morocco).*

***Centre Hospitalier Universitaire**, Rennes (France).*

***Deventer Ziekenhuis**, Deventer (Netherlands).*

***German Heart Institute Berlin** (Germany).*

***Groupe 3H**, Niort (France).*

***Hospital Militar de Santiago**, Santiago (Chile).*

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

***Institut Catala de Salud**, Catalonia, 10 sites (Spain).*

***Johns Hopkins Medical Center**, Baltimore, Maryland (United States).*

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

***Kokilaben Dhirubhai Ambani Hospital**, Mumbai (India).*

***Krakow University Hospital**, Krakow (Poland).*

***KZN Public Hospitals**, 9 sites (South Africa).*

***Livati Hospital**, Mumbai (India).*

***Lowell General Hospital**, Massachusetts (United States).*

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

***Military Medical Institute (WIM)**, Warsaw (Poland).*

***Orbis Medical Park**, Sittard (Netherlands).*

***Papworth Hospital NHS Foundation Trust**, Cambridgeshire (United Kingdom).*

***Samitivej Hospitals**, 3 sites, Bangkok (Thailand).*

***Stockholm County Council** (Sweden).*

***The Hillingdon Hospital**, Uxbridge, Middlesex (United Kingdom).*

***University Healthcare Consortium (UHC)**, an alliance of 107 university medical centers and 233 affiliated hospitals (United States).*

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

***Vancouver Coastal Health Authority**, multiple sites, Vancouver (Canada).*

***Wilhelminenspital**, Vienna (Austria).*

6. SENIORS

Key figures

6.2% of Group revenues

Revenues:

- **990** million euro
  (**1,376** million U.S. dollars)

(at the average exchange rate for Fiscal 2011: 1 euro = 1.3896 U.S. dollars)

13,204 employees

2,979 sites

Source: Sodexo

6.1 Our offer

Improving seniors' Quality of Life

Sodexo helps ensure the overall well-being of seniors through medical nutrition and support services designed to:

- **ensure efficient assistance to senior care providers**: Sodexo's services enhance client business performance and reputation;
- **improve seniors' Quality of Daily Life**: with a good understanding of the diversity of senior needs, Sodexo offers services appropriate to all stages of the aging process.

With extensive knowledge of the market, Sodexo delivers solutions tailored to our clients' unique objectives, integrating a full range of high value-added services that:

- **contribute to the physical, emotional and mental well-being** of seniors residing in retirement communities and care facilities;
- **enable seniors to preserve their independence** through the delivery of quality services in the home.

6.2 Market trends and growth potential

Market trends

Economic trends

Rising demand and expenditures:

- the increasing number of seniors has contributed to rising health care costs;
- greater prevalence of chronic diseases is contributing to higher costs.

Controlling budgets:

- many seniors lack sufficient personal resources to cover medical care costs;
- governments are seeking cost-effective solutions to meet the higher demands for senior care.

Social trends

Extended life expectancy, changing society:

- medical advances are prolonging life expectancy with those over 80 comprising the fastest growing segment of the population in many developed countries;
- more seniors, preferring to live independently at home, are entering facilities later in life.

A rising need for professional caregivers:

- growing numbers of families are seeking help to meet the unique requirements of the elderly;
- competition for professional caregivers is intensifying.

Source: Sodexo

Growth potential

Close to 90 billion euro

in estimated total market value,

with an outsourcing rate at 25% (among the highest rates: Australia and Denmark, above 50%; among the lowest rates: the United Kingdom and the United States, around 10%).

Sodexo estimate

6.3 Achievements

Australia - Sodexo's 100% accreditation performance continues

For the seventh consecutive year, Sodexo maintained 100% third-party accreditation and compliance with senior care governing bodies in Australia, a rare accomplishment.

Spain - Serving largest senior residences group

Sodexo provides foodservices under a global agreement to SAR/Mapfre Quavitae, which with more than 65 senior residences and 60 day-care centers, is Spain's largest senior residences group.

United States

Keeping residents and patients at the heart of everything we do

To help fight two of the leading causes of death in America – heart disease and stroke – Sodexo teamed up with the American Heart Association (AHA) and flowers and gift company, 1-800-FLOWERS.com, to benefit cardiovascular research and heart health education. During the month-long "Have A Heart" program, visitors and staff at Sodexo Health Care locations across the country could purchase roses for 3 dollars each as gifts to retirement community residents and hospital patients, with all proceeds going to the AHA.

Expanded services for prestigious client

Among Sodexo's prestigious clients is Keiro Seniors Healthcare communities of Los Angeles, California. *US News and World Report* recently ranked Keiro Intermediate Care as one of the "Best Nursing Homes" in California. Sodexo began providing foodservices four years ago and added building services in 2011.

6.4 Among our clients...

***Adavir Group**, 12 sites (Spain).*

***Air Force Villages**, San Antonio, Texas (United States).*

***American Baptist Homes of the West (ABHOW)**, 10 sites (United States).*

Asbury Group, *6 sites (United States).*

AVEO Live Well, *3 Retirement Village & Aged Care sites, Brisbane, Queensland (Australia).*

China Welfare Institute (CWI), *Shanghai (China).*

Covenant Retirement Communities, *15 sites (United States).*

CSP Campo Grande, *Lisbon (Portugal).*

Fondation Caisses d'Epargne pour la Solidarité, *94 sites (France).*

Fondazione Maria Ausiliatrice, *Bergamo/ Villa Serena di Brembate, Bergamo (Italy).*

Hopeatie Senior Home, *Helsinki (Finland).*

Hospedaría Hogares de Cristo, *5 sites, Santiago (Chile).*

Keshet Amuta Le-Maan Ha-Kashish, *3 sites (Israel).*

Korian, *95 sites (France).*

Maison Marie Immaculée, *Neufvilles (Belgium).*

Maisons de Soins *de Bettembourg and de Wasserbillig (Luxembourg).*

MENSA, *Meulebeke (Belgium).*

Napsugar Elderly Home, *Dunakeszi (Hungary).*

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

Seniorenresidenz Schloß Kahslperg, *Puch (Austria).*

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

Stichting Cordaan, *Amsterdam (Netherlands).*

Uniting Care Northern Sydney Region, *15 Aged Care sites, Sydney, New South Wales (Australia).*

Vitanas GmbH&Co.KGaA, *35 sites (Germany).*

7. PEOPLE WITH DISABILITIES

7.1 Our offer

Facilitating daily life for the disabled

Sodexo helps people with disabilities overcome challenges and provides ways to make their daily life simpler and safer.

In helping to **integrate people with disabilities** more fully into society and the workplace, Sodexo actively engages in increasing awareness – and altering attitudes – about all forms of disability.

7.2 Achievements

United States - Sodexo ranked in top 10 companies for disabilities

DiversityInc recognized Sodexo as among the top companies in the U.S. in recruiting, retaining and promoting people with disabilities and working to create an inclusive corporate culture for people with both physical and hidden disabilities, ranking the Company ninth among the top 50 companies.

France - Developing all skills

The French association ANAIS will open a vegetable processing plant in early 2012 at which 10 employees with disabilities will work full-time. Sodexo, a 15-year partner of the association, will be responsible for supplying the plant and become its primary client. The partnership reflects Sodexo's experience in providing opportunities to people with disabilities. The Company is involved in projects at 500 establishments in France and each year joins with clients to provide training in foodservices for individuals with disabilities.

8. EDUCATION

Key figures

21.7% of Group revenues

Revenues:

- **3,481** million euro
  (**4,837** *million U.S. dollars)*

(at the average exchange rate for Fiscal 2011: 1 euro = 1.3896 U.S. dollars)

Source: Sodexo

93,566 employees

6,140 sites

8.1 Our offer

Fostering success through enhanced Quality of Life

Schools and universities today face considerable challenges, from increased competition for students and faculty to aging infrastructure and constrained budgets. Sodexo plays a key role in helping ensure **a safe, welcoming and healthy learning environment** through efficient and innovative integrated service offers that:

- create positive student experiences that improve performance and achievement;
- enhance the Quality of Life for the learning community;
- strengthen our clients' image and reputation;
- attract and retain students and faculty;
- help control operating expenses.

8.2 Market trends and growth potential

Market trends

Student health and wellness

Governments in developed and emerging economies are battling to curb alarming increases in both obesity and malnutrition, including among student populations.

Globalization of education

International student and faculty exchanges are on the rise and universities are building campuses abroad to meet increased demand in developing countries.

Sustainability

Sustainable practices can represent a competitive advantage for schools and universities but needs and the nature of the initiatives vary by country and region.

Financial constraints

Hard-pressed to meet day-to-day operating budgets and fund capital projects, educational institutions are relying on outsourcing to cut costs and governments are turning to the private sector for investments.

Security and safety

Personal safety and the condition of infrastructure and equipment in schools and on campuses are an increasing concern.

Source: Sodexo

Growth potential

Over 150 billion euro

in estimated total market value,

with an outsourcing rate around 35% (among the highest rates: Belgium and Singapore, more than 60%; among the lowest rates: Canada and Finland, around 25%).

Sodexo estimate

8.3 Achievements

France

Comprehensive service offer for new business school campus

To help it attract and retain the best teaching staff and students in its quest for excellence, EDHEC turned to Sodexo to create an appealing living environment at its new business school campus in Lille. The comprehensive services contract includes foodservices, concierge services, visitor accommodations, university store management, vending machines and building maintenance.

Early start to healthy eating

Sodexo introduced a new foodservices offer aimed at encouraging good nutritional habits and sustainability awareness right from the start. Kindergarten and elementary school students are served seasonal, healthy meal choices designed by Sodexo dietitians accompanied by colorful, animated presentations throughout the school year.

Indonesia - International flavor

Sodexo was awarded the contract to design the new kitchen and dining area and outfit the kitchen at the country's largest international primary and secondary school in Jakarta. Sodexo will provide foodservices on the school's three campuses for 875 staff members and 2,500 students, drawn from 60 nations.

United States

Large new FM contract for Detroit public schools

Sodexo provides technical maintenance services, cleaning services and maintenance of buildings and green spaces to enhance the learning environment for 78,000 students in the city of Detroit's 136 public schools. It is the largest school outsourcing contract for Facilities Management services in the U.S. and one of the largest Education contracts ever won by Sodexo.

Supporting the Let's Move wellness initiative

As part of its commitment to the First Lady Michelle Obama's "Let's Move" initiative to promote good nutrition and physical activity, more than 100 of Sodexo's clients have achieved awards in the Healthier US School Challenge. The Challenge is a voluntary initiative established in 2004 which recognizes schools participating in the National School Lunch Program that have created healthier school environments through promotion of nutrition and physical activity.

8.4 Among our clients...

***Aditya Birla World School**, Mumbai (India).*

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

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

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

***Brest public schools** (France).*

***British School**, São Paulo, Rio de Janeiro (Brazil).*

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

***Chino Valley Unified School District**, Chino, AZ (United States).*

***Colegio Franco Argentino**, Buenos Aires (Argentina).*

***Columbus City Schools**, Columbus, OH (United States).*

***Detroit Public Schools**, Detroit, MI (United States).*

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

***École Française de Riyadh** (Saudi Arabia).*

***EDHEC**, Lille (France).*

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

***GEMS School**, Dubai (United Arab Emirates).*

***Hackney Community College**, London (United Kingdom).*

***Haileybury College**, Melbourne (Australia).*

***Inkamana School**, KwaZulu – Natal (South Africa).*

***International School Hamburg** (Germany).*

***Jakarta International Scho**ol, Jakarta (Indonesia).*

***King George V School**, Hong Kong.*

***Lappeenranta University of Technology**, Lappeenranta (Finland).*

***Liceo Franco Argentino Jean Mermoz**, Buenos Aires (Argentina).*

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

***Lycée Français International**, Bangkok (Thailand).*

***Lycée Français Paul Valéry**, Cali (Colombia).*

***Marseilles public schools** (France).*

***Pontifical Catholic University**, Rio de Janeiro (Brazil).*

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

***Saint Nicholas School**, São Paulo (Brazil).*

***Santa Rosa County School District**, Milton, FL (United States).*

***Southampton Solent University** (United Kingdom).*

***Tanglin Trust International School** (Singapore).*

***Texas Christian University**, Fort Worth (United States).*

***Universidad Adolfo Ibañez**, Santiago (Chile).*

***Universidad Andrès Bello**, Santiago (Chile).*

***Universidad Católica de Chile**, Santiago (Chile).*

***Universidad Europea de Madrid** (Spain).*

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

***University of Ljubljana**, Faculty of Economics, Ljubljana (Slovenia).*

***University Politecnico**, Turin (Italy).*

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

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

9. SPORTS AND LEISURE

Key figures

3.1% of Group revenues

Revenues:

- **492** million euro
  (**684** million U.S. dollars)

8,184 employees

783 sites

(at the average exchange rate for Fiscal 2011: 1 euro = 1.3896 U.S. dollars)

Source: Sodexo

9.1 Our offer

Quality of Life for exceptional moments

As a partner in organizing world-class **sports and cultural events**, whether the Olympics, Rugby World Cup or the Chelsea Flower Show, Sodexo has been delivering exceptional service offers that respond to organizers' exacting needs for more than 20 years. From ticketing to foodservices to corporate hospitality sales and marketing, Sodexo's expert teams know what it takes to produce unforgettable moments on the world's biggest stages.

Sodexo also enhances the **reputation of prestigious sites and tourist destinations**, providing best-in-class facility conferences and banqueting, entertaining performances, logistics and technical services, while ensuring safety.

9.2 Market trends

Demand is growing rapidly in this highly demanding market.

The current economic climate has impacted the market with reduced government and sponsorship support for many sports and leisure activities, prompting clients to seek high **value-added solutions to attract consumers**.

Although economic and political uncertainties continue to impact discretionary spending in many parts of the world, France, and particularly Paris, where Sodexo has a significant presence, remains a favored destination for international tourists.

Demand for strong value-added solutions is creating new opportunities in this market, including:

- **Sustainability, wellness and diversity**. These criteria are fast becoming key drivers for partner selection and retention as companies seek to differentiate their offer by emphasizing their commitments to people and the environment;
- **Maximized venue utilization**. Clients are seeking partners that can better assist them in attracting new guests to boost attendance and facility rentals.

Source: Sodexo

9.3 Achievements

Argentina, Chile – Third consecutive Dakar Rally

Sodexo was again chosen to provide foodservices for 430 participants and 2,500 support team members from 50 countries during the 2011 edition of the Dakar Rally held in Argentina and Chile.

France – Two new culinary adventures aboard Bateaux Parisiens

Among the attractions along Paris' River Seine offered by Sodexo's Bateaux Parisiens is a newly re-designed Cristal II which, with Diamant, are the premier ships in the company's river cruise fleet. Passengers can enjoy seasonal menu selections and live music from their own "lounge" as they float through the capital. For those who prefer to stay closer to shore, the floating Bistro Parisien, moored at the foot of the Eiffel Tower, offers classic brasserie fare in a modern, contemporary environment.

Netherlands - Sustaining flower power

Sodexo has been chosen as the lead foodservices provider for the Netherlands' huge international flowers and gardening exhibition held every 10 years. More than two million national and international visitors are expected for the 200-day-long "Floriade 2012." Sodexo will offer naturally prepared foods featuring regional and seasonal product sourcing.

Spain - Now serving on center court

For the third year, Sodexo teams provided a wide variety of foodservices to attendees at the Madrid Open tennis championships. More than 100,000 people enjoyed the many fine examples of Spanish gastronomy, specially adapted to appeal to international tastes.

United Kingdom

Double triumph at Scottish Event Awards

Sodexo was twice recognized at the 2010 Scottish Event Awards, receiving the best Business to Business Corporate Event award for its hospitality services at The Open Championship at St Andrews and winning Best Unusual Venue honors for the Royal Botanic Garden Edinburgh's Gateway Centre.

A winning partnership

Sodexo marked 10 years of partnering with the Mike Burton Group in managing sales and marketing, hospitality services and catering for some of the world's major sporting events, including the 2011, 2015 and 2019 Rugby World Cups and the 2012 London Olympics.

United States Benchmark reference for conference center hospitality

Two Sodexo-run venues in Flagstaff, Arizona, the Black Canyon and High Country conference centers, have been recognized with 2011 Pinnacle Awards for their standard-setting hospitality excellence.

Sodexo reinforces its expertise in fine dining

With its acquisition of leading gourmet brand, Lenôtre, Sodexo reinforces its know-how in tourism, upscale restaurants, international events and prestigious venues.

Reinforcing its formidable presence in high-end cuisine, Sodexo acquired Lenôtre in 2011, one of the world's leading symbols of elegant French dining. The prestigious Lenôtre brand, renowned for its savoir-faire in luxury gastronomy, joins an already impressive constellation of Sodexo gourmet offerings that includes Royal Ascot, the Eiffel Tower's Jules Verne, the Lido cabaret, Yachts de Paris, Bateaux Parisiens and the President's tables of a number of large international corporations.

A benchmark for elegance and rigor of French luxury goods, Lenôtre's upscale gastronomy business includes boutiques, receptions and events (6,500 in 2010), as well as its three-star restaurant in Paris, Le Pré Catelan. Of its 1,100 employees, 11 are among France's "Meilleurs Ouvriers de France" (Best workers in France). A member of France's prestigious luxury goods association, the Comité Colbert (Colbert Committee), Lenôtre is present in nine countries. The culinary expertise of its chefs and its Research and Creation Department helped win the Company the Sirha Innovation prize in 2011.

The combination of expertise offers many opportunities to leverage the strengths of both companies, matching Sodexo's international network and extensive client portfolio with Lenôtre's reputation for innovative gourmet offerings. Particular focus will be on creating an exceptional dining experience at major sporting and cultural events, corporate and conference center venues and leading tourism destinations in Paris and internationally. Also on the menu: training for Sodexo chefs at the famous Lenôtre culinary arts school.

9.4 Among our clients...

Athletic and cultural activities

Ascot Racecourse, *Berkshire (United Kingdom).*

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

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

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

Grand Parc du Puy du Fou, *(France).*

Hampden Park, Glasgow, *Scotland (United Kingdom).*

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

Houston Zoo, *Texas (United States).*

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

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

Le Tour de France.

Museo del Prado, *Madrid (Spain).*

Museum of Science and Industry, *Chicago, Illinois (United States).*

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

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

Seattle Aquarium, *Washington (United States).*

The Dakar Rally, *France, Chile, Argentina.*

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

Prestige Restaurants

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

Le Pré Catelan, *Paris (France).*

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

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

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

Private Clubs, Associations and Conference Centers

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

Centre d'Affaires Capital 8, *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).*

→ Our Motivation Solutions

1. ACTIVITY

Key figures

4% of Group revenues

Revenues:

- **717** million euro
  *(**996** million U.S. dollars)*

(at the average exchange rate for Fiscal 2011:
1 euro = 1.3896 U.S. dollars)

Source: Sodexo

13.7 billion euro in issue volume

3,575 employees

385,000 clients (excluding individuals)

27.4 million beneficiaries

1.1 million affiliated partners

1.1 Our offer

Motivation: hand-in-hand with Quality of Life

The benefits provided to employees, for example, enable companies **to attract, retain, encourage** and **reward** their employees. More than 27 million people around the world benefit from Sodexo's solutions, delivered in three main service areas:

- **Employee Benefits**: providing attractive, easy-to-use, economical solutions for transport, gifts, meals, personal care, leisure activities, education and in-home service vouchers.
- **Incentives and Recognition**: helping companies achieve their quantitative and qualitative objectives through programs to motivate, retain and reward employees.
- **Public Benefits**: running public allocation systems to ensure they are transparent, simple and demonetized, covering such areas as cultural activities, assistance programs, training and employment.

1.2 Market trends and growth potential

Market trends

Beyond long-term trends that promote the development of all of Sodexo's activities, specific factors affecting **Motivation Solutions** include:

- **socioeconomic**: the increasing service economy, growing numbers of working women, the search for a competitive edge, growing importance given to the human factor within organizations;
- **sociological**: work-life balance, environmental and health concerns;
- **political**: combating illegal work, controlling public spending.

The impact of these trends varies widely according to country economic situations:

Companies seeking to attract and retain talent to cope with rapidly changing markets are turning to employee motivation programs to differentiate themselves, enhance productivity and respond to the new needs of their workforce:

- **in industrialized countries**, continuing urbanization, a growing number of workingwomen and an aging population that is working longer are creating new needs and expectations;
- **in emerging markets**, rapid change, middle class growth, the switch to a more service-driven economy and intense competition for trained talent are generating increased demand for human resource services.

Governments and local authorities are constantly looking for efficient aid distribution solutions and are pursuing pro-active policies to improve delivery of support to disadvantaged members of society.

Source: Sodexo

Growth potential

A market estimated at more than 140 billion euro in issue volume.

Sodexo estimate

2. EMPLOYEE BENEFITS

2.1 Achievements

Bulgaria - Hearing employees

Helping Bulgarian companies understand and improve the satisfaction and motivation of their employees is the focus of an offer jointly created by Sodexo and Adecco. The service includes an audit of current employee satisfaction and recommended measures for increasing motivation, drawing upon research findings from the Sodexo Institute for Quality of Daily Life.

France - Online vouchers for small business

Small businesses can now use a new Internet-based retail site launched by Sodexo Motivation Solutions in France to order meal vouchers and domestic services vouchers for their employees. The service offers clients discounts and variable pricing depending on the selected delivery date, similar to online airline and train ticket sales. Designed to be quick and intuitive, the purchases can be made online easily in just three clicks.

India - Extra effort ensures on-time launch

Seeking to improve the productivity of its 115,000 employees working at more than 1,400 locations across India, Life Insurance Corporation of India Ltd (LIC) turned to Sodexo to help it meet the challenge with a meal vouchers benefit program. With only 20 days of lead-time, Sodexo's team implemented, in record time, a complete network plan meeting specific regional requirements and ensuring delivery to all locations.

Turkey - Ramadan Gift Pass Offer

To help clients to continue providing employees with donations of food, in observance of Ramadan, Sodexo launched the Ramadan Gift Pass. The service allows employees to spend their employer's gift in a wide range of affiliated food stores and eliminates previous requirements for procuring, storing and delivering traditional food baskets – whose contents did not always match recipient preferences.

2.2 Among our clients…

Banks-Insurance

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

HSBC Group*, Belgium, India, Mexico, Poland.*

PricewaterhouseCoopers*, Belgium, Czech Republic, Germany, Hungary, Mexico, Philippines, Spain.*

IT-Electronics

IBM*, Hungary, Spain, Tunisia, Venezuela.*

Oracle*, Czech Republic, Venezuela.*

***Samsung Electronic**, Belgium, Brazil, Czech Republic, Tunisia, Venezuela.*

***SAP**, Belgium, Brazil, Germany, Poland, Venezuela.*

Consumer goods

***Coca-Cola**, Belgium, Czech Republic, Hungary, Poland.*

***L'Oréal**, Tunisia, Turkey, Venezuela.*

***Nestlé**, Belgium, Poland, Venezuela.*

***Nokia**, Belgium, Germany, Hungary, Poland, Tunisia.*

***Unilever**, Belgium, Hungary, India, Poland, Spain, Tunisia, Venezuela.*

Industry-Energy

***Eli Lilly**, Belgium, Chile, Mexico, Venezuela.*

***Johnson & Johnson**, Chile, Czech Republic, Poland.*

***Michelin**, Belgium, Hungary, Poland, Turkey, United Kingdom.*

***Schneider Electric**, Belgium, Germany, India, Philippines, Spain, Tunisia.*

***Siemens**, Belgium, Tunisia, Turkey.*

***Tata Group**, India, Philippines, United Kingdom.*

***Toyota Group**, Belgium, Czech Republic, Spain, Venezuela.*

3. INCENTIVES AND RECOGNITION

3.1 Achievements

France - The self-service gift voucher

A new line of offers from "Tir Groupé by Sodexo" allows companies to choose among three new levels of affiliate networks at which employees may use their gift vouchers. The online platform, featuring more than 11,000 gifts, is directly managed by companies for their sales and distribution networks, provides real-time updates on transactions and can be personalized with the Company's own colors and images.

International - Global solution for a global client

To help its travel e-commerce client, Amadeus, promote insurance products as part of travel packages, Sodexo designed a special incentive program for travel agents and airline call centers around the world. Under the global contract, Sodexo provides Amadeus with a single point of contact as well as expert guidance on the tax treatment of employee incentive programs in each country where it operates.

3.2 Among our clients...

Banks-Insurance

***HSBC Group**, Argentina, India, Philippines.*

***PricewaterhouseCoopers**, Hungary.*

IT-Electronics

***IBM**, Hungary.*

***Oracle**, Indonesia.*

***Samsung Electronic**, Brazil, Poland.*

***SAP**, Brazil.*

Consumer goods

***Coca-Cola**, Argentina, Poland.*

***L'Oréal**, Poland.*

***Nestlé**, Czech Republic, Hungary, Indonesia, Poland.*

***Nokia**, Poland.*

***Unilever**, Hungary.*

Industry-Energy

***Eli Lilly**, Mexico.*

***Johnson & Johnson**, Poland.*

***Michelin**, Hungary, Poland.*

***Tata Group**, India.*

4. PUBLIC BENEFITS

4.1 Achievements

Germany - educational support vouchers

Sodexo is helping the city of Gelsenkirchen administer the new "Bildungspass" educational vouchers under a new public benefit program launched by the Federal government and managed at the city level. With 19,000 potential beneficiaries, the educational package seeks to extend educational opportunities for children providing support for the purchase of school supplies and books, participation in school trips, meal subsidies, after-school tutoring, leisure activities and transportation.

United Kingdom - delivering assistance for asylum seekers

With the new Visa Europe card, Sodexo provides the means for the UK Border Agency to provide asylum seekers with their weekly benefits allocations electronically. The pre-paid cards can be used at commercial outlets approved by the client.

4.2 Among our clients...

Public services

National Postal Services*: La Poste (Belgium); La Poste (France), Poczta Polska (Poland), Postal Telegraphic Institute of Venezuela (Venezuela).*

National Transportation Services*: Czech Airlines (Czech Republic), Lufthansa (Germany), National Railways (Hungary), SNCB (Belgium), Transport company city of Košice (Slovakia).*

Public Authorities*: Provincia de Chaco (Argentina), ONEM (Belgium), Provincia de Rio Negro (Argentina), Steel Authority of India (India), SENIAT (Venezuela).*

→ Our Personal and Home Services

1. Our offer

Quality of Life - one at a time

To improve the Quality of Life for all, Sodexo has chosen four types of services:

- **Childcare**

  Sodexo designs and manages childcare centers on behalf of local authorities and companies, offering development activities for children while facilitating their parents' lives.
- **Tutoring/adult education**

  Sodexo contributes to individual fulfillment by providing in-home tutoring and training in a variety of disciplines. Tutoring courses are offered for young people, adults and seniors in languages, arts, new information and communications technologies and in increasing knowledge in a chosen area. Much of the instruction is offered through e-learning.
- **Concierge services**

  Sodexo facilitates daily life with a range of solutions such as dry-cleaning, in-home services and travel or events organization. Requests can be placed via an onsite concierge, telephone or web portal. Microsoft and Alstom (France) decided to add concierge services to those already being provided by Sodexo.
- **In-home assistance to dependent persons**

  Sodexo supports dependent individuals by offering comprehensive services including companionship, light housekeeping, transportation, meal preparation and technology solutions.

2. Market trends

Childcare: strong demand

Parents are facing a scarcity of childcare solutions, particularly for preschool children, and childcare costs that often exceed their budgets. The combination of these factors has led many governments to adopt policies promoting development of affordable childcare facilities. Companies are also seeking "turnkey" solutions that help enhance employee loyalty.

Academic success: a major concern for parents

Most parents are eager to ensure their children's success at school as a factor that will significantly affect their personal achievement later in life. For parents who often lack the time and skills for tutoring, outsourcing the task to professionals is an ideal solution.

The desire to achieve a better work-life balance

For working people, balancing their professional and personal lives is often a struggle. Companies are looking for solutions to increase the engagement and retention of their employees.

Increased longevity

As the population ages, the need for in-home assistance to dependent persons will continue to rise, particularly as most seniors prefer to remain at home as long as possible. To control public spending, governments are promoting homecare solutions and technologies that enable autonomy.

Development of new technologies

The widespread use of the Internet, mobile technologies (smart phones, PDA, etc.) and e-commerce is profoundly transforming consumer habits.

Source: Sodexo

3. Achievements

France – Designing childcare solutions for shoppers

Sodexo partner "Crèche Attitude" was chosen by Carrefour to design three children's areas as part of its new superstore concept, "Carrefour Planet." The innovative new service called "**Atelier Kid's**," is dedicated to the care of shoppers' children, aged four to twelve. Crèche Attitude is one of France's leaders in creating solutions for the care of young children.

International – Concierge services to the aid of property managers

Through its Circles subsidiary, Sodexo has designed a customized concierge services offer for property managers. By integrating services that enrich and facilitate daily life through a range of solutions, Circles helps attract and retain building occupants, contributing directly to the property's profitability.

United States

Helpful info online

Circles, the leader in concierge services in the U.S., provides members with free access to a new web-based site offering ideas for dining out, entertainment, babysitting service, travel recommendations or gift suggestions.

Web site helps keep Seniors engaged and active

Comfort Keepers launched its new web site *www.interactivecaregiving.com*, part of its unique approach to in-home care. Caregivers interact online with seniors in the physical, mental and social activities they look forward to, enabling them to enjoy healthier, safer and more fulfilling lives… in the comfort of their home.

4. Among our clients…

***Altran**, Belgium.*

***Areva**, France.*

***Baker & McKenzie**, Sweden.*

***Biogen Idec**, United States.*

***Boston Red Sox**, United States.*

***Bridgestone**, France.*

***BWin**, Sweden.*

***Coca-Cola**, United States.*

***Conseil Général du Cher**, France.*

***Générale de Santé**, France.*

***KBL**, Luxembourg.*

***Microsoft**, France.*

***Nordnet**, Sweden.*

***Procter & Gamble**, United States.*

***Saab**, Sweden.*

***Sanofi-Pasteur**, France.*

***St. Jude Medical Inc.**, United States.*

***Thales**, France.*

05

Economic and Social Responsibility and Sustainable Development

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 Sustainable Development Report and the Human Resources Report found on the Sodexo website **www.sodexo.com**.

→ Economic responsibility

Environmental protection and better relations with employees contribute to economic development

Through its activities Sodexo creates value for its clients and employees, contributing to the economic development of the countries where it operates and creating a large number of jobs.

Indeed, Sodexo's strategy is also to improve the Quality of Life of its employees, enhancing their engagement. This engagement is proof of their confidence in the Company's strategy as well as their commitment to their work and the recognition of their contribution to Sodexo's development. Sodexo's employees serve consumers better when they are satisfied and engaged.

In this way, by improving its service, Sodexo contributes in turn to improving the Quality of Life and engagement of its clients' personnel. What is more, it has been shown that higher employee engagement levels lead to increased efficiency and better results.

→ Social Responsibility

1. IMPROVING THE QUALITY OF LIFE OF OUR EMPLOYEES IN THE WORKPLACE

People have always been central to Sodexo's fundamentals. Today, those fundamentals are the cornerstone of its development as a socially responsible company. True to its mission, Sodexo improves the Quality of Life on a daily basis and contributes to the economic, social and environmental development of the cities, regions and countries where it operates.

As with improving the Quality of Life for its clients and consumers, Sodexo firmly believes that, as an employer, improving the Quality of Life for employees in the workplace is the surest way to secure their lasting engagement, thereby satisfying all of its stakeholders and driving efficiency for the Group. Sodexo's 391,000 employees have the **same passion for service for the greatest satisfaction of clients and consumers**.

On the strength of this conviction, and with a potential market 50 times greater than its current revenues, Sodexo has set two ambitious objectives in order to continue growing, namely to:

- **have the Human Resources available, in terms of both quantity and quality, and with the requisite skills**, to satisfy the demands of all its clients, and to offer innovative solutions for their needs.

  Investing in **employee training and development** at all levels is a priority. Examples include:
  - training for employees leading to recognized qualifications,
  - orientation programs for future site managers,
  - advanced training programs for managers, including an e-learning platform;
- **be one of the world's most appreciated employers by its employees**.

  The quality of employees' life at work is a strategic challenge for Sodexo, in pursuit of its ambition to become one of the world's most appreciated employers by its employees and to leverage its Human Resources into a competitive advantage.

  In Fiscal 2010, Sodexo conducted its third worldwide Engagement Survey in 60 countries (such countries cover more than 98% of the Group's employees). This survey measures employee engagement, identifies what motivates them, and allows for action plans to be developed.

  The 56% response rate was 5 percentage points better than in Fiscal 2008.

  The Groupwide engagement score of 55%(1) was 7 percentage points better than for the previous survey in Fiscal 2008. It is worth noting that the Aon Hewitt (the firm that carried out the survey) benchmark showed a global 1 percentage point decline over the same period.

  The next survey will be conducted in Fiscal 2012.

85% of employees rate Sodexo a better employer than its competitors.

Source: 2010 Engagement Survey, on a representative sample of 112,000 employees.

- **promote accessibility and equal opportunities**.

  Companywide **priorities** are targeting improvements at all levels of the Company in Diversity and Inclusion:
  - **male/female representation**: reinforcing the representation, engagement and advancement of women at all managerial and supervisory levels, in both line and staff functions,
  - **employment for all generations**: building employee awareness of generational diversity, identifying opportunities for increasing engagement across the different generations, and helping them work together to share their experience and creativity,
  - **representation of people from different ethnic backgrounds**: combating discrimination on grounds of ethnic origin or nationality, and ensuring Sodexo's workforce reflects the diversity of its clients and consumers,
  - **people with disabilities**: promoting the employment and integration of people with disabilities by hiring, motivating and training them, and by adapting work processes to their specific needs.

Respect for Fundamental Rights at Work

As part of its desire to be a leader in human rights at work at the international level, in 2010 Sodexo carried out a diagnostic of human rights at work in nine countries. An action plan was established based on these recommendations.

The Group has developed a program to ensure the respect for Fundamental Rights at Work, which are as follows:

- freedom to unionize and effective recognition of collective bargaining;
- elimination of forced or required labor;
- abolition of child labor;
- elimination of discrimination in employment and careers.

(1) Percentage of employees responding to the six questions relating to engagement with an average score equal to or greater than 4.5, on a rising scale of 1 to 6.

This program is structured in the following manner:

- creation of a management-level steering committee on this subject;
- appointment of a **manager of human rights at work** to lead this initiative throughout the Group;
- creation of a charter of Fundamental Rights at Work.

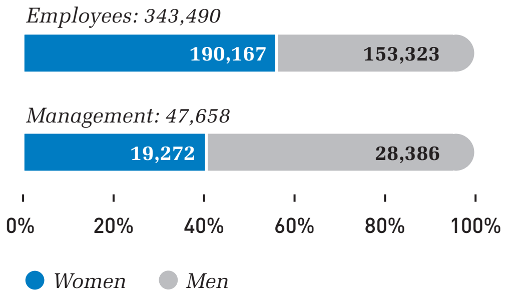
At the same time, the Executive Committee decided to include a section on human rights at work in the internal procedures for audits currently in effect within the Group.

2. HUMAN RESOURCES DATA [1]

2.1 Worldwide

2.1.1 Group workforce as of the end of Fiscal 2011

Employees	Management	Total
343,490	47,658	391,148



2.1.2 Workforce by geographic region (as of the end of the fiscal year)

Geographic region	2009	2010	2011
North America	123,339	122,425	124,919
Continental Europe	102,864	104,609	102,166
United Kingdom & Ireland	43,092	33,507	34,918
Rest of world	110,454	118,596	129,145
TOTAL	**379,749**	**379,137**	**391,148**

The Group's workforce expanded significantly in Fiscal 2011, particularly in the emerging markets.

2.1.3 Workforce by gender (as of the end of the fiscal year)

	2010			2011		
	Management	Employees	All personnel	Management	Employees	All personnel
Women	18,838	186,837	205,675	19,272	190,167	209,439
Men	27,702	145,760	173,462	28,386	153,323	181,709
TOTAL	**46,540**	**332,597**	**379,137**	**47,658**	**343,490**	**391,148**

(1) *Scope = 100% of Group workforce as of the end of Fiscal 2011 (as of August 31, 2011 in France and July 31, 2011 elsewhere).*

The proportion of men and women for the entire Sodexo population moved closer to parity in Fiscal 2011, with men representing 46% and women 54%.

It should be noted that the Group's objective for the proportion of women in senior management is 25% in 2015, as compared to 18% in 2009. This proportion was 20.1% in 2011.

2.1.4 Recruitment by grade

RECRUITMENTS ON PERMANENT CONTRACTS

Employees	Management	Total
153,071	8,803	161,874

Hiring by Sodexo increased by 16% in Fiscal 2011 as compared to the prior fiscal year (139,386 recruitments in Fiscal 2010).

PERCENTAGE OF RECRUITS ON PERMANENT CONTRACTS AS A PERCENTAGE OF AVERAGE WORKFORCE

Employees	Management	Total
43.9%	18.5%	40.8%

The number and percentage includes replacements of employees leaving the Group, but not including staff taken over and acquisitions.

2.1.5 Employee retention rate

The employee retention rate is one of the Group's key performance indicators. For the current fiscal year, the retention rate for all employees was 61.9% and the rate for site managers was 83.6%.

2.1.6 Employee training, by grade

Employee training and development is one of the cornerstones of the Group's Human Resources strategy. Sodexo continued to invest in training in Fiscal 2011.

NUMBER OF EMPLOYEES WHO HAVE UNDERGONE TRAINING*

Employees	Management	Total
269,152	42,242	311,394

* *Excluding on-site training.*

7,450 additional employees received training as compared to the prior year.

PERCENTAGE OF EMPLOYEES WHO HAVE UNDERGONE TRAINING*, COMPARED TO AVERAGE WORKFORCE IN EACH GRADE

Employees	Management	Total
77.1%	88.8%	78.5%

* *Excluding on-site training.*

Number of training hours

The total number of training hours for all Group employees was 4,818,759 hours, 151,204 hours more than in Fiscal 2010.

2.1.7 Internal promotion

During Fiscal 2011, 2,055 front-line staff were promoted to site manager and 575 site managers and other non-site staff were promoted to managerial positions, for a total of 2,630 internal promotions to a manager grade by promotion from one grade to another. These figures do not include internal promotions within the same grade.

Internal promotion by promotion from one grade to another	Front-line staff to site manager positions	Site manager and other non-site staff to managerial positions
Internal promotion/ (internal promotion + recruitment)	22%	29%

2.1.8 Work-related accidents by grade

NUMBER OF WORK-RELATED ACCIDENTS BY GRADE

Employees	Management	Total
7,373	249	7,622

PERCENTAGE OF WORK-RELATED ACCIDENTS RELATIVE TO AVERAGE WORKFORCE

(number of accidents/average workforce)

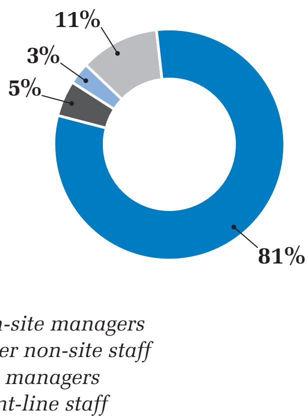
Employees	Management	Total
2.11%	0.52%	1.92%

2.2 In France

Data on employment aspects of all Sodexo operations in France, i.e. On-site Service Solutions, Motivation Solutions, Personal and Home Services, the issuer (parent company), and the Group's management companies, are presented below.

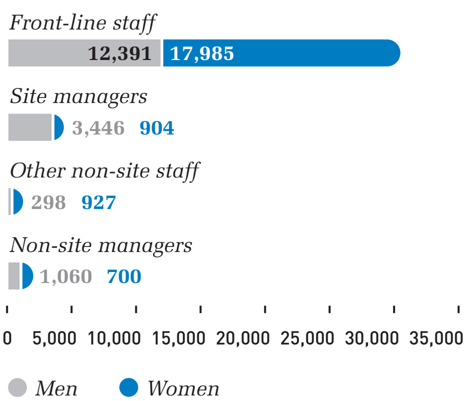
2.2.1 Workforce

As of August 31, 2011, Sodexo employed a total of 37,711 people in France.



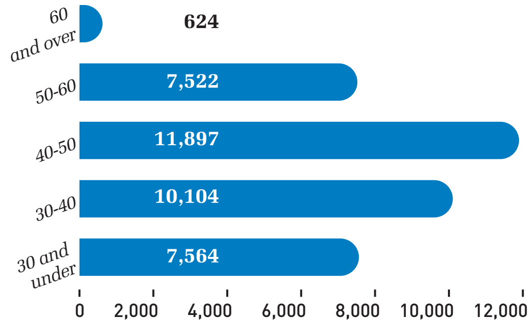
Workforce by gender

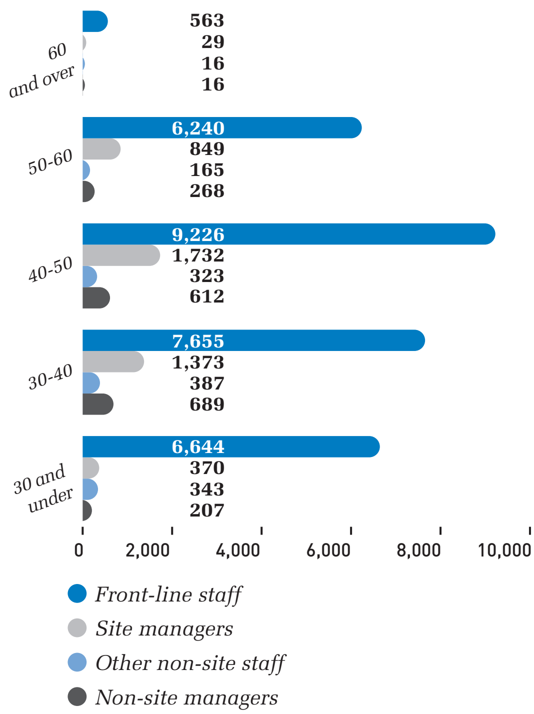
Women represent 54% of total employees, and 59% of front-line staff, 19% of site managers, 76% of non-site employees, and 40% of non-site managers.



Workforce by age group and grade

The average age is 40.7.

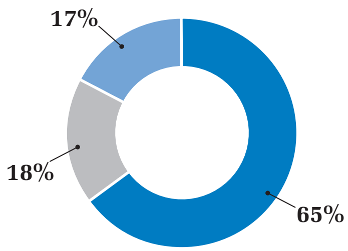




	Non-site managers	Other non-site staff	Site managers	Front-line staff	Total
< 30	2.74%	4.53%	4.89%	87.84%	20.06%
30 to 40	6.82%	3.83%	13.59%	75.76%	26.80%
40 to 50	5.15%	2.72%	14.56%	77.58%	31.54%
50 to 60	42.95%	2.19%	11.29%	82.96%	19.95%
> 60	0.21%	0.21%	0.39%	7.48%	1.65%

2.2.2 Employment

5,813 staff were recruited on a permanent contract during Fiscal 2011, comprising 3,805 by direct recruitment, 1,022 by conversion of fixed-term contracts into permanent contracts, and 986 by taking over staff from other service-providers.



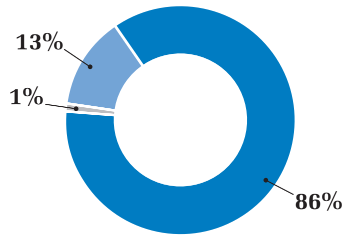
Direct recruitments on permanent contract
Conversion of fixed-term contract into permanent contract
Staff assumed from other service-providers

Focus on Sodexo France

As of August 31, 2011, 10.12% of employees were on fixed-term contracts.

During the fiscal year, employment on fixed-term contracts represented less than 12.74% of hours worked and temporary agency work represented 1.55%. These mainly concerned temporary replacements and spikes in workload.

211,147 hours of overtime were worked in Fiscal 2011, or 0.39% of hours worked.



Number of hours worked on permanent contracts
Number of hours worked on temporary contracts
Number of hours worked on fixed-term contracts

1,294 employees were terminated in Fiscal 2011, of which 37 were for economic reasons.

Sodexo maintains active relations with educational institutions, via:

- the development of a long-term relationship with the **French Department of Education**, by providing training for school teachers at our sites (10 in 2011), contributing to work overhauling qualifications (the vocational high-school diploma, in 2011), working with the French associations of high schools training for the hotel trade (AFLYHT and ANEPOTH), attending conferences on trends in occupations and training, etc.;
- the consolidation of partnerships with 30 higher educational institutions (business schools, engineering schools and universities); attendance at 13 higher education forums for meeting with potential applicants; presenting Sodexo's businesses to classes and conferences; and sponsoring promotion.

Sodexo France also reinforced its policy of hiring interns and apprentice managers, taking on 100 interns, a third of whom were later hired.

Sodexo has signed a partnership agreement with the French Department of Defense with a view to hiring members of the armed forces wishing to return to civilian life.

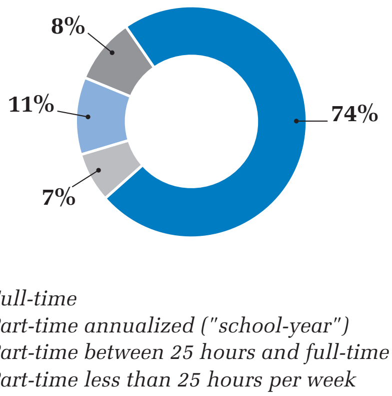
2.2.3 Internal promotion

Internal promotion is a central pillar of Sodexo's Human Resources policy. In Fiscal 2011, 246 front-line employees were promoted to site manager and 21 site managers were promoted, for a total of 267 employees promoted to a supervisory position by a change of grade, out of a total population of 6,110 managers.

2.2.4 Organization of working hours

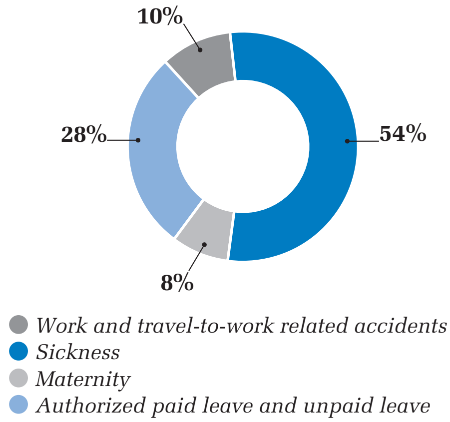
Except for restaurants open to the public, which account for 2.02% of the total workforce, the working week is 35 hours (34.87 hours for most subsidiaries).

For Fiscal 2011, 74% of the workforce worked full time. Part-time work concerned 26% of the workforce.



2.2.5 Absenteeism

The average absenteeism rate based on the number of days absent was 8.20% for the workforce as a whole. The reasons were as follows:



2.2.6 Compensation

The average annual salary for a full-time front-line employee was 21,367 euros, which is 30.4% higher than the French legal minimum wage(1).

Pursuant to a law introduced in France on July 28, 2011 (which only pertains to the Group's activities in France) related to a profit sharing bonus, Sodexo concluded an agreement with all of the collective bargaining organisms represented in Sodexo's entities in France. This agreement concerns the payment of a bonus of 100 euro (net of social charges) to all employees in France (irrespective of compensation level, status (fixed term or permanent), or seniority, but subject to a minimum of three months of presence during the period from September 1, 2009 to August 31, 2010).

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 2011 was 11,716,146 euro.

2.2.7 Social security charges

For Fiscal 2011, social security charges represented 24% of the compensation of front-line staff. The employer's contribution was 43%.

(1) The French gross legal minimum wage (Smic) in euro for a workweek of 37.87 hours.

2.2.8 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.

2.2.9 Employee recognition (Sodexo France)

The annual gala evening reception honored over 330 employees (60% of them women) who have earned qualifications under our different vocational training programs, while long-service awards were presented to employees with 30 years' seniority.

2.2.10 Collective agreements

In total, 18 collective agreements were signed in Fiscal 2011, including:

- two riders to the employee health benefits plan;
- agreement on employment of seniors;
- an "integration" agreement concerning the merger of Sodexo Facilities Management into Société Française de Restauration, now Sodexo Entreprises, as part of the Group's expansion in On Site Service Solutions.

2.2.11 Health and Safety

The frequency rate of work-related accidents was 49.72 in Fiscal 2011, and the severity rate was 1.50, compared to 1.38 in Fiscal 2010.

There were 76 meetings of Health, Safety and Working Conditions Committees during the fiscal year.

As part of general legal obligations for health and safety:

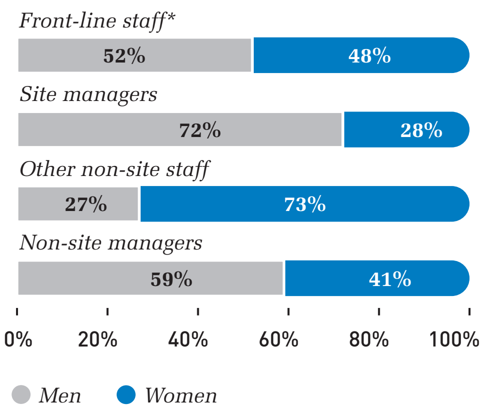
- all new recruits receive initial training familiarizing them with their work area, informing them of the risks to which they will be exposed, and telling them what action they should take in the event of an accident;
- as a service-provider on premises usually owned by the client, Sodexo prepares an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

Four high profile programs in Fiscal 2011 concerned:

- the creation of a Quality Health Safety and Environment (QHSE) Department, with a team of 2 workplace safety and health experts, backed by 17 operational QHSE officers in the field;
- the introduction of a bi-monthly briefing for all Regional Directors on health and safety in the workplace, with action plans and tracking of key actions for each site;
- obtaining MASE certification for two regions, and 44 sites OHSAS 18001 certified;
- creation of a pilot prize for health and safety in the workplace in one region, awarded to the managers whose sites have performed particularly well.

2.2.12 Human Resources training and development

Expenditure on training by all Sodexo businesses in France totaled 20.5 million euro in Fiscal 2011, an increase of 2.9 million euro compared to the prior year. This figure represented 2.32% of total payroll.



The number of training hours totaled 311,642 during the fiscal year.

* Excluding on-site training.

2.2.13 Equality in the workplace

Pursuing its drive to promote diversity and inclusion Sodexo France has created a "council for diversity and inclusion." Chaired by the Chief Executive Officer of this subsidiary, the council consists of 24 employees from 5 different levels of management, and women account for 54% of the membership. Its task is to steer the Company's diversity and inclusion policy, setting goals and priorities, and monitoring outcomes.

Gender balance

For Sodexo, the question of gender diversity in the workplace goes far beyond the question of women at work, affecting the performance of the Company itself. Consequently, Sodexo France proposed that the three existing networks of women managers merge into a single network dedicated to the question of gender diversity. The resulting "gender diversity network" is comprised of both women and men.

18% of Site Managers and 17% of Regional Managers are now women. The number of women Regional Directors has quadrupled in four years, and they now represent 10% of people in this function.

In the past five years, the percentage of women in management positions has risen from 14% to 29%, and the percentage of women supervisors has risen from 18% to 29%.

Over the same period, the percentage of women on the Executive Committee of Sodexo France has increased from 20% to 33%.

Lastly, Sodexo pays close attention to creating opportunities for women to develop their careers within the Company, and the percentage of women among employees receiving training has increased from 30% to 48% between 30% and 48%.

Employees with disabilities

Sodexo subsidiaries in France employ 1,149 workers with a disability.

Focus on Sodexo France

Sodexo France employs 893 workers with a disability, including eight managers, 76 supervisors, and 809 front-line staff.

In 2009, Sodexo France confirmed its long-term commitment to hiring individuals with disabilities in a second "employees with disabilities" agreement. This agreement, signed by the Labor Department for the period 2009 through 2011, includes the following 3-year targets to be met: 200 hires, 150 interns, 70 apprentices, and 93 people kept employed.

In addition to recruitment targets, this second agreement sets two further priorities, namely keeping disabled employees in work, and giving them recourse to special protections available for employees with disabilities.

Two major areas of action in the coming period will be:

- keeping people with disabilities employed, in particular through steps to better understand the needs of people with disabilities; and
- working with partners in the so-called protected sector among the supplier panel.

This agreement is being monitored and steered by an **Organization for Disabilities** and a **Disability Support Network** representing nearly 80 people in France.

As of August 30, 2011, the status of the objectives of this second agreement was as follows:

- 188 people had been hired on permanent contracts and 301 on fixed-term contracts;
- 53 apprentices had been recruited (beginning of the 2009 school year);
- 112 interns had been hired;
- 74 people had been maintained in employment.

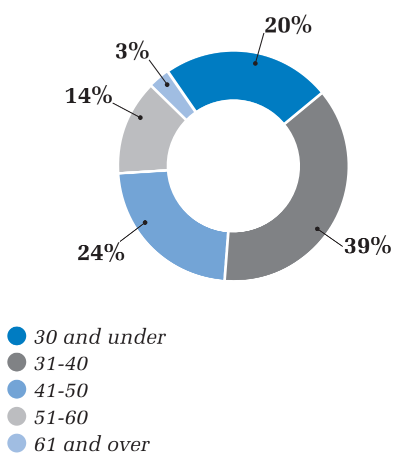
3. EMPLOYMENT INFORMATION ON THE ISSUER

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.

As of August 31, 2011, Sodexo SA employed 257 people, as follows:

	Non-site managers	Other non-site staff	Site managers	Front-line staff	Total
Men	75	2	2	4	83
Women	114	46	4	10	174
TOTAL	**189**	**48**	**6**	**14**	**257**

Women represent 68% of the Sodexo SA workforce. The breakdown by age group is as follows:



During Fiscal 2011, 48 staff were recruited on permanent contract, comprising 41 by direct recruitment, and 7 through conversion of fixed-term contracts into permanent contracts.

8.5% of the workforce was on fixed-term and temporary agency work accounts for only 0.19% of hours worked. In both cases, these are basically jobs designed to cope with spikes in workload.

During the fiscal year, three employees had their employment contract 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 17 people, i.e., 7 non-site managers, 2 other non-site staff, and 8 front-line staff.

Altogether 877 hours of overtime were worked during the year, representing 0.19% of total hours worked.

The absenteeism rate was 3.12% and the number of days off work was as follows:

	Managers	Other non-site staff	Site managers	Front-line staff	Total
Number of days absence for work-related and travel-to-work accidents	0	36	0	0	36
Number of days absence for sickness	559	301	0	15	875
Number of days absence for maternity	556	29	0	149	734
Number of days absence for other reasons (unpaid leave, authorized paid leave)	44	267	0	56	367
TOTAL	**1,159**	**633**	**0**	**220**	**2,012**

Average annual salaries for the fiscal year:

Average annual salary in euro	Managers	Other non-site staff	Site managers	Front-line staff
Men	126,644	n/a*	49,068	28,492
Women	84,312	37,147	45,749	30,628

** Not communicated, as there are not enough employees in this grade.*

Sodexo SA paid 64,266 euro gross into a special employee profit-sharing plan for Fiscal 2011.

The Health and Safety and Working Conditions Committee met five times in Fiscal 2011 and registered three work-related accidents resulting in 36 days of sick leave.

The frequency rate was 6.35, and the severity rating was 0.08.

Sodexo SA spent 2.12% of its payroll on training, as follows:

	Managers	Other non-site staff	Site managers	Front-line staff	Total
Number of hours training	3,929	852	79	212	5,072
Number of persons trained	136	34	7	11	188
Men *(%)*	33%	3%	14%	18%	26%
Women *(%)*	67%	97%	86%	82%	74%

Sodexo SA spent 55,542 euro on finding work for persons with disabilities and employs one worker who has a disability.

The Company also paid 103,492 euro to the Works Council for social programs for staff.

→ Sustainable Development

In 2009, Sodexo unveiled a new roadmap, the "*Better Tomorrow Plan*," aimed at enhancing its sustainable development performance and evaluating the impact of actions taken. The *Better Tomorrow Plan* is being deployed across the 80 countries and 33,400 sites in which Sodexo operates and engages its 391,000 employees. This is a continuous improvement strategy, with major review dates set for 2012, 2015 and 2020.

1. IMPLEMENTING THE *BETTER TOMORROW PLAN*

The *Better Tomorrow Plan* defines a worldwide corporate citizenship roadmap that addresses issues identified as being relevant to the Company's values.

The targets set for the *Better Tomorrow Plan*'s Fiscal 2011 deployment process have been successfully met and the *Better Tomorrow Plan* has achieved a strong level of awareness among stakeholders, particularly Sodexo's clients. The second year of implementation focused on strengthening awareness among the teams and stakeholders, setting timetables for each country, establishing performance measurements, defining guidelines for each sustainability commitment and working on increasing stakeholder engagement.

1.1 Strengthening awareness and developing the management system

Sodexo finalized its *Better Tomorrow Plan* awareness kit with tools and documents to support the implementation of the strategy.

Among the resources available to its 80 countries, Sodexo has:

- developed a Resource Center for site managers and operations teams;
- trained 20,000 managers from 60 countries using an e-learning application in seven languages;
- created a digital newsletter sent to 2,000 internal and external contacts each month;
- developed a set of materials available on www.sodexo.com and presented them to senior managers from various functions;
- maintained an open dialogue with Socially Responsible Investment Rating agencies and Ethical Investors to further explain its challenges and decisions/actions taken.

These actions resulted in Sodexo's inclusion in additional sustainability indices and maintained recognition of Sodexo as a global sustainability leader.

During Fiscal 2011, the network of 80 local champions at local level who ensure the *Better Tomorrow Plan* is properly deployed in each country has been expanded. To support them in their mission, virtual webinars have been put in place on a regular basis. To drive Sodexo's journey towards the achievement of its sustainability commitments, six "Subject Matter Leaders" steer nine task forces.

For several years, Sodexo has implemented an online monitoring tool called CITIZEN. Today, CITIZEN lists more than 1,330 initiatives originating in 60 countries, with more than 500 new initiatives since January 2011.

Each country has defined its objectives, priorities and action plan in light of the *Better Tomorrow Plan*'s deadlines, from now until 2012-2015-2020.

1.2 Establishing performance measurement, reporting and management

As part of the *Better Tomorrow Plan*, Sodexo has committed to report its progress regularly and accurately in order to ensure that the objectives set are achieved. The tracking, measurement and analysis of performance allows Sodexo to spot trends and patterns for the business, geography, segments, commitments and their inter-linkage, as well as to identify best practices. Key Performance Indicators are reviewed annually to ensure that they continue to allow Sodexo to measure the impact of the actions implemented.

In Fiscal 2011, most relevant sites in 48 countries representing 98% of Group revenues were inventoried and each participating site received a certificate of completion to recognize their contribution.

1.3 Defining guidelines for our sustainability commitments

The Subject Matter working groups defined a set of guidelines aimed at understanding the risks and opportunities for Sodexo's business and in order to create and foster "awareness and behavior" steps for Sodexo's employees in the sites where they operate, to track the progress made during the year and to define the course of action for the next year(s).

1.4 Increased focus on stakeholder engagement

To better define the future course of actions on stakeholder engagement, seminars, committees and meetings were organized with our partnering organizations, the World Wildlife Fund (WWF) and Business for Social Responsibility (BSR). A stakeholder engagement plan has been established to define the first set of actions to be taken. The plan includes the creation of issue-specific "Multi-Stakeholder Panels" in select countries and a Waste Program.

2. WE DO

The *Better Tomorrow Plan* has three core pillars:

- **WE ARE**: the fundamentals that serve as the cornerstone of a responsible company;
- **WE DO**: three priorities with 14 commitments to action:
  - Actively promote Nutrition, Health and Wellness,
  - Support the development of Local Communities,
  - Protect the Environment;
- **WE ENGAGE**: in dialogue and joint actions with our stakeholders.

NUTRITION HEALTH & WELLNESS		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 provide and promote varied and balanced food options at all our clients' sites by 2012.
		We will offer and promote choices with a reduced intake of sugar, salt and fats at all our clients' sites by 2015.
LOCAL COMMUNITIES		We will fight hunger and malnutrition through our STOP Hunger initiative 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.
ENVIRONMENT	SUSTAINABLE SUPPLIES	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 & EMISSIONS	We will reduce our carbon footprint in all the countries where we operate and at clients' sites by 2020.
	WATER & EFFLUENTS	We will reduce our water footprint in all the countries where we operate and at clients' sites by 2020.
	MATERIALS & 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.

2.1 Actively promoting Nutrition, Health and Wellness

As a leading world provider of Quality of Life solutions on a daily basis, Sodexo plays a role in the consumption habits of the 50 million people served each day. The Group, which employs 3,400 dieticians around the globe, informs consumers about the benefits of a healthy and balanced lifestyle, and encourages clients and consumers to take advantage of Sodexo's health and wellness solutions. Combating obesity and malnutrition, and their long-term consequences such as chronic disease – often the results of heavy consumption of sugar, salt and fats – are an integral part of the Group's efforts.

Sodexo seeks to engage consumers and other stakeholders in proactively improving their health habits as a means of both limiting recourse to medical intervention and improving consumer health. Nutrition, Health and Wellness are key elements of innovation and creating added value to clients, consumers and all Sodexo stakeholders.

SODEXO'S THREE COMMITMENTS

"We will develop and promote health and wellness solutions, through the engagement of our clients, consumers and employees in all the countries where we operate by 2015."
"We will offer and promote 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."

Sodexo has a global focus on health and wellness with local responsibility for implementation and operation. In 2011, Sodexo worked to ensure there is a strong technical expertise within or connected to the leading Subject Matter Working group. Sodexo commenced implementation of a global Health and Safety performance information tool called Salus where Sodexo Occupational Health professionals record, investigate and follow up on employee health-related incidents to provide global reporting capability on health.

In addition, Sodexo strengthened dialogue with external stakeholders to advance on the subject. As examples, Sodexo is involved in the WHO's global strategy on diet, physical activity and health, as well as in ILO (International Labor Organization) working groups. In France, Sodexo took part in a national scientific symposium organized by the "*Plan National Obesité*" (National Obesity Program).

Sodexo works pro-actively with its major suppliers and as a result, was able to increase the proportion of "top nutritional products" in its catalogues. At the same time, umbrella food concepts that focus on balanced nutrition and well-being were developed and expanded to the countries.

EXAMPLES OF BEST PRACTICES

WORLDWIDE	**"NATURAL!"** is a nutrition concept devised in Spain and now implemented in France, Italy, Finland, Singapore, China, the United States, Russia, and the Netherlands. The concept stresses the benefits of fruit for the metabolism. Natural! proposes a six-category classification: Protective, Energizing, Rejuvenating, Slimming, Anti Stress, and Detoxifying, all consisting of 100% natural produce, free of concentrates or added sugar. Natural! respects the environment and uses biodegradable packaging
LATIN AMERICA	"**Vivir Bien**" (living well) is a health program to combat excessive weight, launched by Sodexo in several Latin American countries. 119,100 participants attended the workshops since its launch in 2005 in Chile. 38% of our employees said they had lost weight.
CHINA	Sodexo has developed the "**Wellness program**" at Nokia HQ site in Beijing to improve the Quality of Life inside and outside the workplace. Each day, more than 400 employees visit wellness facilities, a 60% increase over 2008; and 74% of Nokia's 2,400 employees have registered for the gym, group exercise classes and other wellness programs.
BELGIUM	In 2010 and 2011, Sodexo launched **FOOD4U** and **GoFresh** respectively, two concepts designed to support awareness-raising at schools for children and students from three months to 18 years old by offering a healthy diet every day. In 2011, 350 nurseries and schools adopted the FOOD4U or GoFresh concepts.
FRANCE	The Education division supports this commitment through two actions: "**Less salt! Our home-made dressing!**" and "**Less sugar! Less fat! Our fresh baked goods made in the central kitchen!**". The home-made dressing recipes, offered routinely in menus for children, contain on average 40% less salt than their store-bought version. Also, all fresh pastries contain less fat and sugar than their store-bought alternatives: The fresh lemon tart has 68% less fat and 28% less sugar than its frozen counterpart.
NETHERLANDS	In 2007, Sodexo was the first caterer in the Netherlands to become certified under the **Healthy Food Choices Program**: 1,875 Sodexo employees have been trained within 625 certified restaurant locations since 2007.

2.2 Supporting Local Communities

SODEXO'S THREE COMMITMENTS

"We will fight hunger and malnutrition through our STOP Hunger initiative 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 fair trade certified sources by 2015."

Fighting hunger and malnutrition

Fighting hunger is an integral part of Sodexo's experience in the field of nutrition and food safety, and of its mission and values.

The STOP Hunger initiative was launched in the United States in 1996 and encourages Sodexo employees worldwide to combat hunger and malnutrition in their local communities through volunteering, as well as training, providing nutrition information, donating food and providing financial assistance. This initiative has mobilized employees, clients, consumers and suppliers in 42 countries, and included 469 programs in Fiscal 2011, which mobilized Group employees, consumers, clients and suppliers and their employees. STOP Hunger programs have been conducted in partnership with 385 local associations and NGOs (Non-Governmental Organizations).

Also noteworthy are the Servathon, an annual program which mobilized 30 countries in 2011, the partnership with the Restaurants du Coeur in France since 2004 and a program of vegetable cultivation in Brazil since 2003 with the University Estadual Paulista.

Support the development of local communities

In 2011, Sodexo established a worldwide program for Local Community Development and set medium-term targets. This program is called Guidelines for the Local Community Development. Sodexo also conducted a stakeholder consultation on the program with a selection of clients and NGOs.

Increase the Group's procurement of fair trade products

The Group also worked to define a list of products that must be bought locally and seasonally as well as those out-of-season products that can be obtained *via* fair trade sources.

EXAMPLES OF BEST PRACTICES

WORLDWIDE	**Sodexo Servathon:** as part of Sodexo's STOP Hunger initiative, employees around the world join forces each April to fight hunger in their local communities during the Sodexo Servathon (established in the U.S. in 1996). This year's Servathon efforts took place in 30 countries where Sodexo operates and more than 39,000 employees took part in it, donating 200,000 meals to hunger organizations.
WORLDWIDE	Since 2006, Sodexo has been implementing the "**Aspretto**" offer of 100% natural tea and coffee, both sourced from local markets which are 100% ethically sourced. Today there are more than 800 units providing Aspretto to their consumers. Aspretto has been deployed in thirteen countries and about 35,000 Aspretto drinks are sold daily. A contribution of €31,000 has been donated to STOP Hunger.
ALGERIA	**Super Vegetable Garden:** this project aims to develop local businesses in desert zones for the local populations. In two arid areas near Hassi Messaoud, agrarian techniques were implemented in partnership with Sodexo and local actors. Thanks to these, vegetable production is maintained throughout the year. Average productivity is 8 kg/m² - without pesticides or chemicals.
CANADA	Sodexo has been working with **aboriginal communities** for more than 20 years and is involved in over 36 active partnerships in Canada. 65 to 90% of our staff at the Canada' sites are recruited from the aboriginal Communities.
TANZANIA	Sodexo works very closely with its client who has the obligation to recruit from the villages that surround the mine. 94% of Tanzanian sites' staff is from local villages.
INDONESIA	Fishermen from Saengga village have been supplying Sodexo for the last three years for all Sodexo locations within the Tangguh project. Six tons of fish and prawns per month that **participate to the local economy** by developing permanent activites for five boats with a crew of six local people. Saengga represents 91% of our fish supplies for the Tangguh project.
UNITED KINGDOM	Sodexo supported the **2011 Fairtrade fortnight** by incorporating it into their bi-monthly promotional packs for the sites. The theme was „Show off your label" to promote the use of the Fairtrade logo. Sodexo sites contributed by highlighting on their menus which products were bought from certified sources.

2.3 Preserving the environment

Sodexo is deploying programs at clients' sites in four main areas:

- **sustainable supplies**;
- **reducing energy consumption and CO_2 emissions;**
- **reducing water consumption;**
- **fighting misuse of resources and reducing waste.**

Respecting the environment implies creating the requisite framework to promote Quality of Life in the communities while responding to the needs of stakeholders, who aspire to preserve a sustainable planet. Sodexo is well aware that its activities at 33,400 sites in 80 countries have an impact on the environment. Sodexo's priority is to purchase more sustainable and ethical products, reduce its carbon footprint, curb its water consumption, and responsibly manage the waste produced by its activities.

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 all our clients' sites by 2020."
WATER AND EFFLUENT	"We will reduce our water consumption in all the countries where we operate and at all our clients' sites by 2020."
MATERIALS AND WASTE	"We will reduce organic waste in all the countries where we operate and at all our 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 all our clients' sites by 2015. We will support initiatives to recover non organic waste."

Specific actions pursued in Fiscal 2011 include:

- a revision of **Sodexo's Group Supplier Code of Conduct** to include the requirement for suppliers to keep Sodexo informed about their progress. In this revised version, references have also been added to Fundamental Rights at Work, and to Business Integrity, such as Unfair Competition and Corruption. In addition, Sodexo strived to ensure that every country has the Code of Conduct available in their national language and that it is signed by their contracted suppliers. The code is now available in 13 languages;
- in conjunction with the WWF, Sodexo defined **five priority products** with a view to define a sustainable sourcing policy and strategy for each of these agricultural commodities. Sodexo worked with some of the major palm oil consuming countries in order to set a time frame for future application of the strategy. Sodexo applied for and obtained membership of the RSPO (Roundtable on Sustainable Palm Oil);
- in parallel to its worldwide agreement with MSC, Sodexo formalized a **Group Sustainable Seafood Sourcing** policy. The Group also established a Sustainable Seafood Sourcing Guide for the supply of Fish & Seafood, designed as a tool to make the best choices for our future assortment. The Guide includes information on 60 species, including each of the 15 "at risk" species that have been removed from Sodexo's catalogue and menus;
- **sustainable equipment and supplies**: Sodexo worked to increase the **sustainability of its**

chemical sourcing and to raise awareness on the use of both **paper disposables** and office paper. Sodexo also added the sustainable sourcing of its new Global Uniform Collection to its list of priorities and started the collection roll-out in North America;

- efforts to reduce the **carbon footprint** involve all Sodexo units and the Company focuses on briefing senior management and raising awareness of teams on climate change. The Group decided to invest in new information tools for monitoring energy use and implementing reduction measures at sites. In Fiscal 2011, Sodexo disclosed risk and emissions through the Carbon Disclosure Project;
- Sodexo analyzed its global site inventory of environmental action to assess **water-saving** efforts. The survey shows that 67% of sites surveyed have taken steps to reduce water consumption, 9% have instituted water conservation programs, but only 23% have water consumption sub-metering. To date, efforts and reporting have been associated with awareness and behaviour actions. Sodexo also worked to develop client specific best practices and innovative solutions and engaged major suppliers and clients to better understand their strategies and requirements;
- the Group worked to create a global tool kit on **waste reduction** and focus on awareness and behavior change. Sodexo has been looking to trial pre-consumer food waste reduction technology used successfully in some of its operations in the UK. In addition, the Group continued to build relationships with key suppliers on packaging redesign and waste reduction so that materials and waste are designed out of products before they even enter Sodexo operations.

EXAMPLES OF BEST PRACTICES

WORLDWIDE	In 2011, Sodexo signed a **worldwide agreement with the Marine Stewardship Council (MSC)** for wild-caught fish, with the view to promote MSC-certified seafood across the 80 countries where it operates and maximize awareness and collaboration with both our clients and consumers.
WORLDWIDE	Sodexo has a considerable number of actions and initiatives in place to **reduce our water consumption** throughout the Group including a Site Managers' toolkit, which includes a "Call to Action" document, a "What Can I Do ….?" guide, internal team and client presentations, and a "What Dan I Do Next…?" guide.
EUROPE	Sodexo's European sourcing teams have worked with supply partners to define a range of **certified sustainable cleaning chemicals** that are available to all European countries.
EUROPE	Sodexo in Europe has selected a range of margarine products supporting the sustainable production of palm oil through **GreenPalm** certificates. These products are now in use in our business in France, Belgium and the Netherlands.
UNITED KINGDOM	In both the United Kingdom and Ireland, all core **suppliers** receive an annual corporate citizenship questionnaire, which was developed in 2010 in collaboration with Business in the Community (BITC). The questionnaire is based on the commitments outlined in the Better Tomorrow Plan and addresses areas such as diversity and inclusion, the environment, and health and nutrition. In addition, core food suppliers are issued with a questionnaire on additives and ingredients that enables the Group to identify products that need to be delisted or reformulated due to the inclusion of undesirable ingredients such as hydrogenated vegetable oil.
AUSTRALIA	As part of the **Resource Recovery program**, Sodexo collects used cooking oil from its remote sites kitchens and sends it away to be processed and sold as biodiesel. In some remote Sites, site vehicles are currently running on 100% biodiesel, reducing carbon emissions by 95%.
NORTH AMERICA	Sodexo develops its **local sourcing** by matching local farms to distributors, using a database that features more than 600 farmers. In addition, Sodexo requires that regional produce distributors purchase locally grown products, which has resulted in local produce being used for over 60% of total sales in certain regions.

3. WE ENGAGE

A key to guaranteeing respect for the Group's commitments to Quality of Life is to involve stakeholders – employees, clients, consumers, suppliers and institutions – and dialoguing with them is crucial as a way to influence their practices at sites where the Group is present and elsewhere.

3.1 Employees

The success of the *Better Tomorrow Plan* depends on the Group's ability to involve its employees and engage in dialogue with them, since they are its best ambassadors *vis-à-vis* outside stakeholders.

A series of tools and materials has been developed to help them better understand and buy into the *Better Tomorrow Plan*. These include:

- an e-learning module: Sodexo launched a 16-minute e-learning module, available in seven languages, for the use of all line and staff managers up to site manager level. A year after the launch, 20,000 managers have been trained in 60 countries;
- the 2nd phase of Sodexo's learning strategy has been launched with campaigns targeting employees and external stakeholders. Sodexo communicates *via* interactive tools such as a rapid-learning video, quizzes, tools for deployment on-site. The 1st campaign was launched in Fiscal 2011 and celebrated World Oceans Day on June 8.

EXAMPLE OF A BEST PRACTICE

The Green Spark Initiative in the United Kingdom elicited ideas from employees on ways to improve Sodexo's environmental performance. Managers selected the best ideas submitted and posted them on the Intranet for an online employee vote. To make this initiative an ongoing process all employees who submitted an idea and/or voted online were contacted to encourage them to become Sustainability champions in their regions.

3.2 Clients

Sodexo strongly believes that the success of its Plan lies in its ability to engage and create a dialogue with clients.

To that end, in Fiscal 2011, Sodexo launched HANDS ON, a digital sustainability newsletter published each month and sent to major International clients.

In 2010, Sodexo carried out a brand survey which highlighted that "The *Better Tomorrow Plan*" had achieved a good level of awareness among clients one year only after its launch.

EXAMPLE OF A BEST PRACTICE

"Let's do together what we cannot do alone" – Worldwide: Sodexo determined that reducing food waste represents an opportunity to clearly demonstrate its capacity to engage extensively and to be a reference. "Let's do together what we cannot do alone" is a Sodexo worldwide initiative, enacted locally through initiatives that involve the participation of Sodexo along with at least two or more stakeholders. Combining efforts can deliver real and concrete benefits to all the stakeholders involved and, of course, ultimately the community.

3.3 Consumers

Consumers are increasingly interested in issues relating to sustainable development. Sodexo is seeking to build their awareness of these questions to actively engage them and modify their behavior to improve their health.

In a progressive, three-step approach, the Group believes that, by informing consumers and proposing practical things they can do, they will alter their behavior.

The sustained effort to measure satisfaction at site level in an integrated manner did intensify in 2010 at Sodexo, with over 1,500 sites participating in a globally aligned survey format, representing a total of 277,000 interviewed end-users. Within Sodexo, 30 countries are regular contributors to this satisfaction program. In total, over 536,000 consumers did participate in some form of satisfaction survey during 2010.

In addition, Personix™ is a Sodexo proprietary tool used for analyzing and clustering consumers' expectations, needs and wants at site level; as of January 2011 a total of 4,050 sites were audited in 35 countries. This tool is now being made available progressively to all business segments, starting with Remote Sites, Healthcare (hospitals), Defense and Education (campus).

EXAMPLES OF A BEST PRACTICE

The *Better Tomorrow Plan* **smartphone application** (BTP App), United-Kingdom: The BTP App is an interactive platform for smartphones to raise awareness and provide hints and tips across Sodexo's focus areas. Users can flip through tips on how to reduce their energy consumption, interactive information on sustainable fish labelling or top 10 tips for a healthy diet and lifestyle. The BTP App also offers handy features such as a pedometer, no less than 45 recipes using seasonal produce, and a selection of Marine Stewardship Council certified fish. It is even possible to donate money directly to STOP Hunger. The collection of Apps is aimed at employees, customers and any other smartphone users keen on improving their health, reducing their environmental impact or enhancing their local community engagement. The App is downloadable for free from Apple's App store.

3.4 Suppliers

Sodexo works closely with its suppliers right across its supply chain, forging business relationships with those that share its values, and making every effort to apply those values in practice in its purchasing transactions.

Sustainability teams work with external consultancy bodies to progress on environmental issues and aid compliance with environmental regulations. As an example in the United Kingdom, Sodexo joined Linking Environment And Farming (LEAF) as a corporate member, the first of its kind from the food and Facilities Management sector.

The Group is member of SEDEX (Supplier Ethical Data Exchange), a membership organization for businesses committed to continuous improvement of the ethical performance of their supply chains. Sodexo is also the first food services company to promote "Red Tractor" certification for produce grown or raised in the United Kingdom.

EXAMPLE OF A BEST PRACTICE

In United Kingdom: the development and introduction of **SayCare Pass** demonstrates the spirit of progress to move toward a completely paperless solution from start to finish *via* online ordering, supply and redemption of childcare vouchers.

3.5 Institutions

Sodexo encourages a transparent, ongoing worldwide dialog with external stakeholders to promote healthy living.

At the global level, Sodexo is involved in the **WHO** global strategy on diet, physical activity and health, as well as in **ILO** (International Labor Organization) working groups. At the European level, Sodexo is involved in the **FERCO** (European Federation of Contract Catering Organizations) Platform for action on diet, physical activity and health program. In France, Sodexo is a representative of its professional organization (SNRC), is on the technical committee of the "Programme National Nutrition Santé" (National Health and Nutrion Program), and is a member of the "Conseil National de l'Alimentation" (National Food Advisory). Sodexo is also an active player and member of key organizations such as the ORSE, BSR, IMS, and continues to organize stakeholder consultations.

EXAMPLE OF A BEST PRACTICE

Rethinking the global food system: Sodexo participated in the "Appetite for change" report from the sustainable innovation company SustainAbility. Drawing upon input from industry leaders and experts, the report outlines the problems of the global food system and proposes reorganizing it around four objectives: guaranteeing equitable food production within the constraints of natural resources, move toward a systemic approach to food procurement at the global level; explore the role of information technology in the treatment of this data and the communication of information; and understand societal needs linked to food production and consumption.

4. ENVIRONMENTAL INFORMATION ON THE 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.

In 2010, Sodexo obtained a triple certification including at its headquarters for ISO 14001, ISO 9001 and OHSAS 18001 - for its Facilities Management services. This certification is the recognition of the many environmental actions that are continuously pursued on-site towards greater energy and water reduction in particular.

Among sustainable development measures implemented at headquarters:

- selective sorting and collection of office waste, with pre-sorting by each office worker: use of collective all-in one printer/photocopier/fax machines, PEFC-certified wood containers for recycling paper, collection of plastic bottle tops and batteries, compostable biodegradable cups, recycling of ink cartridges;
- use of environmentally-friendly cleaning products through the new "Clenea" machine which provides an eco-washing system;
- investment in video and web conferencing systems to limit business trips;
- concierge services offering sustainable services such as organic fruits and vegetable baskets or shoe-repairs done with solvent-free glues;
- serving Sodexo's Aspretto offer of organic and fair trade teas and coffees.

Consumption of electricity and water

ELECTRICITY

Fiscal 2011	2,055,073 kWh
Fiscal 2010	2,130,199 kWh
Fiscal 2009	2,334,494 kWh
Fiscal 2008	2,315,301 kWh

Consumption of electricity per square meter decreased by 4% in Fiscal 2011 relative to the prior year, and several measures have been introduced to optimize our energy consumption, including:

- replacing all lamps and bulbs in the lobby and restaurant with low-energy materials;
- fitting parking garage stairs, changing rooms, loading dock and technical rooms with light presence detectors to curb electricity consumption;
- extending presence detectors to meeting rooms;
- replacing all coffee machines with energy efficient ones.
- use of the Ergelis smart heating and air conditioning control system;
- centralized lighting control with different scenarios;
- using energy class A electric office appliances;
- separating heated from non-heated areas;
- using low-emissivity glass windows to reduce energy consumption.

WATER

Fiscal 2011	2,699 m^3
Fiscal 2010	2,366 m^3
Fiscal 2009	2,322 m^3
Fiscal 2008	2,804 m^3

Despite many initiatives launched at the site, water consumption in cubic meters increased during Fiscal 2011 compared to the prior fiscal year. Several factors have been identified such as the increase in the number of employees and visitors.

Other measures to improve water consumption introduced since Fiscal 2008 include:

- changing settings of pulse valves to stop the water flow and limit running time;
- training cleaning personnel in environmentally responsible methods for using less water;
- installing water meters capable of detecting unusual changes in the level of water consumption.

06

Consolidated information

→ Fiscal 2011 Activity Report

At the Board of Directors meeting held on November 7, 2011 and chaired by Pierre Bellon, Sodexo CEO Michel Landel presented the Group's performance for the year ended August 31, 2011.

1. HIGHLIGHTS

Sodexo's model for development is based primarily on organic growth, driven by the vast potential of the global outsourcing market.

The Group positions itself as its clients' partner and integrator of Quality of Daily Life service solutions. Sodexo designs, manages and delivers these solutions which enable clients to improve their performance through motivating their employees, improving their organizational efficiency, and optimizing their infrastructure.

In Fiscal 2011, Sodexo continued its transformation into becoming an integrator of Quality of Daily Life services and devoted a significant share of its investments to achieving this transformation and executing its long-term strategy. At the same time, Sodexo set out to accelerate growth through its innovative service solutions and initiatives to develop its human resources. Meanwhile, the Group's financial performance was satisfactory in Fiscal 2011, with growth in revenues higher than the objective set at the beginning of the fiscal year.

1.1 Revenue growth

Sodexo's consolidated revenue grew by 5.4% overall to 16 billion euro in Fiscal 2011, with organic growth of 5.2%.

This level of organic growth is double the figure achieved in Fiscal 2009 and Fiscal 2010, and exceeds the targets announced at the beginning of the year.

Organic growth accelerated during the course of the year, in particular as a result of the following:

- the success of Sodexo's offerings, and in particular its Facilities Management services, which in Fiscal 2006 represented only 18% of Group revenue, rising to more than 25% in Fiscal 2011. In fact Facilities Management services grew three times as fast as Foodservices in the course of the year;
- Sodexo's solid positions in the Rest of the World, and in particular its rapid development in the emerging markets.

Organic growth in the On-site Service Solutions activity was 5.1%, with 6.7% growth in Corporate, and 3.5% in Health Care and Seniors, and 3.4% in Education.

Most of the 6.9% organic growth in Motivation Solutions resulted from the excellent performance of Sodexo's Latin American teams, with issue volume rising to 13.7 billion euro, up nearly 9% (excluding currency translation effects) over the prior year.

1.2 Operating profit

Operating profit was 853 million euro, up 10.6%. Excluding exchange rate effects, the increase was 10.4%, representing an improvement in the operating margin of 0.2% over the previous year.

- **In On-site Service Solutions:**

  Operating profit increased by 8.6%, excluding exchange rate effects, principally as a result of:

  - Improved profitability in North America, rising from 4.8% to 5.1% of revenue, and
  - Growth in volumes in the Rest of the World;

- **In Motivation Solutions:**

  Operating profit rose by 20% at constant exchange rates, thanks to higher volumes and productivity gains. The operating margin for this activity increased from 32.4% in Fiscal 2010 to 36.5% in Fiscal 2011, thereby reaching in advance the medium-term objective set by the Group.

1.3 Cash generation and financial strength

Net cash flows from operating activities totaled 847 million euro. This strong cash generation reconfirmed the quality of the Group's financial model, a key strength in the present economic climate. Net debt (financial borrowings less total cash) as of August 31, 2011 represented 15% of Group shareholders' equity, as compared to 24% as of August 31, 2010. The ratio of gross financial borrowings to cash provided by operating activities (the Group's debt repayment capacity) is 3.2 years, compared to 3.6 years as of August 31, 2010.

During the fiscal year, Sodexo carried out two refinancing transactions:

- a 600 million U.S. dollar private placement with U.S. investors (USPP); and
- the signature of a multicurrency confirmed credit facility for the equivalent of 1.1 billion euro.

These two financing transactions allowed Sodexo to secure the refinancing of the borrowings which were due in 2012 and extend the maturity profile of its borrowings.

1.4 Continuing growth

Sodexo maintained its pace of growth in Fiscal 2011 with its innovative service offerings:

- For example, the Group was awarded the contract to provide the 136 public schools of Detroit (Michigan) with technical maintenance, building repair, grounds maintenance and cleaning services. This is one of the largest contracts ever won by the Group in the Education segment in the United States;
- Sodexo won another prestigious contract to supply a broad array of services to the French Defense Department. The contract is part of a major Public Private Partnership to build, equip, operate and maintain the future Defense Department headquarters on the Balard site in Paris. The building is scheduled to become operational in December 2014;
- In addition, Sodexo renewed its partnership with the U.S. Marine Corps, with two contracts covering 51 military bases in the United States. More than a third of these contracts with the Marines will be executed in partnership with companies selected for their commitment to social progress and diversity.

On the new business front, Sodexo's **expansion in fast-growing markets** accelerated, with new contract wins such as the one with Bao Steel in China (the world's third largest steelmaker and the leader in China), which has chosen Sodexo for four industrial facilities. Other high profile contracts include the Queen Sirikit Medical Center in Thailand (one of Asia's most highly reputed hospitals and research centers), and National Life Insurance Corporation in India (the largest state-owned life insurance company in India), which selected Sodexo for its Motivation Solutions.

In September 2011, Sodexo finalized its acquisition of **Puras do Brasil**, a company with around 0.5 billion euro in revenue, thereby becoming number one in On-site Service Solutions in the fast-growing Brazilian market. Following this acquisition, the Group is now market leader across all of the BRICs (Brazil, Russia, India and China).

At the end of the year the Group announced that it had reached agreement to acquire the French company **Lenôtre**. The transaction will enable Sodexo to build up its portfolio of Prestige activities in France and worldwide, and to reinforce its *savoir faire* in luxury gastronomy.

1.5 Actions to create a competitive advantage through our people

Convinced that employee engagement is key to client and consumer satisfaction, and therefore a genuine competitive advantage, the Group implemented several major initiatives in Fiscal 2011 in pursuit of its two overriding goals: maintain a high quality, diverse and appropriately sized workforce to meet the expectations of all our clients and be among the global companies most appreciated by its employees.

More than 311,000 employees had the opportunity to develop their skills and broaden their career horizons in Fiscal 2011. For instance, more than 450 managers attended the Change Leadership, Implementation, Building (CLIMB) program aimed at deepening their understanding of the Group's strategy and the utilization of its performance indicators, and at strengthening their leadership skills. More locally based programs such as "Catch a Rising Star" in Canada served to identify high potential young recruits, develop their managerial skills and enhance their knowledge of the Group.

As part of its "Your future, so Sodexo" employer offering, the "LifeWorks" project was launched in the United States during the year. All U.S. employees are able to benefit from 24/7 assistance provided by recognized experts to help them cope with their daily challenges (family and legal matters, health issues, etc.). Similarly, the "*Allo Idées*" program developed in France is intended to distinguish employees' innovative ideas.

Efforts continued to heighten awareness of diversity through the "Spirit of Inclusion" program, which again proved notably successful, with more than 5,500 managers from 12 European countries participating in Fiscal 2011. The Group also encourages the creation of networks, particularly on the theme of women in the workplace. There are now seven women's networks functioning within the Group, the most recent being the Women Work Network in the United Kingdom.

1.6 Implementing the Better Tomorrow Plan

The Better Tomorrow Plan, the Group's sustainable development roadmap, was launched in 2009, and is based on 14 commitments around three priorities: actions to improve nutrition, health and wellness; committing to local communities; and preserving the environment.

Fiscal 2011 was dedicated to raising the profile of the *Better Tomorrow Plan* with stakeholders (clients, employees, suppliers, etc.), setting precise timetables for implementing the plan in each country, developing key performance indicators, and establishing guidelines for each of its 14 commitments. The World Wildlife Fund (WWF), with which Sodexo signed a partnership agreement in 2010, has provided invaluable help to the Group developing these guidelines.

Major initiatives undertaken in Fiscal 2011 include the signature of a global agreement with the Marine Stewardship Council (MSC) for wild-caught fish, promoting MSC-certified seafood across the countries where Sodexo operates and maximizing awareness and collaboration with our clients and consumers. Through Sodexo's STOP Hunger initiative created in the United States in 1996, Group employees around the world join forces every year to fight hunger in their local environment. In Fiscal 2011, the Servathon took place in 30 countries, with more than 39,000 participating employees and supplied more than 200,000 meals to charitable organizations.

1.7 Awards and distinctions

For the third year in a row, Sodexo has been ranked third among the world's leading outsourcing services companies by the International Association of Outsourcing Professionals® (IAOP®).

Sodexo is the only company to have been ranked in the top five every year since 2006, the year that IAOP began publishing the Global Outsourcing 100.

In addition, for the seventh time Sodexo was named by the Dow Jones Sustainability Index (DJSI) as 2010 Global Sustainability Industry Leader for its industry sector "Restaurants, Hotels, Bars and Recreational Services". Sodexo has featured in the DJSI World and DJSI STOXX indexes since 2005.

2. FISCAL 2011 FIGURES

2.1 Consolidated income statement

(in millions of euro)	Fiscal 2011	Fiscal 2010	Change at current exchange rates	Change at constant exchange rates
Revenues	**16,047**	**15,230**	**5.4%**	**5.0%**
Cost of sales	(13,529)	(12,846)		
Gross profit	**2,518**	**2,384**	**5.6%**	**5.2%**
Sales Department costs	(242)	(226)		
General and administrative costs	(1,408)	(1,358)		
Other operating income	10	12		
Other operating expense	(25)	(41)		
Operating profit	**853**	**771**	**10.6%**	**10.4%**
Interest income	57	62		
Financing costs	(204)	(212)		
Share of profit of companies consolidated by the equity method	15	14		
Profit for the period before tax	**721**	**635**	**13.5%**	**12.9%**
Income tax expense	(250)	(205)		
Profit for the period	**471**	**430**	**9.5%**	**8.8%**
Profit attributable to non-controlling interests	20	21		
PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	**451**	**409**	**10.3%**	**9.3%**
Earnings per share *(in euro)*	**2.95**	**2.64**	**11.7%**	**10.6%**
Dividend per share *(in euro)*	**1.46**[1]	**1.35**		

(1) Proposed to the January 23, 2012 Annual Shareholders' Meeting.

2.2 Breakdown of revenue and operating profit by activity

Revenue by activity *(in millions of euro)*	**Fiscal 2011**	**Fiscal 2010**	**Change at current exchange rates**	**Change at constant exchange rates**
On-site Service Solutions				
North America	6,005	5,850	2.6%	4.3%
Continental Europe	5,473	5,289	3.5%	2.8%
United Kingdom and Ireland	1,245	1,252	-0.6%	-1.1%
Rest of World	2,624	2,194	19.6%	15.2%
TOTAL	**15,347**	**14,585**	**5.2%**	**4.9%**
Motivation Solutions	**717**	**663**	**8.2%**	**6.9%**
Intra-group eliminations	**(17)**	**(18)**		
TOTAL	**16,047**	**15,230**	**5.4%**	**5.0%**

Operating profit by activity *(in millions of euro)*	**Fiscal 2011**	**Fiscal 2010**	**Change at current exchange rates**	**Change at constant exchange rates**
On-site Service Solutions				
North America	304	281	8.2%	10.3%
Continental Europe	247	233	6.0%	5.6%
United Kingdom and Ireland	59	57	3.5%	1.8%
Rest of World	84	70	20%	17.1%
TOTAL	**694**	**641**	**8.3%**	**8.6%**
Motivation Solutions	**262**	**215**	**21.9%**	**20%**
Corporate expense	**(86)**	**(67)**		
Eliminations	**(17)**	**(18)**		
TOTAL	**853**	**771**	**10.6%**	**10.4%**

On-site Service Solutions accounts for 96% of consolidated revenue and 73% of consolidated operating profit before corporate expenses. The Motivation Solutions activity accounts for 4% of consolidated revenue and 27% of consolidated operating profit before Corporate Expenses.

2.2.1 Changes in scope of consolidation

There were no material changes in the scope of consolidation in Fiscal 2011. Acquisitions announced at the end of the year will not be consolidated in the Group's financial statements until Fiscal 2012.

2.2.2 Currency effects

Currency exchange rate effects 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	(113)	(6)	(2)
euro/ Brazilian real	42	9	4
euro/ Venezuelan bolivar fuerte	(15)	(6)	(2)
euro/UK pound sterling	6	0	0

The main variations in Fiscal 2011 related to the U.S. dollar, which declined by 2% against the euro during the year, the Brazilian real, which appreciated 6.3% against the euro, and the Venezuelan bolivar fuerte, which declined by 23% against the euro.

Overall, activities outside the euro zone represented 69% of revenue (including 36% in U.S. dollars, 4% in Brazilian real, and 8% in pound sterling), and for 85% of operating profit (including 35% in U.S. dollars, 18% in Brazilian real, and 7% in pounds sterling).

2.2.3 On-site Service Solutions

On-site Service Solutions revenues totaled 15.3 billion euro, an increase of 5.2%. Organic growth was 5.1%.

Fiscal 2011 highlights by client segment included:

- organic growth of 6.7% in **Corporate**, compared with 2% in Fiscal 2010; this reflects solid development for Sodexo in emerging markets and the significant impact of the phasing in of comprehensive service solutions contracts in the Justice, Defense and Corporate segments. Sodexo registered 17.9% organic growth in Justice, 15.9% in Remote Sites and 6.5% in Defense;
- 3.5% growth in **Health Care and Seniors**, resulting from an extension of the services supplied to existing clients in North America, offset by a short-term decline in outsourcing in Europe and the United Kingdom;
- a 3.4% increase in **Education** resulting in particular from continuing growth in university enrollments in North America.

The Group's key growth indicators were as follows:

- a 94% client retention rate, a level comparable to the prior year;
- 4.3% growth at existing sites, compared to 2% for the previous year. This acceleration stemmed in part from the impact of food price inflation;
- a business development rate (i.e., new contract wins) of 7.4%.

On-site Service Solutions operating profit rose by 53 million euro to 694 million euro, with an operating margin of 4.5%, an increase of 0.10% relative to the prior fiscal year.

Analysis by geographic region

North America

Revenues in North America were 6 billion euro, an increase of 2.6%, which includes organic growth of 4.3% net of an unfavorable currency effect of 1.6%.

At 1.8%, organic growth in the **Corporate** segment has improved compared to the previous two years, despite the lack of a turnaround in employment at large corporations and unchanged participation in foodservices programs on sites. The startup of comprehensive service solutions contracts for clients such as GlaxoSmithKline, Henkel, Colgate and British Aerospace made a major contribution to the return to growth during the year.

Significant recent contracts won include new comprehensive service contracts for clients such as Bristol Myers Squibb (6 sites across several U.S. States), ADP (California and Utah), General Electric Aviation (Ohio), Discover Financial Services, and Guardian Life Insurance Company of America.

In **Health Care and Seniors**, organic growth of 5.9% accelerated compared to the prior year (+2.9%). This reflects the excellent client retention rate achieved in Fiscal 2010 and Fiscal 2011, and successful broadening of the service offering to a number of hospital and retirement home chains. Comfort Keepers, a provider of non-medical in-home services for seniors, also achieved strong revenue growth and opened new franchises.

New contract wins confirmed the relevance of Sodexo's comprehensive service offerings in this segment, and include Saint Vincent Medical Center (Los Angeles, California), Jackson Memorial Hospital (Miami, Florida), Crouse Hospital (Syracuse, New York), Rideout Memorial Hospital (Marysville, California), Crozer Chester Medical Center (Pennsylvania), and Bethesda Memorial Hospital (Florida).

Organic growth in **Education** was 4%, the result of increased student enrolment at university campuses and schools and the positive impact of new contracts, in particular the one for the 136 schools in the Detroit Public School District in Michigan. For this contract, one of the Group's largest in the Education segment in the United States, Sodexo has been selected to provide technical maintenance, building repair, ground maintenance and cleaning services.

Sodexo won numerous contracts during Fiscal 2011, notably including Garvey School District (Rosemead, California), Delgado Community College (New Orleans, Louisiana), University of Missouri (Saint Louis, Missouri), and Utica College (Utica, NY).

Sodexo teams in North America received numerous awards in Fiscal 2011.

- For the sixth consecutive year, the American publication "DiversityInc" ranked Sodexo second among the 50 Best Companies for Diversity, out of a total of 535 companies in contention. This ranking recognized Sodexo's leadership role in treating Diversity and Inclusion as a competitive advantage. DiversityInc also ranked Sodexo among the ten best employers for inclusion (Hispanic, African American, people with disabilities, etc.), as well as for its supplier recruitment, retention and diversity practices. In addition, Sodexo placed fourth among companies with an international diversity strategy;
- As it has every year since 2002, Sodexo received its Gold Level Certification from Progressive Aboriginal Relations (PAR) Program, awarded by the Canadian Council for Aboriginal Business (CCAB).

Operating profit was 304 million euro, up 10.3% compared to the prior year, excluding currency effects. This increase primarily reflects the following factors:

- good control of the cost of health and benefit plans; and
- on-site productivity gains.

In addition, an exceptional charge of 15 million euro had been recognized in the prior fiscal year.

The operating margin rose by 0.3% to 5.1%, compared to 4.8% for Fiscal 2010.

Continental Europe

Revenues in Continental Europe increased by 3.5% to 5.5 billion euro as follows:

- organic growth: 2.9%;
- currency effects: 0.7%.

Despite the continuing uncertain economic environment, **Corporate** returned to organic revenue growth at 4.4%. This performance reflects the relevance of the Group's strategic positioning and the new comprehensive solutions contracts started in 2010, including for the Department of Justice in France (for 27 corrections facilities). It also reflects the impact of strong new business trends in Germany, Spain and Russia.

Numerous contracts were won during the year including in particular the important Public-Private

Partnership to build, equip, operate and maintain the future French Department of Defense headquarters in Paris, the "Balard" project scheduled to be operational in December 2014. Other recent contracts also include the RIE Tour 9 and the Department of Defense for 5 sites (at Houilles, Valence, Lyon Carnot, Lyon Bellecour and Grenoble) in France, Sirius Business Park Siemens and the M. Pire building complex in Germany, Barcelona's Catalan Institute of Finance and the Museo del Prado in Madrid in Spain, Kraft Foods in Belgium, and Aga AB, Lidingö in Sweden.

Organic revenue growth in **Health Care and Seniors** was 0.8%, reflecting moderate sales growth as a result of the momentary slowdown in outsourcing in many countries during the year.

Business wins during the year include Maasstad Ziekenhuis and Jeroen Bosch Ziekenhuis, in the Netherlands, the Clinique Belledone at Saint-Martin d'Hyères and the Association pour Adultes et Jeunes Handicapés (APAJH) in the Val d'Oise (6 sites) in France, the Pisa Hospital (AOUP), Ospedale San Giuseppe Grupo Multimedica in Italy, and the Tilkka Hospital in Finland.

Organic growth in **Education** was 1.2%. Business wins in Sweden, with schools for the cities of Helsingborg and Katrineholm, and in Italy, with the University of Pavia, offset moderate sales development in France at the beginning of the year. At year-end, however, Sodexo renewed and broadened its services to the 314 schools of the City of Marseille, and was also awarded a contract to supply the Oulu Region Joint Authority for Education (OSEKK) in Finland.

Sodexo teams won a number of distinctions in recognition of their achievements during the year, including:

- Sodexo was awarded the AFPA Grand Prix (French national association for adult vocational training) for its innovative training programs to promote diversity in the workplace;
- Interviewed by Universum, a polling institute specializing in the student community, 26,878 students at major French business and engineering schools rated Sodexo as their no. 2 "ideal employer" for a future career in the sector in France.

Operating profit increased by 14 million euro, up 5.6% (excluding exchange rate effects), to 247 million euro. Good control on administrative costs was a major contributing factor to this growth.

The operating margin improved by 0.1%, from 4.4% in Fiscal 2010 to 4.5% in Fiscal 2011.

United Kingdom and Ireland

Revenues in the United Kingdom and Ireland were 1.2 billion euro, down 1.1% at constant exchange rates.

Despite the steady decline in demand for foodservices, Sodexo returned to growth in **Corporate**, with an increase of 0.3%, thanks to its well-adapted offering of integrated services for clients such as Glaxo Smith Kline, Johnson & Johnson and Pilkington.

In addition, Sodexo signed a 5-year renewal of the hospitality contract for Royal Ascot and commenced the preparation of contracts for the Rugby World Cup in October 2011 and for the 2012 Olympic Games in London.

Revenues in **Health Care and Seniors** were down 7.9% for the year (excluding exchange rate effects and changes in the scope of consolidation), resulting from:

- The decision made in the prior year not to renew the contract for part of the services outsourced to Sodexo by Kings Hospital; and
- weak sales growth, as public-sector clients in particular delayed decision-making at the beginning of the year.

The 2.9% organic revenue growth in **Education** reflects successful development with universities, for example in the management of accommodation services on the Solent, Medway, Lincoln and Southampton campuses. This trend compares very favorably with the 6.5% decline experienced in Fiscal 2010.

Recently signed new contracts notably include Birmingham City University and New College Swindon.

Distinctions earned by Sodexo teams during the year included:

- The "Corporate Responsibility Award", received on the occasion of the Springboard Awards for

Excellence and awarded by the BITC. This award distinguishes an organization that has clearly demonstrated its commitment to corporate social responsibility, at both strategic and operational levels;

- Sodexo and HMP Forest Bank (a corrections center) won the prestigious "Guardian Public Services Award" for their partnership rehabilitation program with the Co-operative Bank.

Operating profit was 59 million euro, up 1.8% (excluding exchange rate effects). This increase reflects significant on-site productivity gains, especially in the Health Care and Justice services segments. At the same time, costs were incurred during the year in preparing for the major Fiscal 2012 sporting events contracts, namely the Rugby World Cup and the London Olympics.

The operating margin increased by 0.1% from 4.6% in Fiscal 2010 to 4.7% in Fiscal 2011.

Rest of the World

Revenues in the Rest of the World (Latin America, Middle East, Asia and Australia and Remote Sites) were 2.6 billion euro.

The pace of growth in Latin America, Asia and Remote Sites continued to accelerate throughout the year, and organic growth reached 15.9%.

- Revenues in **Corporate** grew by 16.3%, compared to 7.7% in Fiscal 2010. This acceleration occurred in all geographic regions:
  - in Latin America, business wins were numerous, including with Natura, Petrobras Fafen and Vale Norte in Brazil, with mining and oil and gas clients such as Compañía Minera Zaldivar S.A, Excon and SQM in Chile, Xstrata Fuerabamba, Vale FM, Plus Petrol Norte and Southern Peru Copper Corp./Cuajone-Toquepala in Peru. Growth in on-site activities was also driven by the high level of industrial activity and a high rate of food inflation,
  - in China and India, where Sodexo holds undisputed leadership positions, the Group signed a large number of contracts, including with Volkswagen India, Pune and Renault Nissan, in India, and with Bao Steel (4 sites), Andrew Telecommunications, Toshiba Elevator, Shanghai, Nokia Beijing and Dongguan, in China,
  - Sodexo also achieved multiple business wins in Remote Sites. In Australia, for instance, Sodexo won contracts with Rio Tinto Pilbra Iron, Western Turner, Karara Mining and the Freeport McMoran Copper and Gold mine, and TFM in the Democratic Republic of Congo;
- Growth in **Health Care and Seniors** and in **Education** in the Rest of the World was 12.4% and 10.7%, respectively. Sodexo's expertise in these segments is starting to pay off, with the signature of new contracts such as those with the Medanta-The Medicity hospital in India, Shenzhen TCM Hospital in China, Queen Sirikit Medical Center on Thailand, and Emirates National School in the United Arab Emirates.

Among distinctions earned by Sodexo teams:

- for the sixth consecutive year, Sodexo was the winner in the "Outsourcing providers" category of the "Top Hospitalar Award", the most coveted award in Brazil's medical and hospital sector;
- Sodexo was distinguished by the Chilean Safety Association (ACHS) for the second consecutive year for its high safety standards;
- in China, Sodexo ranked top in the "Foodservices and Facilities Management" category, in the list of "TOP 50 Service Outsourcing Providers in China 2010".

Operating profit in the Rest of the World increased 17.1% at constant exchange rates to 84 million euro. This increase reflects growth in volumes and substantial productivity gains, which more than offset significant inflationary pressures in a number of countries.

Moreover, the Group continued to invest in training and human resources development in these countries, given their strong potential in the medium term, as well as continue to reinforce its competencies in multi-technical maintenance services.

The operating margin of 3.2% was stable compared to that of the prior fiscal year.

2.2.4 Motivation Solutions

Issue volume (face value multiplied by the number of vouchers and cards issued) was 13.7 billion euro. Organic growth in issue volume was 8.8%, with an additional favorable 1.2% currency translation effect.

This issue volume comprised the following:

- 6.2 billion euro in Latin America, with 12.2% organic growth; and
- 7.5 billion euro in Europe and Asia, with 6.2% organic growth.

Strong growth in Latin America resulted from a combination of new customer wins, business synergies resulting from the broadening of existing client service offerings and the increased face value of vouchers.

In Europe, this performance includes an increase of more than 10% in vouchers issued for the Belgian Bureau of Labor (ONEM), and from faster growth in France thanks to a successful sales drive.

Revenues totaled 717 million euro, with 6.9% organic growth.

In Latin America, which accounts for 53% of revenues, organic growth was particularly solid at 13.6%. This includes an increase in the number of beneficiaries and of the face value of vouchers, business wins such as Fundacão, Petrobras, Universidade Estado do Amazonas in Brazil, Servicio Nacional Integrado de Administracion Aduanera y Tributaria in Venezuela, and BBVA Comercializadora in Chile, and the positive impact of interest rate rises, especially in Brazil.

In Europe and Asia, organic growth of 0.4% resulted from:

- good sales momentum in France, thanks in particular to the success of the CESU (service voucher) offerings;
- a slight decrease in revenues in Central Europe, albeit at a lesser rate than the prior year;
- persistent pressure on client commissions as a result of strong competition in some countries and on incentive programs.

Recent business wins include in particular the global Amadeus (Incentive) contract, a major contract for Life Insurance Corp (a leading public life insurance company in India), Hewlett-Packard and Gas Authority of India (India), Coca Cola and KGHM Polska in Poland, Audi Motor in Hungary, and Santander Consumer Bank in Germany.

The difference between growth in issue volume and that of revenues, chiefly in Europe, resulted from the strong growth in issue volume on the popular ONEM contract in Belgium. This growth does not translate into revenue growth in the same proportion because of the size and structure of the contract.

Operating profit totaled 262 million euro, a 21.9% increase compared to that of Fiscal 2010. Excluding exchange rate effects, operating profit rose 20%, reflecting the operating leverage arising from increased volumes and a more efficient production process. These productivity gains principally reflected synergies achieved in Brazil over the past three years following the integration of VR, but also resulted from the success of action plans in Europe.

The activity's operating margin was 36.5%, versus 32.4% in the prior year, enabling Sodexo to achieve its medium-term objective in this activity already as of Fiscal 2011.

2.2.5 Corporate expenses

Corporate expenses were 86 million euro, an increase of 19 million euro over the prior year. This increase stems mainly from acquisition costs and from the 10 million euro provision covering two years of the Profit Sharing Bonus, pursuant to a law introduced in France on July 28, 2011 for companies increasing dividend distributions in France.

2.3 Net financing costs

Net financing costs decreased from 150 million euro in Fiscal 2010 to 147 million euro in Fiscal 2011, notably as a result of favorable effects of movements in the discounting rate of pension liabilities.

2.4 Income tax expense

Income tax expense totaled 250 million euro, with an effective tax rate of 35.4%, as compared to the prior year rate of 33%. The difference compared to the prior year resulted from the 14 million euro reduction in the utilization of tax loss carryforwards in several countries.

2.5 Profit attributable to equity holders of the parent

Profit attributable to equity holders of the parent was 451 million euro, compared to 409 million euro in the prior year, an increase of 10.3% or 9.3% excluding exchange rate effects. The increase was slightly less than for operating profit, mainly due to the rise in the effective tax rate.

2.6 Earnings per share

Earnings per share was 2.95 euro, an increase of 11.7% at current exchange rates and 10.6% excluding exchange rate effects. This item rose faster than net income because of the increase in the number of treasury shares compared to the prior year. Treasury shares are excluded from the calculation of earnings per share.

2.7 Dividend

At the General Shareholders Meeting on January 23, 2012, Sodexo's Board of Directors will propose to distribute a dividend of 1.46 euro per share, an increase of 8.1% over the previous year. This represents a payout ratio of around 50% of Group net income and a yield of 2.8% based on a share price of 51.82 euro (as of August 31, 2011).

3. FINANCIAL POSITION OF THE GROUP

3.1 Cash flows

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

	Year ended	
(in millions of euro)	**August 31, 2011**	**August 31, 2010**
Net cash provided by operating activities	847	1,006
Net cash used in investing activities	(232)	(272)
Net cash used in financing activities	(572)	(379)
Change in net cash and cash equivalents	42	355

Net cash provided by operating activities was 847 million euro in Fiscal 2011. This compares with 1,006 million euro provided by operating activities in Fiscal 2010, which benefited from exceptional cash flows from issue volumes in the Motivation Solutions activity, notably thanks to the startup of the Eco Pass offering in Belgium.

Net cash provided by operating activities was used to finance net capital expenditures and client investments of 242 million euro (1.5% of revenues).

Net cash used in financing activities comprised:

- the dividend payment of 229 million euro, including 208 million euro paid to Sodexo SA shareholders;
- repurchases of Sodexo shares for 161 million euro to cover outstanding stock option plans; and
- a net reduction in financial borrowings of 181 million euro.

3.2 Group Consolidated Balance Sheet

The condensed balance sheet as of August 31 was as follows:

(in millions of euros)	2011	2010		2011	2010
Non-current assets	5,862	6,309	Shareholders' equity	2,535	2,707
Current assets excluding cash	3,477	3,361	Non-controlling interests	30	32
Financial assets related to the Motivation Solutions activity	622	578	Non-current liabilities	2,946	3,311
Cash	1,448	1,527	Current liabilities	5,898	5,725
TOTAL ASSETS	**11,409**	**11,775**	**TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY**	**11,409**	**11,775**
			Net debt	**376**	**656**
			Net debt ratio	**15%**	**24%**

As of the balance sheet closing date, all balance sheet items were impacted by negative currency effects mainly attributable to the U.S. dollar's decline against the euro. The change in shareholders' equity also includes net income for the year, dividend payments and the impact of share repurchases during the period.

As of August 31, 2011, borrowings were less than those as of the August 31, 2010 and totaled 2,423 million euro. These borrowings mainly comprise two bond issues totaling 1,380 million euro and two U.S. private placements for a total of 1,100 million U.S. dollars. The remaining balance includes various bank loans and facilities, capital leases and derivatives.

On March 29, 2011, Sodexo contracted a 600 million U.S. dollar fixed-rate loan in a Private Placement transaction with U.S. investors. Also, on July 18, 2011, Sodexo SA contracted a multicurrency confirmed credit facility of up to 600 million euro plus 800 million U.S. dollars, and on July 20, 2011 it cancelled the April 2005 multicurrency credit facility ahead of its scheduled maturity date.

These transactions allowed Sodexo to secure the refinancing of its financial borrowings becoming due in 2012 and to increase the maturity profile of its borrowings. As of August 31, 2011, the average interest rate on borrowings was 5.7%.

Cash and cash equivalents net of bank overdrafts totaled 1,425 million euro as of August 31, 2011. Cash investments in instruments with maturities of over three months and restricted cash in the Motivation Solutions activity totaled 233 million euro and 389 million euro, respectively.

As of the same date, the operating cash position (which includes Motivation Solutions cash investments and restricted cash) was 2,047 million euro, including 1,605 million euro for Motivation Solutions.

As of August 31, 2011, net debt was 376 million euro, compared to 656 million euro one year earlier, and represented 15% of Group consolidated equity, compared to 24% as of August 31, 2010. Gross debt repayment capacity at August 31, 2011 represented 3.2 years of operating cash flow.

As of the same date, the Group had unused bank credit facilities of 1.1 billion euro.

Subsequent Events

On September 6, 2011, Sodexo announced the acquisition of 100% of Puras do Brasil for an enterprise value of around 525 million euro. Founded 30 years ago, Puras do Brasil has annual revenues of approximately 0.5 billion euro and is no. 2 in On-site Service Solutions in Brazil, a fast-growing market. As a result, **Sodexo is now the leader in On-site Service Solutions in Brazil.**

On September 22, 2011, Sodexo also closed the acquisition of Lenôtre in France. The transaction will enable Sodexo to build up its portfolio of Prestige activities in France and worldwide, and to reinforce its *savoir faire* in luxury gastronomy.

On November 8, 2011, Sodexo reached agreement in the USA to acquire 100% of Roth Bros, a company specialized in technical maintenance services, with a broad national coverage across the United States. Founded in 1923, Roth Bros designs, manages and delivers solutions in HVAC, facilities automation and monitoring, and energy and fluids maintenance. Roth Bros has annual revenues of around 100 million U.S. dollars.

Following these three acquisitions and on a pro forma basis, the ratio of net financial borrowings to shareholders' equity was around 40%.

Lastly, Sodexo, Inc. and Service Employees International Union (SEIU) announced in September 2011 a settlement agreement under which SEIU agreed to end a public campaign against Sodexo that had been ongoing for nearly two years. Sodexo agreed to dismiss its civil suit filed in March 2011 in the U.S. District Court of the Eastern District of Virginia.

4. FISCAL 2012 AND MEDIUM-TERM OUTLOOK

At the November 7, 2011 meeting of the Board of Directors, Sodexo CEO Michel Landel presented the Fiscal 2012 and medium-term outlook.

He emphasized the need for prudence in the increasingly uncertain macro-economic climate, notably in western countries. The accumulated debt of governments and rising unemployment exert significant pressure on economic activity in both the public and private sectors.

In this context, Group management and all of the Sodexo teams are fully mobilized to:

- decrease operating costs and overheads and thus improve productivity at all levels; and
- limit the effects of food price inflation.

Michel Landel also reminded the Board of Directors that in Fiscal 2012 Sodexo will be providing services in connection with important sporting events (notably the Rugby World Cup, which took place in October 2011 and the London Olympic Games, which will take place in July 2012).

The current fiscal year will also require significant investment to facilitate the integration of Puras in Brazil, as well as Lenôtre in France and Roth Bros in the United States. These investments will weigh slightly on the Group's short term operating profitability.

In light of the above, Sodexo has set the following objectives for Fiscal 2012 as of today:

- Sodexo has set an objective for Fiscal 2012 of **organic growth in revenues of between 5% and 8%**;
- In addition, the Group expects a contribution to consolidated revenues of approximately 4 percentage points from recent acquisitions (Puras do Brasil, Lenôtre and Roth Bros);
- The Group has also set an objective of an **increase in operating profit of around 10%** (excluding exchange rate effects and the one-time effects of an adjustment to post-employment benefit plan costs in the United Kingdom[1]).

(1) *In conformity with new regulations in effect in the United Kingdom, the Group decided at the end of October to calculate future price indexation using the consumer price index (CPI), thus replacing the retail price index, in determining retirement benefits that Sodexo UK will be required to pay to certain members of its retirement plan. The effect of this change will result in a favorable adjustment to operating profit in the first half of Fiscal 2012.*

In the medium term:

- Sodexo confirms its objective of **achieving an annual average consolidated revenue growth of 7%**; and
- encouraged by recent progress made, the Group is targeting **achieving a consolidated operating margin of 6.3% in four years' time**.

Michel Landel concluded by noting Sodexo's considerable strengths:

- its independence;
- a global footprint encompassing 80 countries including uncontested leadership in each of the BRIC countries (China, India, Brazil and Russia) which represent markets with high economic growth;
- a well-diversified portfolio of clients (Corporate, Sports and Leisure, Health Care, Seniors, Education, Defense and Justice);
- an ever broader integrated offer for Quality of Life services, which allows it to help its clients improve their performance;
- a strong culture and values shared by all of the teams;
- a rich and diverse pool of talent;
- an excellent financial model.

These strengths allow Sodexo to view its future with confidence and to maintain its investments, notably in human resources development and the reinforcement of its competencies.

In concluding, Michel Landel added: *"I would like to thank our clients for their loyalty, our shareholders for their continued support and Sodexo's employees for their efforts in Fiscal 2011. As the people ultimately responsible for the quality of our services aimed at improving the Quality of Daily Life of our clients and consumers, each and every one of Sodexo's 391,000 employees plays a vital role in 'Making every day a better day".*

→ Sodexo Consolidated Financial Statements as of August 31, 2011

1. CONSOLIDATED INCOME STATEMENT

(in millions of euro)	Notes	Fiscal 2011	Fiscal 2010
Revenues	**3**	**16,047**	**15,230**
Cost of sales	4.1	(13,529)	(12,846)
Gross profit		**2,518**	**2,384**
Sales Department costs	4.1	(242)	(226)
General and administrative costs	4.1	(1,408)	(1,358)
Other operating income	4.1	10	12
Other operating costs	4.1	(25)	(41)
Operating profit	**3**	**853**	**771**
Interest income	4.2	57	62
Financing costs	4.2	(204)	(212)
Share of profit of companies consolidated by the equity method	3 and 4.9	15	14
Profit for the period before tax		**721**	**635**
Income tax expense	4.3	(250)	(205)
Profit for the year		**471**	**430**
Of which:			
Non-controlling interests		20	21
PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT		**451**	**409**
Earnings per share *(in euro)*	**4.4**	**2.95**	**2.64**
Diluted earnings per share *(in euro)*	**4.4**	**2.94**	**2.63**

2. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(in millions of euro)	Notes	Fiscal 2011	Fiscal 2010
Profit for the year		**471**	**430**
Available for sale financial assets	4.11.3 and 4.15	0	0
Cash Flow Hedges	4.17 and 4.15	14	(3)
Actuarial gain (loss) on defined benefit pension plans and other items	4.18.1 and 4.15	36	(62)
Currency translation differences		(314)	336
Share of other components of comprehensive income of companies consolidated by the equity method, net of tax		1	(9)
Income tax related to components of other comprehensive income		**(15)**	**17**
Total other comprehensive income, after tax		**(278)**	**279**
Comprehensive income		**193**	**709**
Of which:			
Equity holders of the parent		177	696
Non-controlling interests		16	13

3. CONSOLIDATED BALANCE SHEET

ASSETS

(in millions of euro)	Notes	August 31, 2011	August 31, 2010
Non-current assets			
Property, plant and equipment	4.5	513	531
Goodwill	4.6	4,283	4,634
Other intangible assets	4.7	492	527
Client investments	4.8	222	228
Companies consolidated by the equity method	4.9	70	71
Financial assets	4.11	115	142
Other non-current assets	4.13	14	14
Deferred tax assets	4.21	153	162
TOTAL NON-CURRENT ASSETS		**5,862**	**6,309**
Current assets			
Financial assets	4.11	9	6
Derivative financial instruments	4.17	2	6
Inventories	4.12	252	235
Income tax receivable		72	81
Trade and other receivables	4.13	3,142	3,033
Restricted cash and financial assets related to the Motivation Solutions activity	4.11	622	578
Cash and cash equivalents	4.14	1,448	1,527
TOTAL CURRENT ASSETS		**5,547**	**5,466**
TOTAL ASSETS		**11,409**	**11,775**

LIABILITIES AND EQUITY

(in millions of euro)	Notes	August 31, 2011	August 31, 2010
Shareholders' equity			
Common stock		628	628
Additional paid in capital		1,109	1,109
Retained earnings		1,026	783
Consolidated reserves		(228)	187
Equity attributable to equity holders of the parent		**2,535**	**2,707**
Non-controlling interests		**30**	**32**
TOTAL SHAREHOLDERS' EQUITY	**4.15**	**2,565**	**2,739**
Non-current liabilities			
Borrowings	4.16	2,262	2,534
Derivative financial instruments	4.17	1	0
Employee benefits	4.18	281	348
Other liabilities	4.20	190	243
Provisions	4.19	62	64
Deferred tax liabilities	4.21	150	122
TOTAL NON-CURRENT LIABILITIES		**2,946**	**3,311**
Current liabilities			
Bank overdrafts	4.14	23	59
Borrowings	4.16	152	150
Derivative financial instruments	4.17	10	25
Income tax payable		120	138
Provisions	4.19	47	61
Trade and other payables	4.20	3,125	2,985
Vouchers payable		2,421	2,307
TOTAL CURRENT LIABILITIES		**5,898**	**5,725**
TOTAL LIABILITIES AND EQUITY		**11,409**	**11,775**

4. CONSOLIDATED CASH FLOW STATEMENT

(in millions of euro)	Notes	Fiscal 2011	Fiscal 2010
Operating activities			
Operating profit		**853**	**771**
Elimination of non-cash and non-operating items			
Depreciation and amortization		244	240
Provisions		(9)	19
Losses/(gains) on disposal and other		15	9
Dividends received from associates		13	9
Change in working capital from operating activities		**100**	**257**
Change in inventories	4.12	(32)	(12)
Change in accounts receivable		(235)	(177)
Change in trade and other payables		261	201
Change in vouchers payable		170	233
Change in financial assets related to the Motivation Solutions activity		(64)	12
Interest paid		(144)	(141)
Interest received		14	28
Income tax paid		(239)	(186)
NET CASH PROVIDED BY OPERATING ACTIVITIES		**847**	**1,006**
Investing activities			
Acquisitions of property, plant & equipment and intangible assets		(242)	(236)
Disposals of property, plant & equipment and intangible assets		22	26
Change in client investments	4.8	(22)	(19)
Change in financial assets		12	(23)
Acquisitions of subsidiaries		(2)	(23)
Dispositions of subsidiaries			3
NET CASH USED IN INVESTING ACTIVITIES		**(232)**	**(272)**
Financing activities			
Dividends paid to parent company shareholders	4.15	(208)	(197)
Dividends paid to non-controlling shareholders of consolidated companies		(21)	(18)
Purchases of treasury shares		(212)	(114)
Disposition of treasury shares		51	24
Increase/(Reduction) of capital		2	
Acquisition of non-controlling interests		(3)	(2)
Disposition of equity investments without loss of control			
Proceeds from borrowings		429	321
Repayment of borrowings		(610)	(393)
NET CASH USED IN FINANCING ACTIVITIES		**(572)**	**(379)**
CHANGE IN NET CASH AND CASH EQUIVALENTS		**42**	**355**
Net effect of exchange rates and other effects on cash		(86)	(49)
Net cash and cash equivalents at beginning of period		1,468	1,162
NET CASH AND CASH EQUIVALENTS AT END OF PERIOD	**4.14**	**1,424**	**1,468**

5. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(in millions of euro)	Shares outstanding	Share capital	Share premium	Treasury shares	Reserves and comprehensive income	Translation adjustments	Total shareholders' equity: Attributable to holders of the parent	Total shareholders' equity: Non-controlling interests	Total shareholders' equity: Total
Notes	**4.15**			**4.15**	**4.15**				
Shareholders' equity as of August 31, 2009	**157,132,025**	**628**	**1,109**	**(143)**	**1,156**	**(471)**	**2,279**	**37**	**2,316**
Comprehensive income					409		409	21	430
Other comprehensive income, net of tax					(57)	344	287	(8)	279
Comprehensive income					**352**	**344**	**696**	**13**	**709**
Dividends paid					(197)		(197)	(18)	(215)
Treasury shares				(86)			(86)		(86)
Share-based payment cost (net of income tax)					11		11		11
Other					4		4		4
Shareholders' equity as of August 31, 2010	**157,132,025**	**628**	**1,109**	**(229)**	**1,326**	**(127)**	**2,707**	**32**	**2,739**
Comprehensive income					451		451	20	471
Other comprehensive income, net of tax					36	(310)	(274)	(4)	(278)
Comprehensive income					**487**	**(310)**	**177**	**16**	**193**
Dividends paid					(208)		(208)	(20)	(228)
Increase in share capital								1	1
Reduction in share capital									
Treasury shares				(162)			(162)		(162)
Share-based payment (net of income tax)					19		19		19
Other					2		2	1	3
Shareholders' equity as of August 31, 2011	**157,132,025**	**628**	**1,109**	**(391)**	**1,626**	**(437)**	**2,535**	**30**	**2,565**

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.
Sodexo's consolidated financial statements for the fiscal year-ended August 31, 2011 were approved by the Board of Directors on November 7, 2011 and will be submitted to the Annual Shareholder's Meeting on January 23, 2012.

1. SIGNIFICANT EVENTS

As stated in note 4.16, on March 29, 2011 Sodexo SA issued fixed interest bonds for 600 million U.S. dollars in a private placement with U.S. investors. On July 18, 2011, Sodexo SA also contracted a multicurrency confirmed credit facility for a maximum of 600 million euro plus 800 million U.S. dollars, and on July 20, 2011 cancelled the April 2005 multicurrency facility in advance of its expiration date. These two funding transactions enabled Sodexo to take advantage of market conditions and extend the maturity of its borrowings.

As mentioned in paragraph 4.29 "Post-Balance Sheet Events", on September 6, 2011, Sodexo acquired Puras do Brasil, becoming the leader in Brazil's fast-growing On-site Service Solutions market.

Also, on August 1, 2011 Sodexo SA signed a contract to acquire the French company, Lenôtre. This transaction was subject to approval by the competition authorities and closed on September 22, 2011. This acquisition will enable Sodexo to grow its portfolio of Prestige activities in France and globally, and to develop its *savoir faire* in the field of luxury gastronomy, thereby strengthening its client offering.

2. ACCOUNTING POLICIES

2.1 Basis of preparation of the financial statements

2.1.1 Basis of preparation of financial information for Fiscal 2011

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. A comprehensive list of accounting standards adopted by the European Union is available for consultation on the European Commission website at http://ec.europa.eu/internal_market/accounting/ias/standards_en.htm.

Information for the comparative year presented has been prepared using the same principles.

The IFRS application dates as approved by the European Union are the same as those for the IFRS standards published by the IASB during 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 and IFRIC 12 since their required application date, but has not made any adjustment in the absence of any significant investment.

Certain comparative information has been reclassified in order to conform to the Fiscal 2011 presentation.

2.1.2 New applicable accounting standards and interpretations

The new standards, interpretations and amendments whose application was mandatory effective for the fiscal year beginning September 1, 2010 had no material impact on the Group's financial statements for Fiscal 2011:

- The following pronouncements were determined to not be applicable to the Group: the amendment to IFRS 2 "Group Cash-settled Share-based Payment Arrangements"; IFRIC interpretation 19 "Extinguishing Financial Liabilities with Equity Instruments"; and the amendment to IAS 32 "Classification of Rights Issues";
- The 2010 annual improvements to IFRSs, adopted by the European Union in February 2011, had no material impact on the Group financial statements. These improvements included the following: the amendments to IFRS 3 "Business Combinations"; and IAS 27 "Consolidated and Separate Financial Statements".

2.1.3 Accounting standards and interpretations issued but not yet applicable

The Group has not elected early application of standards and interpretations not required to be applied in Fiscal 2011. The Group is currently researching the practical consequences of these new rules and the impact of their application on the annual financial statements.

A comprehensive list of accounting standards adopted by the European Union is available for consultation on the European Commission website at http://ec.europa.eu/internal_market/accounting/ias/standards_en.htm.

2.2 Use of estimates

The preparation of financial statements 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 evaluations are updated continuously based on past experience and on various other factors considered reasonable in view of current circumstances, and are the basis for the 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 the following:

- impairment of current and non-current assets (notes 4.10 and 4.13);
- fair value of derivative financial instruments (note 4.17);
- provisions for litigation and tax risks (notes 4.19 and 4.28);
- valuation of post-employment defined benefit plan assets and liabilities (note 4.18);
- deferred taxes (note 4.21);
- share-based payment (note 4.23);
- valuation of goodwill and acquired intangible assets and their estimated useful lives (note 4.24).

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 or joint control is obtained to the date on which it ceases.

Sodexo has 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, as amended, IAS 28 and the interpretation 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 these entities as of August 31, 2011 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 as "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 and Turkey). 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 recognized in financial income or expense.

Subsidiaries operating in Venezuela

At the end of calendar 2009, Venezuela joined the list of countries considered hyperinflationary according to the criteria in IAS 29. Consequently, with effect from the fiscal year-ended August 31, 2010, the Group has applied the specific accounting requirements of this standard to the transactions of its subsidiaries operating in this country in the preparation of the consolidated financial statements.

On January 8, 2010, Venezuela announced the devaluation of its currency, the Bolivar Fuerte.

As of that date, the Group decided to no longer use the official exchange rate published by the Venezuelan government, namely USD 1 = 4.3 bolivar. The financial statements for the year ended August 31, 2010 of subsidiaries operating in Venezuela have consequently been translated at the rate of USD 1 = 8.25 bolivar, or 1 euro = 10.46 bolivar corresponding to the last observable quotation on the parallel currency market, and for the year ended August 31, 2011, at the rate of USD 1 USD = 9.39 bolivar, or 1 euro = 13.57 bolivar, which is the rate observed for recent transactions.

The Group considers these to be the most appropriate rates, for the following reasons:

- to better reflect the economic parity between the euro and the Bolívar resulting from the hyperinflationary situation in Venezuela since the end of 2009; and
- to estimate the most probable rate at which the Group considers it will be able to convert Bolivars into euro in the future given the current restrictions on official market transactions placed by the country's authorities.

The impact on the Group's financial statements is provided below:

	Fiscal 2011			Fiscal 2010		
(in euro million)	Amounts used by the Group €1 = 13.57 VEF	Proforma amounts at official rate € 1 = 6.21 VEF	Impact of choice on published financial statements	Amounts used by the Group €1 = 10.46 VEF	Proforma amounts at official rate €1 = 5.45 VEF	Impact of choice on published financial statements
Revenue of Venezuelan subsidiaries	51	111	(60)	60	116	(56)
Operating income of Venezuelan subsidiaries	19	41	(22)	25	49	(24)
Net earnings of Venezuelan subsidiaries	6	13	(7)	7	14	(7)
Shareholders' equity of Venezuelan subsidiaries	14	31	(17)	15	28	(13)

2.4 Business combinations and goodwill

The Group has applied IFRS 3R (revised in 2008) "Business Combinations" since September 1, 2009.

The purchase method is used to account for acquisitions of subsidiaries by the Group. Fair value of the consideration corresponds to the fair value of assets acquired, equity instruments issued by the purchaser and liabilities assumed as of the date of the acquisition. Costs directly related to the acquisition are expensed as incurred in the income statement.

On initial consolidation of a subsidiary or equity interest, the Group measures all identifiable elements acquired in the currency of the acquired entity.

Changes to the measurement of identifiable assets and liabilities resulting from specialist evaluations or additional analysis may be recognized as adjustments to goodwill if they are identified within one year of the date of acquisition and result from facts and circumstances existing at the acquisition date. Once this one year period has elapsed, the effect of any adjustments is recognized directly in the income statement (unless it is the correction of an error), including recognition of deferred tax assets which are recognized in the income statement as a tax benefit if more than one year after the acquisition date. Goodwill arising on the acquisition of associates is included in the value of the equity method investment.

2.4.1 Goodwill

Acquisitions made since September 1, 2009

Any residual difference between the fair value of the consideration transferred (for example the amount paid), increased by the amount of the non-controlling equity interest in the acquired company (measured either at fair value or its share in the fair value of the identifiable assets acquired) and the fair value as of the date of acquisition of the acquired assets or liabilities assumed, is recognized as goodwill in the balance sheet.

The Group measures non-controlling equity interests on a case-by-case basis for each business combination either at fair value or based on their percentage interest in the fair value of identifiable assets acquired.

Acquisitions made between September 1, 2004 and August 31, 2009

Any excess of the cost of an acquisition over the Group's interest in the fair value at the acquisition date of the identifiable assets, liabilities and intangible items has been recognized as goodwill in the balance sheet. Costs incurred and directly related to the acquisition were included in the acquisition cost and therefore in goodwill.

Goodwill is not amortized, but is subject to impairment tests immediately if there are indicators of impairment, and at least once per year. Impairment test procedures are described in note 2.8. Goodwill impairment losses recognized in the income statement are irreversible.

2.4.2 Negative goodwill

Negative goodwill represents the excess of the fair value of the assets, liabilities and contingent liabilities of the acquired entity at the acquisition date over the consideration transferred (for example the acquisition cost), increased by the amount of any non-controlling interest.

After reviewing the procedures for the identification and measurement of the different components included in the calculation of goodwill, any negative goodwill is immediately expensed in the income statement in the period of acquisition.

2.4.3 Transactions in non-controlling interests

Changes in non-controlling interests, in the absence of either assumption or loss of control, are recognized in shareholders' equity. In particular, when additional shares in an entity already controlled by the Group are acquired, the difference between the acquisition cost of the shares and the share of net assets acquired is recognized in Equity attributable to equity holders of the parent. The consolidated value of the assets and liabilities of the subsidiary (including goodwill) remains unchanged.

Previously, goodwill was recognized as of the date of acquisition of non-controlling interests, representing the excess of the cost of acquisition of the shares over their carrying value as of the transaction date.

2.4.4. Adjustments and/or earn-outs

Since September 1, 2009, earn-outs related to business combinations are recognized at their fair value as of the date of acquisition even if they are considered to be not probable. After the date of acquisition, changes in estimates of the fair value of price adjustments are adjusted to goodwill only if they occur within the time period allowed (a maximum of one year as of the date of acquisition) and if they result from facts and circumstances that existed at the acquisition date. In all other cases, the change is recognized in profit and loss or in other comprehensive income in accordance with the applicable IFRS standard.

2.4.5 Step acquisitions

In a step acquisition, the fair value of Group's previous interest in the acquired entity is measured at the date that control is obtained and is recognized in profit and loss. In determining the amount of goodwill recognized, the fair value of the consideration transferred (for example the price paid) is increased by the fair value of the interest previously held by the Group.

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 connection with a business combination and which (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, 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 elect 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 inception 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, with the On-site Service Solutions activity 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, tangible 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 to 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. The amortization of these assets is recognized as a reduction to revenues over the period of the service obligation.

In the cash flow statement, changes in the value of these investments are presented as 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.

Impairment is recognized when there is objective evidence of the Group's inability to recover the full amount due under the initial contract terms. The impairment recognized represents the difference between the carrying amount of the asset and the discounted future cash flow, estimated using the initial effective interest rate. The resulting impairment loss is recognized in the income statement.

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 in other comprehensive income. When an available-for-sale financial asset is sold or impaired, the cumulative fair value adjustment recognized in other comprehensive income is transferred to the income statement. For securities listed on an active market, fair value is considered to equal market value. If no active market exists, fair value is generally determined based on appropriate financial criteria for the specific security. 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 recognized in the balance sheet at fair value and subsequently 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.

2.12.2 Derivative financial instruments

Sodexo's policy is to finance the majority of acquisition costs insofar as possible in the currency of the acquired entity, generally at fixed rates of interest.

Most 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 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.

For 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 other comprehensive income, 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 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 purchase non-controlling interests

As required by IAS 32, Sodexo recognizes commitments to purchase non-controlling 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 related debit entry, Sodexo has elected to offset the amount involved against the relevant non-controlling interests in shareholders' equity until they are eliminated in full, and to treat any surplus as goodwill.

Firm commitments to purchase non-controlling 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 purchase 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 for acquisitions made prior to September 1, 2009.

2.12.4 Bank borrowings and bond issues

All borrowings, including 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 reimbursement value.

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 at the moment of purchase or may be withdrawn at any time at a known cash value with no material risk of loss in value.

2.14 Borrowing costs

Borrowing costs are recognized 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;
- borrowing costs not directly attributable to a non-current asset as defined in IAS 23 reduce the related borrowing in the balance sheet and are recognized in the income statement over the term of the borrowing.

2.15 Sodexo SA treasury shares

Sodexo SA shares held by the Sodexo itself and/or by other Group companies are shown as a reduction in consolidated shareholders' equity at their 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 contract 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 other comprehensive income, 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, 2004 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 in operating income,
  - 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 were 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 or in other comprehensive income are recognized in shareholders' equity or in other comprehensive income 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; and
- other operating income and expense.

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 to be received, 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 income is recognized if there is significant uncertainty about recoverability of the costs incurred or to be incurred in meeting the service obligation.

Foodservices and other on-site services revenues are recognized when the service is rendered.

2.22.3 Income tax expense

In connection with the introduction of the *Contribution Économique Territoriale* (CET – "Local Economic Contribution" replacing the former professional tax) under the 2010 Finance Bill in France, which applies to French subsidiaries, Sodexo has elected to recognize in income tax expense the portion of the CET related to the *Cotisation sur la Valeur Ajoutée des Entreprises* (tax on corporate value added tax paid).

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 an integral component of treasury management.

3. OPERATING SEGMENTS

As of August 31, 2011, the Group's activities are monitored by the chief operating decision maker as follows: On-site Service Solutions and Motivation Solutions. 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 operating segments.

No Group client accounts for more than 2% of consolidated revenues.

3.1 By operating activity

Fiscal 2011 *(in millions of euro)*	On-site Service Solutions North America	Continental Europe	United Kingdom and Ireland	Rest of the World	Total	Motivation Solutions	Corporate expenses	Elimination	Total
Revenues (third-party)	6,005	5,473	1,245	2,624	15,347	700			16,047
Inter-segment sales (Group)						17		(17)	0
TOTAL	**6,005**	**5,473**	**1,245**	**2,624**	**15,347**	**717**		**(17)**	**16,047**
Segment operating profit	304	247	59	84	694	262	(86)	(17)	853
Share of profit of associates	1	2	3	9	15				15
Net financing costs									(147)
Income tax expense									(250)
Non-controlling interests									20
PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT									**451**
Depreciation/ amortization of tangible and intangible assets	48	101	26	33	208	25	14		247
Other non-cash items	6	3	1	2	12	1	4		17

Fiscal 2010 *(in millions of euro)*	**On-site Service Solutions** North America	Continental Europe	United Kingdom and Ireland	Rest of the World	Total	**Motivation Solutions**	**Corporate expenses**	**Elimination**	**Total**
Revenues (third-party)	5,850	5,289	1,252	2,194	14,585	645			15,230
Inter-segment sales (Group)						18		(18)	0
TOTAL	**5,850**	**5,289**	**1,252**	**2,194**	**14,585**	**663**		**(18)**	**15,230**
Segment operating profit	281	233	57	70	641	215	(67)	(18)	771
Share of profit of associates	1	1	6	6	14				14
Net financing costs									(150)
Income tax expense									(205)
Non-controlling interests									21
PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT									**409**
Depreciation/ amortization of tangible and intangible assets	54	96	20	32	202	25	13		240
Other non-cash items	5	2	1	1	9	1	(1)		9

3.2 By significant country

The Group's operations are spread across 80 countries, three of which have significant revenues: France (the country of domicile), the United States and the United Kingdom. Revenues and non-current assets in these countries are stated below:

As of and for the year ended August 31, 2011 *(in millions of euro)*	**France**	**United States**	**United Kingdom**	**Others**	**Total**
Revenues (third-party)	2,684	5,676	1,227	6,460	16,047
Non-current assets(1)	842	2,375	705	1,588	5,510

As of and for the year ended August 31, 2010 *(in millions of euro)*	**France**	**United States**	**United Kingdom**	**Others**	**Total**
Revenues (third-party)	2,645	5,543	1,223	5,819	15,230
Non-current assets(1)	848	2,685	744	1,643	5,920

(1) Excluding financial assets and deferred tax assets.

4. NOTES TO THE FINANCIAL STATEMENTS AS OF AUGUST 31, 2011

4.1 Operating expenses by nature

(in millions of euro)	**Fiscal 2011**	**Fiscal 2010**
Depreciation, amortization and impairment losses	(229)	(246)
Employee costs		
• Wages and salaries	(5,738)	(5,453)
• Other employee costs(1)	(1,681)	(1,662)
Purchases of consumables and change in inventory	(5,106)	(4,822)
Other operating expenses(2)	(2,440)	(2,276)
TOTAL	**(15,194)**	**(14,459)**

(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 4.23).
(2) Other operating expenses mainly include operating lease expenses (331 million euro for Fiscal 2011 and 303 million euro for Fiscal 2010), fees, other purchases of consumables, other sub-contracting costs and travel expenses.

By function	**Fiscal 2011**	**Fiscal 2010**
Cost of sales	(13,529)	(12,846)
Sales Department costs	(242)	(226)
General and administrative costs	(1,408)	(1,358)
Other operating income	10	12
Other operating expenses(1)	(25)	(41)
TOTAL	**(15,194)**	**(14,459)**

(1) Primarily amortization expense and impairment charges related to client relationships and trademarks.

4.2 Finance income and expense

(in millions of euro)	Fiscal 2011	Fiscal 2010
Gross borrowing cost[1]	(143)	(139)
Interest income from short-term bank deposits and equivalent	11	7
Net borrowing cost	**(132)**	**(132)**
Interest income from loans and receivables at amortized cost	5	5
Other interest income	1	16
Other interest expense	(5)	(6)
Net foreign exchange (losses)/gains	(4)	(2)
Net impairment (losses)/reversals	1	(16)
Expected return on defined-benefit plan assets	39	34
Interest cost on defined-benefit plan obligation	(35)	(36)
Foreign-exchange adjustment for hyperinflation	(5)	(5)
Change in fair value of derivative financial instruments not qualified for hedge accounting	(6)	
Other	(6)	(8)
Net financing costs	**(147)**	**(150)**
Interest income component	**57**	**62**
Financial expense component	**(204)**	**(212)**

(1) Gross borrowing cost represents interest expense on financial liabilities reflected at amortized cost and interest expense on hedging instruments.

4.3 Income tax expense

Income tax rate reconciliation

(in millions of euro)	Fiscal 2011	Fiscal 2010
Profit for the period before tax	721	635
Share of profit of companies consolidated by the equity method	(15)	(14)
Accounting profit before tax	**706**	**621**
Tax rate applicable to Sodexo SA	34.43%	34.43%
Theoretical income tax expense	**(243)**	**(214)**
Effect of jurisdictional tax rate differences	25	24
Permanently non-deductible expenses or non-taxable income	(3)	(3)
Other tax repayments/(charges), net[1]	(17)	(22)
Tax loss carry-forwards used or recognized during the period but not recognized as a deferred tax asset in prior periods	6	20
Tax loss carry-forwards arising during the period but not recognized as a deferred tax asset	(7)	(4)
Actual income tax expense	**(239)**	**(199)**
Withholding taxes	(11)	(6)
TOTAL INCOME TAX EXPENSE	**(250)**	**(205)**

(1) Other tax payments include the recognition of the CVAE in income tax expense.

Components of income tax expense

(in millions of euro)	Fiscal 2011	Fiscal 2010
Current income taxes	(243)	(221)
Adjustments to current income tax payable in respect of prior periods	(1)	(3)
Provision for tax exposures	4	(5)
Tax credits, tax losses and temporary difference carry-forwards utilized	15	10
Sub-total: current income taxes	**(225)**	**(219)**
Deferred taxes on temporary differences arising or reversing during the period	(21)	3
Deferred taxes on changes in tax rates or liability for taxes at new rates	(1)	1
Tax credits and tax losses utilized	8	16
Sub-total: deferred taxes	**(14)**	**20**
ACTUAL INCOME TAX EXPENSE	**(239)**	**(199)**

An accrual of 3 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 companies consolidated by the equity method, has increased from 33.0% as of August 31, 2010 to 35.4% as of August 31, 2011.

4.4 Earnings per share

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

	Fiscal 2011	Fiscal 2010
Basic weighted average number of shares	152,961,236	154,882,488
Average dilutive effect of stock options	676,964	415,558
Diluted weighted average number of shares	153,638,200	155,298,046

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

	Fiscal 2011	Fiscal 2010
Profit for the period attributable to equity holders of the parent	451	409
Basic weighted average number of shares	152,961,236	154,882,488
Basic earnings per share	**2.95**	**2.64**
Diluted weighted average number of shares	153,638,200	155,298,046
Diluted earnings per share	**2.94**	**2.63**

Two stock option plans, representing 1,737,016 options, did not have a dilutive impact during Fiscal 2011 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, 2009	**72**	**369**	**79**	**520**
Increases during the fiscal year	4	123	57	184
Decreases during the fiscal year	(2)	(19)	(5)	(26)
Assets classified as held for sale				
Newly consolidated companies		2	1	3
Newly deconsolidated companies				
Depreciation expense	(9)	(142)	(23)	(174)
Impairment losses recognized in profit or loss		(3)		(3)
Impairment losses reversed in profit or loss				
Translation adjustment	2	18	5	25
Other	2	23	(23)	2
Carrying amount – August 31, 2010	**69**	**371**	**91**	**531**
Increases during the fiscal year	9	177	8	194
Decreases during the fiscal year	(1)	(16)	(1)	(18)
Assets classified as held for sale				
Newly consolidated companies				
Newly deconsolidated companies				
Depreciation expense	(9)	(150)	(14)	(173)
Impairment losses recognized in profit or loss	(1)	(1)	(2)	(4)
Impairment losses reversed in profit or loss		2		2
Translation adjustment	(1)	(12)	(5)	(18)
Other	3	4	(8)	(1)
Carrying amount – August 31, 2011	**69**	**375**	**69**	**513**

(in millions of euro)	August 31, 2011	August 31, 2010
Cost	1,483	1,499
Accumulated depreciation and impairment	(970)	(968)
Carrying amount	**513**	**531**

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.

Carrying amount *(in millions of euro)*	**Buildings**	**Plant and equipment**	**Construction in progress and other**	**Total**
August 31, 2009	14	59	5	78
August 31, 2010	11	53	4	68
August 31, 2011	8	45	2	55

(in millions of euro)	**August 31, 2011**	**August 31, 2010**
Cost	159	194
Accumulated depreciation and impairment	(104)	(126)
Carrying amount	**55**	**68**

Maturities of payments under finance leases are provided in note 4.16.3.

4.6 Goodwill

(in millions of euro)		**August 31, 2010**	**Additions during the period**	**Dispositions during the period**	**Translation adjustment**	**Other**	**August 31, 2011**
On-site Service Solutions North America	Gross	2,275			(278)		1,997
	Impairment						
On-site Service Solutions United Kingdom and Ireland	Gross	561			(38)		523
	Impairment						
On-site Service Solutions Continental Europe	Gross	952			3	(1)	954
	Impairment						
On-site Service Solutions Rest of the World	Gross	226			(16)		210
	Impairment						
Motivation Solutions	Gross	620			(21)		599
	Impairment	(2)					(2)
Holding companies	Gross	2					2
	Impairment						
TOTAL	**GROSS**	**4,636**			**(350)**	**(1)**	**4,285**
	IMPAIRMENT	**(2)**					**(2)**

No significant acquisition was made in Fiscal 2011.

(in millions of euro)		August 31, 2009	Additions during the period	Dispositions during the period	Translation adjustment	Other	August 31, 2010
On-site Service Solutions North America	Gross	2,026			253	(4)	2,275
	Impairment						
On-site Service Solutions United Kingdom and Ireland	Gross	525			36		561
	Impairment						
On-site Service Solutions Continental Europe	Gross	941	2		10	(1)	952
	Impairment						
On-site Service Solutions Rest of the World	Gross	193	2		31		226
	Impairment						
Motivation Solutions	Gross	541	1		78		620
	Impairment	(2)					(2)
Holding companies	Gross	2					2
	Impairment						
TOTAL	**GROSS**	**4,228**	**5**		**408**	**(5)**	**4,636**
	IMPAIRMENT	**(2)**					**(2)**

No significant acquisition was made in Fiscal 2010.

4.7 Intangible assets

The tables below show movements in intangible assets during Fiscal 2010 and Fiscal 2011.

(in millions of euro)	Licenses and software	Other intangible assets	Total
Carrying amount – August 31, 2009	**76**	**316**	**392**
Increases during the fiscal year	45	115	160
Decreases during the fiscal year	(5)		(5)
Newly consolidated companies			
Assets classified as held for sale			
Newly deconsolidated companies			
Amortization expense	(28)	(27)	(55)
Impairment losses recognized in profit or loss		(8)	(8)
Impairment losses reversed in profit or loss			
Translation adjustment	4	33	37
Other	2	4	6
Carrying amount – August 31, 2010	**94**	**433**	**527**
Increases during the fiscal year	34	27	61
Decreases during the fiscal year	0	(2)	(2)
Newly consolidated companies			
Assets classified as held for sale			
Newly deconsolidated companies			
Amortization expense	(33)	(36)	(69)
Impairment losses recognized in profit or loss		(5)	(5)
Impairment losses reversed in profit or loss		5	5
Translation adjustment	(4)	(21)	(25)
Other	1	(1)	0
Carrying amount – August 31, 2011	**92**	**400**	**492**

(in millions of euro)	August 31, 2011	August 31, 2010
Cost	812	801
Accumulated amortization and impairment	(320)	(274)
Carrying amount	**492**	**527**

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 selling 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 2011	Fiscal 2010
Carrying amount – September 1	228	186
Increases during the period	69	64
Decreases during the period	(48)	(44)
Translation adjustment	(27)	25
Other		(3)
Carrying amount – August 31	**222**	**228**

4.9 Companies consolidated by the equity method

When Sodexo is legally obligated to pay on behalf of companies consolidated by the equity method, provision is made under liabilities in the balance sheet for its share in the negative shareholders' equity of the said companies (cf. note 4.19). Changes in the Group's share of the net assets of its associates in Fiscal 2010 and Fiscal 2011 are shown below:

	August 31, 2010		Profit/ (loss) for the period	Dividend paid for the period	Changes in scope of consolidation	Other movements[1]	Translation adjustment	August 31, 2011	
(in millions of euro)	Positive amounts	Negative amounts						Positive amounts	Negative amounts
Doyon Universal Services	16.0		1.0	(0.8)			(2.0)	14.2	
BAS	7.2		3.0	(2.0)			(0.4)	7.8	
NANA	12.4		1.1	(1.5)		0.6	(1.5)	11.1	
SERCO Sodexo Defense Services	8.2		5.0	(4.1)			0.5	9.6	
Catalyst Healthcare (Manchester) Holdings Ltd	3.9		(0.3)	(1.2)			(0.3)	2.1	
Groupe Crèche Attitude	13.7		0.7	(0.5)		0.2	0.0	14.1	
Zehnacker	4.3		1.1	(1.2)		0.2	0.0	4.4	
South Manchester Healthcare (Holdings) Ltd	1.0		1.2	(0.4)		0.5	(0.1)	2.2	
Agecroft Prison Management Ltd		(2.7)	0.1	0.0		0.0	0.1		(2.5)
Catalyst Healthcare (Roehampton) Holdings Ltd		(5.2)	0.3	0.0		(0.4)	0.4		(4.9)
Ashford Prison Services Holdings Ltd		(3.6)	0.2	0.0		0.2	0.2		(3.0)
HpC King's College Hospital (Holdings) Ltd		(2.3)	0.7	0.0		0.0	0.1		(1.5)
Addiewell Prison (Holdings) Ltd		(4.0)	0.5	(0.6)		0.3	0.3		(3.5)
Enterprise Healthcare Ltd		(1.3)	0.1	0.0		(0.1)	0.1		(1.2)
Peterborough Prison Mgt		(3.9)	0.3	(0.2)		0.2	0.3		(3.3)
Other	4.6	(0.5)	0.2	(0.6)		0.0	(0.2)	4.9	(1.4)
TOTAL	**71.3**	**(23.5)**	**15.2**	**(13.1)**		**1.7**	**(2.5)**	**70.4**	**(21.3)**

(1) Including fair value of derivative financial instrument hedges (note 4.17).

(in millions of euro)	August 31, 2009 Positive amounts	August 31, 2009 Negative amounts	Profit/(loss) for the period	Dividend paid for the period	Changes in scope of consolidation	Other movements[1]	Translation adjustment	August 31, 2010 Positive amounts	August 31, 2010 Negative amounts
Doyon Universal Services	13.9		0.9	(0.6)			1.8	16.0	
BAS	6.3		1.4	(1.9)			1.4	7.2	
NANA	10.7		1.1	(1.4)		0.6	1.4	12.4	
SERCO Sodexo Defense Services	4.0		3.2				1.0	8.2	
Catalyst Healthcare (Manchester) Holdings Ltd	4.3		1.4	(2.1)			0.3	3.9	
Groupe Crèche Attitude					13.7			13.7	
Agecroft Prison Management Ltd		(2.5)					(0.2)		(2.7)
Catalyst Healthcare (Roehampton) Holdings Ltd		(2.9)	0.2			(2.2)	(0.3)		(5.2)
Ashford Prison Services Holdings Ltd		(2.1)	0.1			(1.4)	(0.2)		(3.6)
HpC King's College Hospital (Holdings) Ltd		(2.1)	(0.1)				(0.1)		(2.3)
Addiewell Prison (Holdings) Ltd		(2.0)	0.4			(2.2)	(0.2)		(4.0)
Enterprise Healthcare Ltd		(0.9)	(0.1)			(0.3)			(1.3)
Peterborough Prison Mgt		(1.9)	0.3	(0.2)		(1.9)	(0.2)		(3.9)
Other	8.3	(0.1)	5.6	(3.0)	(0.2)	(1.3)	0.1	9.9	(0.5)
TOTAL	**47.5**	**(14.5)**	**14.4**	**(9.2)**	**13.5**	**(8.7)**	**4.8**	**71.3**	**(23.5)**

(1) Including fair value of derivative financial instrument hedges (note 4.17).

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%	670	673	(3)	30	(6)
Catalyst Healthcare (Manchester) Holdings Ltd*	UK	25%	539	524	14	40	(1)
Healthcare Support (North Staffs) Holdings Ltd*	UK	25%	430	424	6	94	1
Catalyst Healthcare (Romford) Holdings Ltd*	UK	25%	330	331	(1)	45	(2)
BAS (Chili)*	Chile	33.33%	131	107	23	29	9
Addiewell Prison (Holdings) Ltd*	UK	33.33%	128	139	(10)	25	2
HpC King's College Hospital (Holdings) Ltd*	UK	25%	116	127	(11)	22	(2)
Catalyst Healthcare (Roehampton) Holdings Ltd*	UK	25%	108	128	(20)	11	1
Peterborough Prison Management Holdings Ltd*	UK	33.33%	107	117	(10)	30	1
South Manchester Healthcare (Holdings) Ltd*	UK	25%	103	94	9	26	5
Mercia Healthcare (Holdings) Ltd*	UK	25%	97	94	3	14	3
Ashford Prison Services Holdings Ltd*	UK	33.33%	78	87	(9)	26	1
Enterprise Healthcare Holdings Ltd*	UK	10%	57	69	(12)	16	1
Serco Sodexo Defence Services PTY	Australia	50%	55	35	19	195	10
Pinnacle Schools (Fife) Holdings Ltd*	UK	10%	50	48	3	4	1
NANA (Sodexo, Inc.)	USA	43.6%	49	23	26	139	4
Agecroft Prison Management Ltd*	UK	50%	49	54	(5)	40	(0)

* *Project companies established in connection with Public-Private Partnership (PPP) contracts (see note 2.3.2).*

4.10 Impairment of assets

Impairments of 22 million euro and 20 million euro were recognized on tangible and intangible assets as of August 31, 2011 and 2010 respectively. The charge for the year was 2 million euro (11 million euro for Fiscal 2010).

Assets with indefinite useful lives were tested for impairment as of August 31, 2011 using the methods described in note 2.8.2.

The main assumptions used rely 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:

	2011		2010	
Economic region	**Discount rate(1)**	**Long-term growth rate(2)**	**Discount rate(1)**	**Long-term growth rate(2)**
Continental Europe	9.3% to 11.3%	2%	8.8%	2.0%
North America	9.3%	2.5%	8.8%	2.5%
United Kingdom	9.3%	3.6%	8.8%	3.3%
Rest of World(1)	11.8%	3.2% to 3.7%	11.8%	3.5% to 5.5%

(1) The discount rate defined by the Group 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.

Sensitivity analysis

Sodexo has analyzed the sensitivity of impairment test results to different long-term growth rates and discount rates.

This analysis demonstrated that a 2% increase in the discount rate could lead to impairment of the assets of the North America CGU. A 2.5% decrease in the growth rate could also lead to impairment of the assets of the United Kingdom CGU.

For the other CGUs, analysis of sensitivity to a change in the discount rate did not reveal any probable scenario in which the recoverable value of a CGU would fall below its carrying value.

4.11 Financial assets

4.11.1 Non-current financial assets

(in millions of euro)	August 31, 2011	August 31, 2010
Available-for-sale financial assets		
Investments in non-consolidated companies		
Cost	38	38
Impairment	(1)	(1)
Carrying amount	**37**	**37**
Loans and receivables		
Receivables from investees		
Cost	46	49
Impairment	(1)	(1)
Carrying amount	**45**	**48**
Loans and deposits		
Cost	33	74
Impairment	0	(17)
Carrying amount	**33**	**57**
Financial assets at fair value through profit and loss		
Other financial assets at fair value		
TOTAL NON-CURRENT FINANCIAL ASSETS	**115**	**142**
Cost	117	161
Impairment	(2)	(19)
Carrying amount	**115**	**142**

Principal unconsolidated 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.

4.11.2 Current financial assets

Current (in millions of euro)	**August 31, 2011**	**August 31, 2010**
Available-for-sale financial assets		
Restricted cash and other financial assets: Motivation Solutions activity		
Cost	622	578
Impairment		
Carrying amount	**622**	**578**
Loans and receivables		
Loans and deposits		
Cost	10	6
Impairment	(1)	
Carrying amount	**9**	**6**
TOTAL CURRENT FINANCIAL ASSETS	**631**	**584**
Cost	632	584
Impairment	(1)	
Carrying amount	**631**	**584**

Restricted cash, included in "Restricted cash and financial assets: Motivation Solutions activity", amounts to 389 million euro. The main components of this figure are funds set aside to comply with regulations governing the issuance of service vouchers in France (236 million euro), India (70 million euro), and Romania (30 million euro); guarantee funds for affiliates in Mexico (4 million euro); and contractual guarantees given to public-sector clients in Venezuela (19 million euro).

4.11.3 Changes in current and non-current financial assets

(Carrying value in millions of euro)	**August 31, 2010**	**Increase/ (decrease) during the period**	**Impairment**	**Change in scope of consolidation**	**Change in fair value**	**Translation adjustment and other items**	**August 31, 2011**
Available-for-sale financial assets	615	64				(20)	659
Loans and deposits	112	(20)	2			(7)	87
Financial assets at fair value through profit and loss							
TOTAL	**727**	**44**	**2**		**0**	**(27)**	**746**

(Carrying value in millions of euro)	**August 31, 2009**	**Increase/ (decrease) during the period**	**Impairment**	**Change in scope of consolidation**	**Change in fair value**	**Translation adjustment and other items**	**August 31, 2010**
Available-for-sale financial assets	636	(12)				(9)	615
Loans and deposits	93	27	(15)			7	112
Financial assets at fair value through profit and loss	0						0
TOTAL	**729**	**15**	**(15)**			**(2)**	**727**

Changes in fair value of available-for-sale financial assets were recognized in other comprehensive income during Fiscal 2010 and Fiscal 2011 and the amounts were negligible.

4.11.4 Details of impairment recognized in financial assets

	August 31, 2010	Impairment	Releases	Change in scope of consolidation	Translation adjustment and other items	August 31, 2011
Available-for-sale financial assets	1					1
Loans and deposits	18		(2)		(14)	2
TOTAL	**19**		**(2)**		**(14)**	**3**

	August 31, 2009	Impairment	Releases	Change in scope of consolidation	Translation adjustment and other items	August 31, 2010
Available-for-sale financial assets	1					1
Loans and deposits	2	15			1	18
TOTAL	**3**	**15**			**1**	**19**

4.12 Inventories

(in millions of euro)	August 31, 2010	Increase/ (decrease) during the period	Change in scope of consolidation	Translation adjustment and other items	August 31, 2011
Cost	237	33	(1)	(14)	255
Impairment	(2)	(1)			(3)
Carrying amount	**235**	**32**	**(1)**	**(14)**	**252**

(in millions of euro)	August 31, 2009	Increase/ (decrease) during the period	Change in scope of consolidation	Translation adjustment and other items	August 31, 2010
Cost	206	12	2	17	237
Impairment	(2)				(2)
Carrying amount	**204**	**12**	**2**	**17**	**235**

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, 2011	Allowance as of August 31, 2011	Carrying amount as of August 31, 2011	Gross amount as of August 31, 2010	Allowance as of August 31, 2010	Carrying amount as of August 31, 2010
Other non-current assets	14	0	14	14		14
Total other non-current assets	**14**	**0**	**14**	**14**		**14**
Advances to suppliers	5	0	5	17		17
Trade receivables	2,868	(89)	2,779	2,778	(105)	2,673
Other operating receivables	223	(6)	217	241	(6)	235
Prepaid expenses	133	0	133	99		99
Non-operating receivables	7	0	7	8		8
Assets held for sale	1	0	1	1		1
TOTAL TRADE AND OTHER RECEIVABLES	**3,237**	**(95)**	**3,142**	**3,144**	**(111)**	**3,033**

The maturities of trade receivables as of August 31, 2010 and August 31, 2011 respectively were as follows:

	2011		2010	
Breakdown of trade receivables due as of August 31:	Gross amount	Allowance	Gross amount	Allowance
Less than 3 months due	482	(5)	444	(13)
More than 3 months and less than 6 months due	131	(10)	108	(9)
More than 6 months and less than 12 months due	35	(7)	30	(6)
More than 12 months due	72	(46)	77	(51)
TOTAL TRADE RECEIVABLES DUE	**720**	**(68)**	**659**	**(79)**
TOTAL TRADE RECEIVABLES NOT YET DUE	**2,148**	**(21)**	**2,119**	**(26)**
TOTAL TRADE RECEIVABLES	**2,868**	**(89)**	**2,778**	**(105)**

During the fiscal years presented, 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 depreciated.

4.14 Cash and cash equivalents

(in millions of euro)	August 31, 2011	August 31, 2010
Marketable securities	445	419
Cash	1,003	1,107
Sub-total: cash and cash equivalents	**1,448**	**1,527**
Bank overdrafts	(23)	(59)
NET CASH AND CASH EQUIVALENTS	**1,425**	**1,468**

Marketable securities, totaling 445 million euro at August 31, 2011 and 419 million euro as of August 31, 2010, comprised:

(in millions of euro)	August 31, 2011	August 31, 2010
Short-term notes	323	268
Term deposits	98	118
Listed bonds	6	12
Mutual funds and other	18	21
Total marketable securities	**445**	**419**

Nearly 85% of the Group's cash, together with the restricted cash and financial assets of the Motivation Solutions segment, is held with A1 or A2-rated financial institutions.

4.15 Statement of changes in shareholders' equity

Sodexo takes a long term view in managing its capital structure, 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 objectives for earnings per share 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 less than 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.

- The Group holds 6,398,644 Sodexo shares (versus 3,628,226 as of August 31, 2010) with a carrying amount of 319 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 fiscal year, the Group purchased 212 million euro of Sodexo SA shares in preparation for the future exercise of stock options by employees, including 108.5 million euro (2,048,687 shares) repurchased from the *Fonds Stratégique d'Investissement*.

The par value of Sodexo SA shares is 4 euro per share.

Total dividends paid out in Fiscal 2011, adjusted for treasury shares, amounted to 208 million euro, for a dividend of 1.35 euro per share.

Company bylaws confer double voting rights on shares held in registered form for more than four years.

Further, effective for Fiscal 2013, shareholders able to show that they have been a registered shareholder for at least four years, and who remain registered as of the dividend payment date, are entitled to a dividend premium on those shares equal to 10% of the dividend paid on the other shares. The number of shares for which a single shareholder will be eligible for these dividend premiums may not exceed 0.5% of the share capital.

Items recognized directly in other comprehensive income (OCI) (Group share) are shown below:

(in millions of euro)	Available-for-sale financial assets	Cash Flow Hedges	Actuarial adjustments and other	Currency translation adjustments	Total other items recognized in OCI (Group share)
Shareholders' equity as of August 31, 2009	**0**	**(17)**	**1**	**(471)**	**(487)**
(Decrease) increase during the year, pre-tax		(16)	(62)	344	266
Income tax benefit (expense)		4(1)	17		21
(Decrease) increase during the year, net of tax	0	(12)	(45)	344	287
Shareholders' equity as of August 31, 2010	**0**	**(29)**	**(44)**	**(127)**	**(200)**
Increase (decrease) during the year, pre-tax	0	15	36	(310)	(259)
Income tax benefit (expense)	0	(5)	(10)		(15)
Increase (decrease) during the year, net of tax	0	10	26	(310)	(274)
Shareholders' equity as of August 31, 2011	**0**	**(19)**	**(18)**	**(437)**	**(474)**

(1) Of which 3 million euro related to hedging instruments recognized in other comprehensive income for equity method companies and presented in the line item "Share of other components of comprehensive income of companies consolidated by the equity method, net of tax" in the Statement of Comprehensive Income.

4.16 Borrowings

	August 31, 2011		August 31, 2010	
(in millions of euro)	Current	Non-current	Current	Non-current
Bond issues				
Euro	43	1,385	43	1,386
Bank borrowings[1]				
U.S. dollar	17	760	10	686
Brazilian real	51	46	55	95
Euro	1	3	10	275
Other currencies	3	0	6	
	72	**809**	**81**	**1,056**
Finance lease obligations				
U.S. dollar	0	0		
Brazilian real	1	0	2	1
Euro	7	18	9	25
Other currencies	11	21	9	24
	19	**39**	**20**	**50**
Other borrowings[2]				
Euro	12	24	3	33
Other currencies	6	5	3	9
	18	**29**	**6**	**42**
TOTAL EXCLUDING DERIVATIVE FINANCIAL INSTRUMENTS	**152**	**2,262**	**150**	**2,534**
Net fair value of financial instruments[3]	**8**	**1**		**19**
TOTAL INCLUDING DERIVATIVE FINANCIAL INSTRUMENTS	**160**	**2,263**	**150**	**2,553**

(1) Including the proceeds of the two private bond placements with U.S. private investors (respectively USD 500 million and USD 600 million).
(2) Including 34 million euro corresponding to liabilities recognized in connection with the commitments to repurchase the minority interests in certain subsidiaries.
(3) Described in note 4.17.

For borrowings other than bond issues, amortized cost is equivalent to historical cost (nominal amount) insofar as no significant transaction costs are incurred.

4.16.1 Bond issues

	August 31, 2010	Increases	Repayments	Discounting effects and other	Translation adjustment	August 31, 2011
2007 bond issue – €500 million						
Principal	500					500
Debt issuance costs	(1)					(1)
Accrued interest	10					10
TOTAL	**509**					**509**
Effective rate	*4.55%*					*4.55%*
2009 bond issue – €880 billion						
Principal	880					880
Debt issuance costs and issue premium	8			(1)		7
Accrued interest	33					32
TOTAL	**920**			(1)		**919**
Effective rate	5.97%					5.97%
TOTAL	**1,429**			**(1)**		**1,428**

	August 31, 2009	Increases	Repayments	Discounting effects and other	Translation adjustment	August 31, 2010
2007 bond issue – €500 million						
Principal	500					500
Debt issuance costs	(1)					(1)
Accrued interest	9			1		10
TOTAL	**508**			**1**		**509**
Effective rate	*4.55%*					*4.55%*
2009 bond issue – €880 billion						
Principal	880					880
Debt issuance costs and issue premium	9			(1)		8
Accrued interest	33			(1)		32
TOTAL	**922**			**(2)**		**920**
Effective rate	5.97%					5.97%
TOTAL	**1,430**			**(1)**		**1,429**

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 of which had been extended until April 26, 2012. As of August 31, 2010, 370 million U.S. dollars (292 million euro) and 265 million euro had been drawn.

On July 20, 2011, Sodexo SA and Sodexo, Inc. cancelled this credit facility prior to its maturity date.

July 2011 multicurrency confirmed credit facility

On July 18, 2011, Sodexo SA contracted a multicurrency confirmed credit facility of up to 600 million euro plus 800 million U.S. dollars. This facility matures on July 18, 2016, but the maturity may be extended at the request of Sodexo (subject to consent from the lenders) until July 2017 and subsequently until July 2018. Drawings on this facility will be subject to floating rate interest indexed on LIBOR and EURIBOR. There are no financial covenants attached to this credit facility.

This facility was unutilized as of August 31, 2011 and is therefore fully available.

Loans for 500 million U.S. dollars and 600 million U.S. dollars

On September 29, 2008, Sodexo SA borrowed 500 million U.S. dollars at a fixed rate of interest from U.S. investors.

This financing was 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.

On March 29, 2011, Sodexo SA borrowed 600 million U.S. dollars at a fixed rate of interest from U.S. investors.

This financing is structured in three tranches:

- 250 million U.S. dollars at a fixed rate of 4.24% and redeemable in March 2018;
- 225 million U.S. dollars at a fixed rate of 4.85% and redeemable in March 2021;
- 125 million U.S. dollars at a fixed rate of 4.95% and redeemable in March 2023.

These two loans are subject to two financial 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, 2011.

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, to be reimbursed over five years, with a final maturity in April 2013. Given the repayments made during the period, these loans amounted to 212 million reals (92 million euro) as of August 31,

2011. These two loans are not subject to any financial covenants.

Interest rate

In order to comply with the Group's 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, 2011, 98% of Sodexo's borrowings were at fixed rate. The average rate of interest as of the same date was 5.7%.

The bond issues and borrowings from financial institutions described above include customary clauses for early reimbursement that, as of the close of the fiscal year, do not present any significant risk of being exercised. These early reimbursement clauses include cross-default and change-in-control clauses which apply to all of the borrowings.

4.16.3 Maturity of borrowings

August 31, 2011 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	0	32	11	1,385	0	1,428
Bank borrowings*	49	0	23	344	465	881
Finance lease obligations	2	1	16	35	4	58
Other borrowings	3	1	14	28	1	47
TOTAL	**54**	**34**	**64**	**1,792**	**470**	**2,414**

* *Excluding the impact of derivative financial instruments described in note 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, 2011 Undiscounted contractual maturities, including payment of future interest not yet due	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	0	55	24	1,595	0	1,674
Bank borrowings	55	0	47	491	553	1,146
Finance lease obligations	3	2	17	40	4	66
Other borrowings	3	1	16	32	1	53
Impact of derivative financial instruments excluding those related to the PPP companies (note 4.17)	2	2	2	3	0	9
TOTAL	**63**	**60**	**106**	**2,161**	**558**	**2,948**

August 31, 2010 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	11	1,386		1,429
Bank borrowings*	51	3	27	767	289	1,137
Finance lease obligations	2	2	16	44	6	70
Other borrowings	3		3	41	1	48
TOTAL	**56**	**37**	**57**	**2,238**	**296**	**2,684**

* *Excluding the impact of swaps described in note 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, 2010 Undiscounted contractual maturities, including payment of future interest not yet due	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		54	23	1,674		1,751
Bank borrowings	58	6	54	879	301	1,298
Finance lease obligations	3	3	17	50	7	80
Other borrowings	3		6	50	1	60
Impact of derivative financial instruments excluding those related to the PPP companies (note 4.17)			3	5		8
TOTAL	**64**	**63**	**103**	**2,658**	**309**	**3,197**

4.17 Financial instruments

Derivative financial instruments *(in millions of euro)*	IFRS classification	August 31, 2011			August 31, 2010		
		Fair value	Notional amount	Face value	Fair value	Notional amount	Face value
Derivative financial instruments – asset position		**2**			**6**		
Currency instruments	*Trading*	*2*		*6*	*6*		*15*
Interest rate instruments	*Cash Flow Hedge*						
Derivative financial instruments – liability position		**11**			**25**		
Currency instruments	*Trading*	*6*		*21*	*10*		*43*
Currency instruments	*Cash Flow Hedge*	*1*		*(6)*	*1*		*(23)*
Interest rate instruments	*Trading*	*4*	*256*				
Interest rate instruments	*Cash Flow Hedge*				*14*	*292*	
Net derivative financial instruments		**(9)**	**(256)**	**(9)**	**(19)**	**(292)**	**(5)**

The “notional amount” of interest rate derivative instruments is the face value of financial instruments traded with counterparties.

The “face value” represents the nominal value of currency hedging instruments, including amounts related to forward agreements. Foreign currency amounts are translated at year-end closing rates.

Currency derivative financial instruments

Contractual nominal maturities:

August 31, 2011 *(in millions of euro)*	< 1 year	1 to 5 years	> 5 years	Total
Financial liabilities in foreign currencies				
UK Sterling (GBP)	(27)			(27)
Brazilian Real (BRL)		(38)		(38)
Czech Crown (CZK)		(38)		(38)
Others	(22)	(4)		(26)
TOTAL	**(49)**	**(80)**		**(129)**
Financial assets in foreign currencies				
UK Sterling (GBP)	26			26
Brazilian Real (BRL)		34		34
Czech Crown (CZK)		40		40
Others	21	3		24
TOTAL	**47**	**77**		**124**
Currency derivative financial instruments				
UK Sterling (GBP)	(1)			(1)
Brazilian Real (BRL)		(4)		(4)
Czech Crown (CZK)		2		2
Others	(1)	(1)		(2)
TOTAL	**(2)**	**(3)**		**(5)**

Interest rate swaps

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 and their fair value as of August 31, 2011 was 4 million euro, compared to 14 million euro as of August 31, 2010.

During the year, 14 million euro were recycled from other comprehensive income to financial expense. Following early cancellation of the credit facility, all increases/(decreases) previously recognized in other comprehensive income and subsequent increases/(decreases) in fair value were recognized in financial income or expense.

Changes in fair value of cash flow hedging instruments, recognized in shareholders' equity (in millions of euro) were as follows:

Opening balance	**(46)**
Change in fair value for the period	0
Change in fair value of companies consolidated by the equity method[1]	1
Fair value items recognized in financial income or expense	14
Total changes recognized in other comprehensive income	**15**
Cumulative changes in fair value of financial assets on instruments designated as hedges as of August 31, 2011	**(31)**

(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.

The impacts of derivative financial instruments on the financial statements are described in note 5.1.

4.18 Long-term employee benefits

(in millions of euro)	August 31, 2011	August 31, 2010
Net plan assets*	**(0)**	**(0)**
Defined-benefit plans	154	212
Other long-term employee benefits	127	136
Employee benefits	**281**	**348**

* *Included 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 an external entity that is responsible for the administrative and financial management of the plan. Under such a plan, the employer is relieved of any future obligation (the external entity is responsible for paying benefits to employees as they become due and the employer is not required to make additional payments related to prior or current years if the entity does not have sufficient funds).

Contributions to defined-contribution plans recognized in operating expenses were 268 million euro for Fiscal 2011, compared to 260 million euro for Fiscal 2010.

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:
  - for managers working in the private sector, a percentage of final base salary,
  - for managers working on public sector contracts, benefits comparable to those offered in the public sector,
  - this plan was closed to new employees effective July 1, 2003 and the level of contributions was increased 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 fully recognized as a liability.

At the end of December 2006, the Italian parliament approved a reform of the TFR system, implemented in 2007, which transformed 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 on or after 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, 2011	August 31, 2010
Net plan assets*	(0)	(0)
Defined-benefit plans**	154	212

* *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, 2011	August 31, 2010
Present value of funded obligations	655	689
Fair value of plan assets	(606)	(588)
Present value of partially funded obligations	**49**	**101**
Present value of unfunded obligations	110	113
Unrecognized past service cost	(5)	(2)
Other unrecognized amounts		
NET OBLIGATION IN THE BALANCE SHEET	**154**	**212**

As described in note 2.17.2, Sodexo recognizes actuarial gains and losses arising during the period, net of deferred taxes, in the statement of comprehensive income.

Cumulative actuarial gains and losses reported in the statement of comprehensive income as of August 31, 2011 represented a net actuarial loss of 25 million euro. Cumulative actuarial gains and losses recognized in other comprehensive income as of August 31, 2010 represented a net actuarial loss of 61 million euro. This change in actuarial losses resulted primarily from the rise in interest rates in the United Kingdom, where most of the obligation is held. This change, however, was offset by negative actuarial changes in connection with changes in other assumptions such as the rate of inflation or mortality tables.

Defined benefit plan assets comprise:

(in millions of euro)	August 31, 2011	August 31, 2010
Equities	105	102
Bonds	76	61
Insurance and other	379	383
Real estate	32	25
Cash	14	17
TOTAL	**606**	**588**

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

(in millions of euro)	August 31, 2011	August 31, 2010
Current service cost	24	21
Interest cost	35	36
Expected return on plan assets	(39)	(34)
Curtailments and settlements	(3)	(3)
Amortization of unrecognized past service cost and other	0	2
NET EXPENSE	**17**	**22**

This net expense is recorded on the following lines:

- 9 million euro (11 million euro for Fiscal 2010) in cost of sales;
- 12 million euro (9 million euro for Fiscal 2010) in administrative costs;
- the remaining charge (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 and fair value of the plan's assets are shown below:

	2011	2010	2009	2008	2007
Obligation as of September 1	**802**	**633**	**568**	**642**	**694**
Current service cost	24	21	18	22	38
Interest cost	35	36	34	32	32
Actuarial (gains)/losses	(30)	84	55	(29)	(83)
Past service cost	3	0	2	(2)	0
Effect of curtailments and settlements	(7)	(4)	(1)	(1)	(4)
Contributions made by plan members	5	6	5	6	6
Benefits paid from plan assets	(17)	(14)	(14)	(14)	(15)
Benefits paid other than from plan assets	(9)	(11)	(10)	(13)	(24)
Business combinations	0	3	2	1	1
Translation differences	(40)	37	(37)	(77)	(4)
Other	(1)	10	11	0	2
OBLIGATION AS OF AUGUST 31	**765**	**802**	**633**	**568**	**642**

	2011	2010	2009	2008	2007
Fair value of assets as of September 1,	**588**	**485**	**520**	**509**	**434**
Expected return on assets	39	34	33	34	29
Employer's contributions	22	19	16	64	40
Actuarial (gains)/losses	6	22	(37)	(6)	18
Effect of curtailments and settlements	(4)	(1)	0	0	(2)
Contributions made by plan members	5	6	5	6	6
Benefits paid from plan assets	(17)	(14)	(14)	(14)	(15)
Business combinations	0	1	0	0	0
Translation differences	(33)	29	(38)	(73)	(3)
Other	0	7	0	0	2
FAIR VALUE OF ASSETS AS OF AUGUST 31,	**606**	**588**	**485**	**520**	**509**

	2011	2010	2009	2008	2007
Net present value of bonds	765	802	633	568	642
Fair value of plan assets	606	588	485	520	509
DEFICIT (SURPLUS)	**159**	**214**	**148**	**48**	**133**
Experience adjustments on liabilities	1	(13)	(18)	5	(7)
Experience adjustments on assets	6	22	(37)	(6)	18

The following assumptions were used for actuarial valuations for the principal countries as of August 31, 2011 and 2010:

As of August 31, 2011	France	The Netherlands	United Kingdom	Italy
Discount rate*	3.75% - 4.5%	4.5%	5.4%	2.5% - 3.5%
Salary inflation rate**	3%	2.5%	3.5%	N/A
General inflation rate	2%	2%	3.5%	2%
Rate of return on plan assets	4.5%	5%	7%	N/A
Amount of obligation in balance sheet *(in millions of euro)*	37	9	17	32

* *Discount rates in each country have been adapted to reflect the term of the plans.*
** *The salary inflation rate disclosed includes general inflation.*

As of August 31, 2010	France	The Netherlands	United Kingdom	Italy
Discount rate*	3.15% - 4.35%	4.3% - 4.5%	4.8%	3.15%
Salary inflation rate**	2% - 3%	2.5%	3.3%	N/A
General inflation rate	2%	2%	3.3%	2%
Rate of return on plan assets	4.5%	5.4%	7%	N/A
Amount of obligation in balance sheet *(in millions of euro)*	41	9	66	33

* *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 946 million euro (compared to 765 million euro with the assumptions used as of August 31, 2011). The Group has elected to recognize actuarial gains and losses directly in other comprehensive income, as permitted by the amendment to IAS 19.

The actual return on plan assets in Fiscal 2011 was 45 million euro, compared with an expected return of 39 million euro.

Based on estimates derived from reasonable assumptions, Sodexo will pay 16 million euro into defined-benefit plans in Fiscal 2012.

The United Kingdom plan is formally reviewed by the plan's actuary in compliance with UK law. A formal actuarial evaluation by the plan's actuary is required to be conducted every three years, and any shortfall identified at that time must be addressed through mutual agreement between the plan's trustees and Sodexo UK. The most recent review was conducted on April 5, 2009 and an agreement was reached in August 2010 pursuant to which Sodexo UK made an exceptional contribution of GBP 2.25 million (2.6 million euro) into the plan in September 2010. The next review is scheduled to take place on April 5, 2012, unless the trustees and the Company agree to an earlier timing.

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, 2011**	**August 31, 2010**
Other long-term employee benefits	127	136

The total expense recognized with respect to these benefits in Fiscal 2011 was 20 million euro, of which 2.2 million euro relates to a deferred compensation program in the United States, reported in financial expense.

4.19 Provisions

(in millions of euro)	August 31, 2010	Increases/ charges	Reversals with utilization	Reversals without utilization	Translation adjustment and other items	Changes in scope of consolidation	Discounting impact on long-term provisions	August 31, 2011
Tax and social security exposures	30	10	(3)	(7)	1			31
Employee claims and litigation	27	16	(15)	(3)	3			28
Contract termination and loss-making contracts	21	5	(14)	(3)	(3)			6
Client/supplier claims and litigation	14	7	(5)	(1)	(1)			14
Negative net assets of associates*	23	0	0	0	(2)			21
Other provisions	11	4	(4)	0	(2)			9
TOTAL	**126**	**42**	**(41)**	**(14)**	**(4)**			**109**

* *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.

Current and non-current provisions are as follows:

	August 31, 2011		August 31, 2010	
(in millions of euro)	Current	Non-current	Current	Non-current
Tax and social security exposures	14	17	17	13
Employee claims and litigation	17	11	16	11
Contract termination and loss-making contracts	4	2	14	7
Client/supplier claims and litigation	9	5	8	6
Negative net assets of associates*	0	21	0	23
Other provisions	3	6	7	4
TOTAL	**47**	**62**	**62**	**64**

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

4.20 Trade and other payables

(in millions of euro)	August 31, 2011	August 31, 2010
Other non-current liabilities	190	243
TOTAL OTHER NON-CURRENT LIABILITIES	**190**	**243**
Advances from clients	286	241
Trade payables	1,526	1,444
Employee-related liabilities	902	904
Tax liabilities	218	218
Other operating liabilities	68	87
Deferred revenues	62	51
Other non-operating liabilities	63	40
TOTAL TRADE AND OTHER CURRENT PAYABLES	**3,125**	**2,985**
TOTAL TRADE AND OTHER PAYABLES	**3,315**	**3,228**

Employee-related liabilities include mainly short-term employee benefits.

Maturities of trade and other payables *(in millions of euro)*	Carrying value	Undiscounted contractual value
Less than three months	2,256	2,256
More than three months and less than six months	213	213
More than six months and less than twelve months	604	604
More than one year and less than five years	200	216
More than five years	42	62
TOTAL TRADE AND OTHER PAYABLES	**3,315**	**3,351**

4.21 Deferred taxes

(in millions of euro)	August 31, 2011	August 31, 2010
Deferred tax assets	153	162
Deferred tax liabilities	(150)	(122)
DEFERRED TAX ASSETS (NET)	**3**	**40**

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 37 million euro (35 million euro as of August 31, 2010), including 5 million euro generated by subsidiaries prior to their acquisition (5 million euro as of August 31, 2010).

Deferred taxes comprise:

(in millions of euro)	August 31, 2011	August 31, 2010
• Employee-related liabilities	157	177
• Fair value of financial instruments	1	5
• Other temporary differences	(193)	(183)
• Tax loss carry-forwards	38	41
NET DEFERRED TAX ASSETS (LIABILITIES)	**3**	**40**

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 other comprehensive income as of August 31, 2011 was -15 million euro.

4.22 Financial instruments

The table below presents the categories of financial instruments, their carrying value, and their fair value, by balance sheet item.

The levels used for the classification of financial instruments are as follows:

- Level 1: Instruments traded on an active market;
- Level 2: Instruments measured through inputs other than quoted prices included within Level 1 and that are observable;
- Level 3: All other instruments.

Financial assets *(in millions of euro)*	Category	Note	August 31, 2011 Carrying value	August 31, 2011 Fair value	Level for instruments at fair value: Level 1	Level 2	Level 3	Total
Cash and cash equivalents	Financial assets at fair value through profit and loss	4.14	445	445	24	421		445
Restricted cash and financial assets related to the Motivation Solutions activity	Available-for-sale financial assets	4.11	622	622	93	529		622
Clients and other receivables	Loans and receivables at amortized cost	4.13	3,142	3,142				
Other financial assets	Available for sale financial assets	4.11	37	37				
	Loans and receivables at amortized cost	4.11	87	87				
	Financial assets at fair value through profit and loss	4.11	0	0				
Derivative financial instruments, assets		4.17	2	2		2		2

Financial liabilities *(in millions of euro)*	Category	Note	August 31, 2011 Carrying value	August 31, 2011 Carrying value	Level for instruments at fair value: Level 1	Level 2	Level 3	Total
Bond issues[(1)]	Financial liabilities at amortized cost	4.16	1,428	1,543				
Bank borrowings	Financial liabilities at amortized cost	4.16	881	881				
Other borrowings and financial debts	Financial liabilities at amortized cost	4.16	105	105				
Bank overdrafts	Financial liabilities at amortized cost		23	23				
Trade and other payables	Financial liabilities at amortized cost	4.20	3,125	3,125				
Vouchers payable	Financial liabilities at amortized cost		2,421	2,421				
Derivative instruments, liabilities		4.17	11	11		11		11

(1) Fair value is calculated on the basis of listed bond prices as of August 31, 2011.

There was no transfer between the different levels between Fiscal 2010 and 2011.

Financial assets *(in millions of euros)*	Category	Note	August 31, 2010 Carrying value	Fair value	Level for instruments at fair value Level 1	Level 2	Level 3	Total
Cash and cash equivalents	Financial assets at fair value through profit and loss	4.14	419	419	33	386		419
Restricted cash and financial assets related to the Motivation Solutions activity	Available-for-sale financial assets	4.11	578	578	143	435		578
Clients and other receivables	Loans and receivables at amortized cost	4.13	3,033	3,033				
Other financial assets	Available for sale financial assets	4.11	37	37				
	Loans and receivables at amortized cost	4.11	111	111				
	Financial assets at fair value through profit and loss	4.11						
Derivative financial instruments, assets		4.17	6	6		6		6

Financial liabilities *(in millions of euros)*	Category	Note	August 31, 2010 Carrying value	Fair value	Level for instruments at fair value Level 1	Level 2	Level 3	Total
Bond issues(1)	Financial liabilities at amortized cost	4.16	1,429	1,612				
Bank borrowings	Financial liabilities at amortized cost	4.16	1,136	1,136				
Other borrowings and financial debts	Financial liabilities at amortized cost	4.16	118	118				
Bank overdrafts	Financial liabilities at amortized cost		59	59				
Trade and other payables	Financial liabilities at amortized cost	4.20	2,985	2,985				
Vouchers payable	Financial liabilities at amortized cost		2,307	2,307				
Derivative instruments, liabilities		4.17	25	25		25		25

(1) Fair value is calculated on the basis of listed bond prices as of August 31, 2010.

4.23 Share-based payment

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

4.23.1 Principal features of stock option plans

Rules governing stock option plans are as follows:

- stock options are generally granted at the same time of the year and their exercise price has no discount;
- contractual life of options: 6-7 years;
- vesting of options is conditional on employment by the Group and, for plans after 2007, on attainment of a specified level of Group net income over a period of three years. However, this performance condition applies only to a portion (varying between 0 and 50%) of the stock options granted to each beneficiary, with the exception of the Chief Executive Officer, whose entire grant is conditional on performance, with the remaining options vesting in equal tranches over a period of four years.

On November 8, 2010, the Board of Directors noted that the performance condition provided for in the regulations governing the 2008 stock option plans and requiring attainment of a specified level of Group net income as of August 31, 2010 had not been met, and accordingly, confirmed the cancellation of all options subject to this condition.

4.23.2 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 4.23.3, the table below shows the data used in the valuation model for each plan measured under IFRS 2.

Date of grant	Expected volatility *(%)*	Contractual life *(years)*	Risk-free interest rate *(%)*	Expected dividend yield *(%)*	Expected life *(years)*
January 18, 2005	33.57%	6	3.35%	3.18%	5
June 16, 2005	32.20%	6	3.33%	4.10%	5
January 10, 2006	31.64%	6	3.33%	3.03%	5
January 17, 2007	29.42%	6	4.18%	2.81%	5
January 17, 2007	29.42%	7	4.18%	2.81%	5
April 24, 2007	28.23%	6	4.37%	2.79%	5
April 24, 2007	28.23%	7	4.37%	2.79%	5
September 11, 2007	28.54%	6	4.04%	2.75%	5
January 7, 2008	28.85%	7	4.01%	2.75%	6
January 7, 2008	28.85%	6	3.95%	2.75%	5
September 9, 2008	29.48%	7	4.15%	2.75%	6
September 9, 2008	29.48%	6	4.11%	2.75%	5
January 19, 2009	37.16%	7	3.28%	3.00%	6
January 19, 2009	37.16%	6	2.90%	3.00%	5
January 11, 2010	28.50%	7	2.97%	3.00%	6
January 11, 2010	28.50%	6	2.45%	3.00%	5
December 13, 2010	25.00%	7	3.27%	3.00%	6
December 13, 2010	25.00%	6	2.63%	3.00%	5

The expected life of the options is incorporated into the binomial model based on beneficiary behavior expected over the contractual life of the options and 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.

Effective for plans granted in 2008, the expected volatility is based on a weighted average of the historical volatility of the shares observed over five years and the implicit volatility expected in the marketplace.

The risk-free interest rate is the rate on Government bonds (with reference to Iboxx rates in the euro zone) 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 will exercise their options once the share price exceeds 20% of the exercise price,
  - 50% of grantees will exercise their options once the share price exceeds 40% of the exercise price;
- grantees not resident in France for tax purposes:
  - 30% of grantees will exercise their options once the share price exceeds 20% of the exercise price,
  - 30% of grantees will exercise their options once the share price exceeds 40% of the exercise price,
  - 30% of grantees will exercise their options once the share price exceeds 70% of the exercise price,
  - 10% of grantees will exercise their options once the share price exceeds 100% of the exercise price.

4.23.3 Initial charge and movements during Fiscal 2011

The stock option expense recognized in the Fiscal 2011 income statement was 17 million euro, compared to 9 million euro in Fiscal 2010.

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

	August 31, 2011		August 31, 2010	
	Number	**WAP** *(in euro)*	**Number**	**WAP** *(in euro)*
Outstanding at the beginning of the period	**6,703,643**	**40.83**	**5,959,157**	**39.44**
Granted during the period	1,734,700	48.37	1,699,700	39.88
Forfeited during the period	(852,501)(1)	42.36	(166,450)	42.20
Exercised during the period	(1,143,248)(2)	38.04	(784,463)(3)	27.97
Expired during the period	(3,556)	23.08	(4,301)	24.48
Outstanding at the end of the period	**6,439,038**	**43.17**	**6,703,643**	**40.83**
Exercisable at the end of the period	**1,944,228**	**43.26**	**2,223,047**	**40.59**

(1) Including options cancelled due to non-satisfaction of performance conditions for 2008 plans.
(2) The weighted average share price at the exercise date of options exercised in the period was 51.15 euro.
(3) The weighted average share price at the exercise date of options exercised in the period was 43.40 euro.

The weighted average residual life of options outstanding as of August 31, 2011 was 4.1 years (August 31, 2010: 4 years).

The weighted average fair value of options granted during the year was 11.21 euro per share (Fiscal 2010: 9.41 euro).

The exercise prices and exercise period for options outstanding as of August 31, 2011 are provided in the table below:

Date of grant	Start date of exercise period	Expiration date of exercise period	Exercise price	Number of options outstanding as of August 31, 2011
January 2006	January 2007	January 2012	34.83 euro	245,033
January 2007	January 2008	January 2013	47.82 euro	411,420
January 2007	January 2008	January 2014	47.82 euro	401,614
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	25,017
January 2008	January 2009	January 2015	42.27 euro	274,720
January 2008	January 2009	January 2014	42.27 euro	312,496
September 2008	September 2009	September 2015	45.56 euro	15,000
September 2008	September 2009	September 2014	45.56 euro	7,500
January 2009	January 2010	January 2016	39.40 euro	592,987
January 2009	January 2010	January 2015	39.40 euro	813,536
January 2010	January 2011	January 2017	39.88 euro	629,013
January 2010	January 2011	January 2016	39.88 euro	973,686
December 2010	December 2011	December 2017	48.37 euro	682,800
December 2010	December 2011	December 2016	48.37 euro	1,032,600
TOTAL				**6,439,038**

4.23.4 Plans awarded following the acquisition of Sodexho Marriott Services

The Group committed to delivering 3,044,394 Sodexho Alliance shares to Sodexho, Inc. employees at an average price of 29.01 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, 2011, 11,415 of these shares were still deliverable.

All of these remaining options are exercisable prior to November 2012.

These option plans are not recognized under IFRS 2 because they were granted prior to the effective date of IFRS 2 in November 2002 and because the rights under the plans vested prior to January 1, 2005.

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

	August 31, 2011		August 31, 2010	
	Number	WAP *($)*	Number	WAP *($)*
Outstanding at the beginning of the period	**81,895**	**28.98**	**213,669**	**26.31**
Granted during the period				
Forfeited during the period	(520)	28.14	1,244	33.41
Exercised during the period	(69,960)(1)	28.82	(129,102)(2)	24.81
Expired during the period			(3,916)	22.32
Outstanding at the end of the period	11,415	29.99	81,895	28.98
Exercisable at the end of the period	**11,415**	**29.99**	**81,895**	**28.98**

(1) The weighted average share price at the exercise date of options exercised in the period was USD 65.32.
(2) The weighted average share price at the exercise date of options exercised in the period was USD 58.65.

The table below gives the exercise price of options outstanding as of August 31, 2011:

Date of grant	Exercise price (USD)	Number of options outstanding as of August 31, 2011
November 6, 1997	29.99	11,415

4.24 Business combinations

There were no material acquisitions in either Fiscal 2010 or Fiscal 2011.

4.25 Commitments and contingencies

4.25.1 Sureties

Commitments arising from surety arrangements (pledges, charges secured against plant and equipment, and real estate mortgages) contracted by Sodexo SA and its subsidiaries in connection with operating activities during Fiscal 2011 are immaterial.

4.25.2 Operating lease commitments

Outstanding commitments arising in respect of operating leases are as follows:

(in millions of euro)	August 31, 2011	August 31, 2010
Less than 1 year	127	123
1 to 5 years	268	252
More than 5 years	104	109
TOTAL	**499**	**484**

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 138 million euro, compared to 120 million euro for Fiscal 2010;
- the rent for office premises of 340 million euro, compared to 337 million euro for Fiscal 2010.

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 45 million euro. The leases and lease renewals signed by Sodexo France and Sodexo, Inc. for their office premises represent operating lease commitments of 35 million euro and 26.1 million euro respectively.

4.25.3 Other commitments given

(in millions of euro)	August 31, 2011 Less than 1 year	August 31, 2011 1 to 5 years	August 31, 2011 More than 5 years	August 31, 2011 Total	August 31, 2010 Total
Financial guarantees to third parties		8		8	9
Site management commitments	11	37	3	51	40
Performance bonds given to clients	4	37	95	136	143
Other commitments	2	16	1	19	20
TOTAL	**17**	**98**	**99**	**214**	**212**

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 the business unit 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 2,400,000 hours.

4.26 Related parties

4.26.1 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)	August 31, 2011	August 31, 2010
Short-term employee benefits	10,785,320	9,509,655
Post-employment benefits	436,226	329,889
Stock option expenses	5,327,462	4,252,750
TOTAL	**16,549,008**	**14,092,294**

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 2011, 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.

4.26.2 Principal shareholder

As of August 31, 2011, Bellon SA held 37.71% of the capital of Sodexo SA.

During Fiscal 2011, Bellon SA invoiced Sodexo SA a total of 5.2 million euro for assistance and advisory services under a contract between the two companies.

During the first half of Fiscal 2011, the Annual Shareholders' Meeting of Sodexo approved the payment of a dividend of 1.35 euro per share. Consequently, Bellon SA received a dividend payment of 80 million euro in February 2011.

4.26.3 Unconsolidated companies

Other transactions with related companies comprise loans advanced, commercial transactions, and off balance sheet commitments involving associates and non-consolidated companies.

(in millions of euro)	Gross value as of August 31, 2011	Impairment as of August 31, 2011	Carrying amount as of August 31, 2011	Carrying amount as of August 31, 2010
Loans	64	0	64	89

Off balance sheet commitments	August 31, 2011	August 31, 2010
Commitments to third parties	8	8
Performance bonds given to clients	134	141

Transactions	Fiscal 2011	Fiscal 2010
Revenues	273	282
Operating charges	0	1
Net financial result	5	5

4.27 Group employees

As of August 31, 2011, Group employees comprised:

	August 31, 2011
Executives, middle management, site managers and supervisory staff	47,658
Front-line service staff and other employees	343,490
TOTAL	**391,148**

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 Solutions	Holding Companies	Total
TOTAL	**124,896**	**100,108**	**34,846**	**127,364**	**387,214**	**3,508**	**426**	**391,148**

4.28 Litigation

Sodexo is involved in 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, material effects on Sodexo and/or the Group's financial position or profitability.

4.29 Subsequent events

On September 6, 2011, Sodexo acquired 100% of Puras do Brasil, the no. 2 provider of On-site Service Solutions in Brazil. Puras do Brasil has annual revenues of approximately 500 million euro and 22,000 employees spread over more than 1,300 sites nationwide.

On September 22, 2011, Sodexo closed the acquisition of Lenôtre, after receiving the approval of the competition authorities. The acquisition of this French company will enable Sodexo to grow its portfolio of Prestige businesses in France and globally, enhancing its *savoir faire* in luxury gastronomy and strengthening its client offering.

Valuation of the assets, including intangible assets, and liabilities as of the acquisition dates is now in progress.

On November 8, 2011, Sodexo reached agreement in the USA to acquire 100% of Roth Bros, a company providing technical Facilities Management services, with a broad national coverage across the United States. Founded in 1923, Roth Bros designs, manages and delivers solutions in HVAC, facilities automation, monitoring, and energy and fluids maintenance. Roth Bros has annual revenues of around 100 million U.S. dollars.

In conformity with new regulations in effect in the United Kingdom, the Group decided at the end of October to calculate future price indexation using the consumer price index (CPI), thus replacing the retail price index, in determining retirement benefits that Sodexo UK will be required to pay to certain members of its retirement plan. As of the end of October 2011, the retrospective effect on vested rights already accumulated in the plan by the members affected by this change will result in a decrease in the retirement obligation recorded in the balance sheet. The amount of this decrease is currently being evaluated. The offset of this decrease in liabilities will be a favorable adjustment to operating profit.

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 invoices 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;
- in the context of financing policy, foreign exchange risk on loans to subsidiaries must be hedged;
- 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	August 31, 2011	August 31, 2010
Financial liabilities excluding hedging effects	**4.16**	**2,414**	**2,684**
Fixed rate liabilities (excluding hedging effects)		2,383	2,066
Variable rate liabilities (excluding hedging effects)		31	618
Hedging effects	**4.17**	**9**	**19**
On fixed rate liabilities		4	292
On variable rate liabilities		5	(273)
Financial liabilities including hedging effects	**4.17**	**2,423**	**2,702**
Fixed rate liabilities (including hedging effects)		2,387	2,358
Variable rate liabilities (including hedging effects)		36	345

Since almost all liabilities are fixed-rate, a 0.5% increase or decrease in interest rates would have no material impact on net income before tax or on shareholders' equity.

The Group held no interest rate hedging instruments as of August 31, 2011.

As of August 31, 2011, the interest rate sensitivity analysis was as follows:

	Impact on pre-tax income	Impact on pre-tax shareholders' equity
Impact of a 0.5% increase in interest rates	(2)	2
Impact of a 0.5% decrease in interest rates	2	(2)

5.1.2 Analysis of sensitivity to foreign exchange rates and exchange rate exposures on principle currencies

Exposure to currency risk

	August 31, 2011				August 31, 2010			
Before currency derivatives *(in millions of euro)*	**Dollar USD**	**Real BRL**	**Sterling GBP**	**Bolivar Fuerte VEF**	**Dollar USD**	**Real BRL**	**Sterling GBP**	**Bolivar Fuerte VEF**
Closing rate as of August 31	*0.692*	*0.432*	*1.129*	*0.074*	*0.789*	*0.447*	*1.212*	*0.096*
Monetary assets								
Working capital and other receivables	664	332	168	4	684	311	189	4
Deferred tax assets	77	25	11		97	17	22	2
Cash and cash equivalents	267	10	135	16	299	348	85	82
TOTAL MONETARY ASSETS	**1,008**	**367**	**314**	**20**	**1,080**	**676**	**296**	**88**
Monetary liabilities								
Financial liabilities	780	98	4		713	153	4	
Working capital items and other liabilities	1,093	625	356	69	1,160	588	320	69
Deferred tax liabilities	25	74	1		45	51		
TOTAL MONETARY LIABILITIES	**1,898**	**796**	**361**	**69**	**1,918**	**792**	**324**	**69**
Net position	**(890)**	**(429)**	**(47)**	**(49)**	**838**	**116**	**28**	**(19)**
Net income before tax	154	114	58	15	166	73	53	19

After currency derivatives *(in millions of euro)*	**August 31, 2011** Dollar USD	Real BRL	Sterling GBP	Bolivar Fuerte VEF	**August 31, 2010** Dollar USD	Real BRL	Sterling GBP	Bolivar Fuerte VEF
Closing rate as of August 31	*0.692*	*0.432*	*1.129*	*0.074*	*0.789*	*0.447*	*1.212*	*0.096*
Monetary assets								
Working capital and other receivables	664	332	168	4	684	311	189	4
Deferred tax assets	77	25	11		97	17	22	2
Cash and cash equivalents	267	10	135	16	299	348	85	82
TOTAL MONETARY ASSETS	**1,008**	**367**	**314**	**20**	**1,080**	**676**	**296**	**88**
Monetary liabilities								
Financial liabilities	780	136	32		713	191	46	
Working capital items and other liabilities	1,093	625	356	69	1,160	588	320	69
Deferred tax liabilities	25	74	1		45	51		
TOTAL MONETARY LIABILITIES	**1,898**	**835**	**389**	**69**	**1,918**	**830**	**366**	**69**
Net position	**(890)**	**(468)**	**(75)**	**(49)**	**838**	**154**	**70**	**(19)**
Net income before tax	154	114	58	15	166	73	53	19

Sensitivity to exchange rates

Impact of a 10% appreciation of the exchange rate of the following currencies against the euro *(in millions of euro)*	**August 31, 2011** Impact on revenues	Impact on operating profit	Impact on income before tax	Impact on shareholders' equity	**August 31, 2010** Impact on revenues	Impact on operating profit	Impact on income before tax	Impact on shareholders' equity
Dollar USD	581	30	15	170	564	28	17	188
Real BRL	71	16	11	46	59	12	7	41
Sterling GBP	121	6	6	58	122	6	5	58
TOTAL	**773**	**52**	**32**	**274**	**745**	**46**	**29**	**287**

5.2 Exposure to liquidity risk

The characteristics of the Group's borrowings and bond issuances as of August 31, 2011 are described in detail in note 4.16 of the consolidated financial statements.

The Group's financial policies require that all external financing be approved by the Group Chief Financial Officer, the Chief Executive Officer, or the Board of Directors, depending on the nature and amount. 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 Group borrowings and loans to subsidiaries must be hedged.

As of August 31, 2011 more than 90% of the Group's consolidated borrowings was borrowed on capital markets and bank financing was less than 10% of the Group's financing needs. The reimbursement maturity dates of the main borrowings range between 2013 and 2023. The Group has a confirmed multi-currency line of credit for 600 million euro plus 800 million U.S. dollars, which was unutilized as of August 31, 2011.

5.3 Exposure to counterparty risk

Exposure to counterparty risk is limited to the carrying value of financial assets.

Group policy is to manage and spread counterparty risk. Each transaction with a bank is required to be based on a master contract modeled on the standard contract issued by the French Bankers' Association (AFB) or the International Swaps and Derivatives Association (ISDA).

Counterparty risk relating to customer accounts receivable is immaterial. Due to the Group's geographic and segment spread, there is no concentration of risk on past due individual receivables which have not been impaired. Moreover, the Group has not observed any significant change in impacts relating to customer default during the year.

The main counterparty risk is bank-related. The Group has limited its exposure to counterparty risk by diversifying its investments and limiting the concentration of risk held by each of its counterparties. Transactions are conducted with highly creditworthy counterparties taking into consideration country risk. The Group has instituted a regular reporting of the risk spread between counterparties and of their quality.

To reduce this risk further, in Fiscal 2011 the Group implemented an international cash pooling mechanism between its main subsidiaries, reducing the amount of liquidity held by third parties by concentrating it in the Group's financial holding companies.

The maximum counterparty is approximately 18% of the Group's operating cash (including restricted cash and financial assets of the Motivation Solutions activity) with a banking group whose rating is A1.

6. SCOPE OF CONSOLIDATION

The table below lists the principal companies included in the consolidation as of August 31, 2011. There was no material change relative to Fiscal 2010.

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 the year 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.

	% interest	% voting rights	Principal activity	Country
France				
Société Entreprises (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
EXCEL			On-site	France
SEGSMHI			On-site	France
SIR			On-site	France
CIR			On-site	France
Comrest			On-site	France
Sodexo Justice Services			On-site	France
La Normande SA			On-site	France
RGC Restauration			On-site	France
Sagere			On-site	France
Saveurs et vie	51%	51%	On-site	France
Sodexo Bien-être à Domicile				

		% interest	% voting rights	Principal activity	Country
France					
	Sogeres (consolidated)			On-site	France
	Yachts de Paris			On-site	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
	Société des Thermes de Neyrac-les-Bains			On-site	France
	Score			On-site	France
	Caro d'As			On-site	France
	Sofires			On-site	France
	Score Groupe			On-site	France
	Sherpas			On-site	France
	Émis			On-site	France
	Altys International			On-site	France
	Sodexo Solutions de Motivation France SA			Motivation	France
	One SAS			Holding	France
	Sodexo Pass International			Holding	France
EM	SSIM	25%	25%	Motivation	France
	Indigo			Motivation	France
	Sodexo Solutions de Service sur Site			On-site	France
	One SCA			Holding	France
	Vivaboxes France			Motivation	France
	Média Cadeaux	60%	60%	Motivation	France
	Cartes Cadeaux Distribution Service	51%	51%	On-site	France
	Circles France			On-site	France
	One Attitude			On-site	France
EM	Cat SAS	35%	35%	On-site	France
EM	Crèches ATTITUDE	35%	35%	On-site	France
EM	Défi JV	35%	35%	On-site	France
EM	Défi Crèche Conso	35%	35%	On-site	France
EM	AMD	35%	35%	On-site	France
EM	Pro'Formance	35%	35%	On-site	France
	Sodexo Remote Sites Caribbean			On-site	France
	Sodexo France SAS			Holding	France
	Sodexo Amecaa			Holding	France

		% interest	% voting rights	Principal activity	Country
France					
	Sofinsod			Holding	France
	Sodexo Etinbis			Holding	France
	Etin			Holding	France
	Gardner Merchant Groupe			Holding	France
	Holding Sogeres			Holding	France
	Sodexo Management			Holding	France
	Sodexo Europe			Holding	France
	Sodexo Asie Océanie			Holding	France
	Sodexo Grande Chine			Holding	France
	Sodexo IS & T			Holding	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
	Sodexo Holdings Inc.			On-site	United States
	Sodexo Home Care			On-site	United States
	Delta Catering Management			On-site	United States
	Sodexo Remote Sites (USA) Inc.			Holding	United States
	Sodexo Remote Sites Partnership			On-site	United States
	Sodexo Services Enterprises LLC			Holding	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
	Sodexo do Brasil Comercial Ltda			On-site	Brazil
	Sodexo Argentina			On-site	Argentina
	Sodexo Colombia	65%	65%	On-site	Colombia
	Sodexho Venezuela Alimentaciõn y Servicios	70%	70%	On-site	Venezuela
	Sodexho Costa Rica			On-site	Costa Rica
	Sodexho Mexico SA de CV			On-site	Mexico
EM	Doyon Universal Services (consolidated)	50%	50%	On-site	United States
	Sodexo Perú			On-site	Peru
EM	Sociedad Concesionaria Bas	33%	33%	On-site	Chile
	Siges Chile SA			On-site	Chile
	Sodexo Chile (consolidated)			On-site	Chile
	Sodexho Mexico Servicios de Personal			On-site	Mexico
	Comfort Keepers			On-site	United States
	Vivaboxes U.S.			Motivation	United States
	Circle Company Associates Inc.			On-site	United States
	Sodexo Rose Holding Company Inc.			Holding	United States
	Sodexo Concierge Services LLC			Holding	United States
	Sodexo Pass USA Inc.			Motivation	United States
	Sodexo Pass do Brazil Servicos e Commercio			Motivation	Brazil
	Sociedad Concesionaria de Carceles Grupo 2 SA			On-site	Chile
	Sodexo Entrega Comercial			On-site	Brazil
	Sodexho Pass Chile			Motivation	Chile
	Sodexho Pass Venezuela	64%	64%	Motivation	Venezuela
	Sodexo Soluciones de Motivacion Colombia SA	51%	51%	Motivation	Colombia
	SPI Latin America Consultoria Empresarial			Motivation	Brazil
	Sodexo Pass do Brazil Servicos de Inovacao Ltda			Motivation	Brazil
	Sodexho Pass Perou			Motivation	Peru
	Sodexo Soluciones de Motivacion Argentina SA			Motivation	Argentina
	Sodexo SVC Uruguay SA			Motivation	Uruguay
	Sodexo Motivation Solutions Mexico			Motivation	Mexico
	Sodexo Servicios Operativos			Motivation	Mexico

		% interest	% voting rights	Principal activity	Country
Africa					
	Sodexo Afrique			On-site	France
	Sodexo Gabon	90%	90%	On-site	Gabon
	Sodexho (Angola)			On-site	Angola
	Sodexho Bénin			On-site	Benin
	Sodexho Tchad			On-site	Chad
	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
	Sodexo Guinée			On-site	Eq. Guinea
	Sodexo Africa			On-site	South Africa
	Sodexo Southern Africa (consolidated)			On-site	South Africa
	Sodexo Investments Ltd			Holding	South Africa
	Wadi Ezzain	75%	75%	On-site	Libya
	Sodexo Madagascar			On-site	Madagascar
N	Sodexo RDC			On-site	Democratic Republic of Congo
N, EM	Sodrest, LDA	49%	49%	On-site	Angola
N	Sodexo Healthcare South Africa (PTY) Ltd			On-site	South Africa
	Sodexo Tanzania			On-site	Tanzania

		% interest	% voting rights	Principal activity	Country
Europe					
	Sodexo Belgium (consolidated)			On-site	Belgium
	Special Event			Motivation	Belgium
	Circles Benelux Sprl			On-site	Belgium
	12Link			Motivation	Belgium
	Educadomo			Motivation	Belgium
	Imagor Services & Cie SNC			Motivation	Belgium
	Vivaboxes International NV			Motivation	Belgium
	Sogeres Monaco			On-site	Monaco
	Sodexo Suisse SA			On-site	Switzerland
	Sodexo Luxembourg (consolidated)			On-site	Luxemburg
	Sodexo Italia (consolidated)			On-site	Italy
EM	Fast Point	33%	33%	Motivation	Italy
	Sodexo Prehrana in Storitve d.o.o.			On-site	Slovenia
	Sodexo Oy			On-site	Finland
EM	Arandur Oy	33%	33%	On-site	Finland
	Sodexo AB			On-site	Sweden
	Sodexo Traffic Oy			On-site	Finland
	Sodexo AS			On-site	Norway
	Sodexo AS			On-site	Denmark
	Sodexo Scandinavian Holding AB			On-site	Sweden
	Sodexo España (consolidated)			On-site	Spain
	Sodexo Facilities Management SA			On-site	Spain
	Sodexo Portugal Restauracao e Servicos			On-site	Portugal
	Sodexo Services GmbH (consolidated)	94%		On-site	Germany
	Sodexo Scs GmbH (consolidated)	94%		On-site	Germany
	Gastro-Kanne	94%		On-site	Germany
	Sodexo Beteiligungsgesellschaft BV & Co KG	90%	90%	On-site	Germany
	Zehnacker GmbH (consolidated)	94%		On-site	Germany
	Ga tec	94%		On-site	Germany
	Sodexo Germany BV	90%	90%	On-site	Germany
	Sodexo GmbH	94%		On-site	Germany
	Zehnacker Solutions Austria (consolidated)	92%		On-site	Austria
	Zehnacker AG	93%		On-site	Switzerland
	Aspen SA	81%	87%	On-site	Poland
	Sodexo Romania SRL			On-site	Romania
	Sodexo Ao			On-site	Russia
	Sodexo Euroasia			On-site	Russia
	Sodexo Pass CIS			Motivation	Russia
	Sodexo Pass Motivation Services Srl	75%	75%	Motivation	Moldavia
	Sodexo S.R.O.			On-site	Czech Republic
	Sodexo – Zarizeni Skolniho Stravovani Sro			On-site	Czech Republic

		% interest	% voting rights	Principal activity	Country
Europe					
	Sodexo S.R.O.			On-site	Slovakia
	Sodexo Magyarorszag KFT			On-site	Hungary
	Zona Vendeglato KFT			On-site	Hungary
	Sodexo Entegre Hizmet Yonetimi AS			On-site	Turkey
	Sodexo Polska			On-site	Poland
EM	Agecroft Prison Management Ltd	50%	50%	On-site	United Kingdom
	Prestige Ticketing Ltd	80%	80%	On-site	United Kingdom
	Sodexo Defence Training Services Ltd			On-site	United Kingdom
	Sodexo Services Group Ltd			Holding	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 Ltd			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
	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 Ltd	33%	33%	On-site	United Kingdom
	Sodexo (Cyprus) Ltd			On-site	Cyprus
	Sodexo Holdings Ltd			Holding	United Kingdom
	Sodexo Education Services			On-site	United Kingdom
	Sodexo Management Services			On-site	United Kingdom
	Sodexo Healthcare Services Ltd			On-site	United Kingdom
	Sodexo Remote Sites Support Services Ltd			Holding	United Kingdom
	Sodexo Remote Sites Holdings Ltd			Holding	United Kingdom
EM	Catalyst Healthcare (Manchester) Holdings Ltd	25%	25%	On-site	United Kingdom
	Sodexo Remote Sites Europe Ltd			Holding	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
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

		% interest	% voting rights	Principal activity	Country
Europe					
N, EM	Integrated Pathology Partnership	49%	49%	On-site	United Kingdom
	Rugby Hospitality & Travel 2015 & 2019 Ltd	60%	50%	On-site	United Kingdom
	Vivaboxes UK			Motivation	United Kingdom
	Circles Concierge UK Ltd			On-site	United Kingdom
	Sodexo Holdings Ireland Ltd			On-site	Ireland
	Sodexo Ireland Ltd			On-site	Ireland
N	Sodexo Zehnacker Healthcare Ireland Ltd	51%	51%	On-site	Ireland
	Sodexo Remote Sites Norway AS			On-site	Norway
N	Sodexo Onshore AS			On-site	Norway
N	Sodexo Mobile Units AS			On-site	Norway
	Sodexo Remote Sites The Nederlands BV			On-site	Netherlands
	Universal Sodexho Kazakhstan Ltd			On-site	United Kingdom
	Sodexo Nederland BV (consolidated)			On-site	Netherlands
	Sodexo Altys BV			On-site	Netherlands
	Sodexo Pass Luxembourg			Motivation	Luxemburg
	Sodexo Pass Belgium (consolidated)			Motivation	Belgium
	Sodexo Pass GmbH			Motivation	Germany
	Sodexo Motivation Solutions Italia SRL (consolidated)			Motivation	Italy
	Vivaboxes Italy			Motivation	Italy
	Sodexo Soluciones de Motivation España SAU			Motivation	Spain
	Sodexo Motivation Solutions Austria Gmbh			Motivation	Austria
	James Concept AB			Motivation	Sweden
	Sodexo Motivation Solutions UK Limited			Motivation	United Kingdom
	Sodexo Pass Hungaria			Motivation	Hungary
	Sodexo Pass Bulgaria EOOD			Motivation	Bulgaria
	Sodexo Pass Ceska Republika AS			Motivation	Czech Republic
	Sodexo Pass Slovak Republik SRO			Motivation	Slovakia
	Vouchers Acquisition Corporate Holding BV			Motivation	Netherlands
	Sodexo Motivation Solutions Polska SP Zoo			Motivation	Poland
	Sodexo Motivasyon Cozumleri A.S.			Motivation	Turkey
	Network Servisleri	50%	50%	Motivation	Turkey
	Sodexo Pass Romania			Motivation	Romania
	Catamaran Cruisers			On-site	United Kingdom
	Compagnie Financière Aurore International			Holding	Belgium

		% interest	% voting rights	Principal activity	Country
Asia, Pacific, Middle East					
	Kelvin Catering Services (Emirates) LLC	49%	49%	On-site	United Arab Emirates
EM	Hestia Facility Management LLC	49%	49%	On-site	United Arab Emirates
	Teyseer Services Company	49%	49%	On-site	Qatar
	Sodexo Kazakhstan LLP			On-site	Kazakhstan
	Restauration Française (Nouvelle-Calédonie)	60%	60%	On-site	France
	Sodexo Nouvelle-Calédonie	51%	51%	On-site	France
	Société du Catering du Nord	60%		On-site	France
	Sodexo Singapore			On-site	Singapore
	Sodexo Malaysia			On-site	Malaysia
	Sodexo Hong Kong			On-site	Hong Kong
	Sodexo Japan KK			On-site	Japan
EM	Sodexo Healthcare Support Services (Thaïland) Ltd	26%	26%	On-site	Thailand
	Sodexo Korea Co Ltd			On-site	Korea
	Universal Sodexho Eurasia Ltd			On-site	United Kingdom
	Aims Corporation			On-site	Australia
	Sodexo Asia Pacific PTE Ltd (consolidated)			On-site	Singapore
	SPI Asia			Holding	Singapore
	Sodexo FM Services PTY			On-site	Singapore
	PT Sodexo Indonesia Llc	75%	75%	On-site	Indonesia
	Sodexo Australia (consolidated)			On-site	Australia
EM	Serco Sodexo Defence Services	50%	50%	On-site	Australia
	Sodexo Venues Australia			On-site	Australia
	Sodexo Total Support Services NZ			On-site	New Zealand
	Rugby Travel & Hospitality NZ	80%		On-site	New Zealand
	Sodexo Remote Sites Australia Pty			On-site	Australia
	Beijing Luyuan Property Management Co. Ltd			On-site	China
	Sodexho Tianjin Service Management Company Ltd			On-site	China
	Sodexo Shanghaï Management Services			On-site	China
	Sodexo Management Company Ltd Shanghaï			On-site	China
EM	Shanghaï SAIC Sodexo Services Co. Ltd	49%	49%	On-site	China
	Beijing Sodexo Service Company Ltd	97%	97%	On-site	China
	Sodexo (Guangzhou)Management Services Ltd			On-site	China
	Wuhan Innovation Sodexo Services Co. Ltd	70%	70%	On-site	China
	Shanghaï Sodexo Pass Service Ltd			Motivation	China

		% interest	% voting rights	Principal activity	Country
Asia, Pacific, Middle East					
EM	Changchun Faw Industry Sodexo Management Services Co. Ltd	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	India
	Unisol Infraservices Private Ltd			On-site	India
	RKHS Food and Allied Services Private Ltd			On-site	India
	Sodexo Food Solutions India Private Ltd			On-site	India
	Skyline Caterers Pvt Ltd			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
	PT Sodexo Motivation Solutions Indonesia			Motivation	Indonesia
N	Sodexho Pass Vietnam			Motivation	Vietnam
	Sodexo International FZE			On-site	United Arab Emirates
	Tariq Alghanim	50%	50%	On-site	Kuwait
	Rogozinsky and Ekron Hosting Sces Ltd	50%		On-site	Israel
	Chefa Ltd	50%	50%	On-site	Israel
N	Mealpass Motivation Solutions Israel Ltd	51%	51%	Motivation	Israel
	Sakhalin Support Services	100%	100%	On-site	Russia
	Allied Support			On-site	Russia
N	Sodexo Russia Far East			On-site	Russia

Statutory Auditors' Report on the consolidated financial statements

For the year ended August 31, 2011

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

To the shareholders,

In compliance with the assignment entrusted to us by your General Meeting, we hereby report to you, for the year ended August 31, 2011, 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 involves performing procedures, using sampling techniques or other methods of selection, 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, 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 August 31, 2011 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:

- The Company has tested goodwill and intangible assets with an indefinite useful life for impairment, and has assessed whether assets with a finite useful life presented an indication of impairment, in accordance with the methods set out in notes 2.8 and 4.10 to the consolidated financial statements.

  We have reviewed the methods used for the aforementioned test, as well as the methodology applied to assess value in use based on the present value of future cash flows, after tax. We have also reviewed the related documentation which was prepared, the consistency of the data which was used and in particular the assumptions used in the preparation of the business plans.
- The provisions for pension and other post-employment benefits as described in notes 2.17 and 4.18 to the consolidated financial statements have chiefly been assessed by independent actuaries. We have reviewed the data and assumptions used by these actuaries as well as their conclusions, and have verified that note 4.18 provides appropriate information.

The aforementioned items are based on estimates and underlying assumptions which are uncertain by nature. As stated in note 2.2 to the consolidated financial statements, actual results may differ materially from such estimates in different conditions.

These assessments were made as part 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 law, we have also verified in accordance with professional standards applicable in France the information presented 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 8, 2011

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.

Supplemental information

1. FINANCIAL RATIOS

		Fiscal 2011	Fiscal 2010
Financial independence	Non-current borrowings / Shareholders' equity and minority interests	0.9	0.9
Debt coverage *(in years)*	Borrowings* / Cash from operations**	3.2	3.6
Return on equity	Profit attributable to equity holders of the parent / Equity attributable to equity holders of the parent (before profit for the period)	21.7%	17.8%
Interest cover	Operating profit / Net interest expense	6.5	5.8

* *Borrowings = non-current borrowings + current borrowings excluding overdrafts – derivative financial instruments recognized as assets.*

** *Net cash provided by operating activities – changes in working capital.*

2. TWO-YEAR FINANCIAL SUMMARY

	Fiscal 2011	Fiscal 2010
Total shareholders' equity	**2,565**	**2,739**
Equity attributable to equity holders of the parent	2,535	2,707
Equity attributable to non-controlling interests	30	32
Borrowings(1)		
Non-current borrowings	2,263	2,534
Current borrowings	162	175
Cash and equivalent, net of bank overdrafts	**1,425**	**1,468**
Restricted cash and financial assets: Motivation Solutions	**622**	**578**
Net borrowings(2)	**(376)**	**(656)**
Revenue	**16,047**	**15,256**
Operating profit	853	771
Profit for the period	471	430
Profit attributable to non-controlling interests	20	21
Profit attributable to equity holders of the parent	**451**	**409**
Average number of shares outstanding	**152,961,236**	**154,882,488**
Earnings per share *(in euro)*	2.95	2.64
Dividend per share *(in euro)*	1.35	1.27
Share price at August 31 *(in euro)*	51.82	45.35
Highest share price in the fiscal year *(in euro)*	55.96	50.21
Lowest share price in the fiscal year *(in euro)*	45.22	36.91

(1) Including financial instruments, excluding bank overdrafts.
(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, 2011	Average exchange rate Fiscal 2011
ISO Code	**Countries**	**Currency**	**1 euro =**	**1 euro =**
CFA	Africa	CFA (thousands)	0.655957	0.655957
DZD	Algeria	Dinar (thousands)	0.103692	0.102394
ARS	Argentina	Peso	6.036900	5.590917
AUD	Australia	Dollar	1.352900	1.362225
BRL	Brazil	Real	2.313500	2.285350
BGN	Bulgaria	Lev	1.955800	1.955800
CAD	Canada	Dollar	1.414100	1.376095
CLP	Chile	Peso (thousands)	0.674010	0.660774
CNY	China	Yuan	9.213300	9.128667
COP	Colombia	Peso (thousands)	2.574390	2.550944
CRC	Costa Rica	Colon (thousands)	0.737490	0.698262
CZK	Czech Republic	Crown (thousands)	0.024110	0.024517
DKK	Denmark	Crown	7.454390	7.454390

ISO Code	Countries	Currency	Closing exchange rate at August 31, 2011 1 euro =	Average exchange rate Fiscal 2011 1 euro =
GHS	Ghana	Cedi (thousands)	2.185300	2.035553
GNF	Guinea	Guinea Franc (thousands)	9.858310	8.729624
HKD	Hong Kong	Dollar	11.262200	10.809377
HUF	Hungary	Forint (thousands)	0.272000	0.272204
INR	India	Rupee (thousands)	0.066570	0.062616
IDR	Indonesia	Rupiah (thousands)	12.325630	12.215180
ISK	Iceland	Crown	0.290000	0.290000
ILS	Israel	Shekel	5.139000	4.948945
JPY	Japan	Yen (thousands)	0.110550	0.113180
KZT	Kazakhstan	Tenge (thousands)	0.212250	0.202288
KRW	Korea	Won (thousands)	1.539310	1.540189
KWD	Kuwait	Dinar	0.393800	0.385211
LBP	Lebanon	Pound (thousands)	2.186030	2.084885
LYD	Libya	Dinar	1.740000	1.702367
MGA	Madagascar	Ariary (thousands)	2.839450	2.777669
MYR	Malaysia	Ringgit	4.292100	4.239183
MAD	Morocco	Dirham	11.318500	11.241762
MXN	Mexico	Peso	18.019200	16.846960
MDL	Moldavia	Leu	16.374000	16.379719
NZD	New Zealand	Dollar	1.692900	1.778141
NGN	Nigeria	Naira (thousands)	0.218820	0.208346
NOK	Norway	Crown	7.739500	7.871166
OMR	Oman	Rial	0.557000	0.531516
PAB	Panama	Balboa	1.448700	1.382352
PEN	Peru	Sol	3.933200	3.851433
PHP	Philippines	Peso	61.040000	60.392772
PLN	Poland	Zloty	4.148100	3.988876
QAR	Qatar	Rial	5.273300	5.031750
RON	Romania	Leu	4.232100	4.218908
RUB	Russia	Ruble (thousands)	0.041785	0.040665
SAR	Saudi Arabia	Rial	5.401500	5.199360
SGD	Singapore	Dollar	1.737900	1.761587
ZAR	South Africa	Rand	10.179900	9.603092
SEK	Sweden	Crown	9.164000	9.043040
CHF	Switzerland	Swiss Franc	1.167000	1.264740
TZS	Tanzania	Shilling (thousands)	2.326900	2.059710
THB	Thailand	Baht	43.263000	42.121035
TND	Tunisia	Dinar	1.963000	1.937964
TRY	Turkey	New Lira	2.487900	2.164343
AED	United Arab Emirates	Dirham	5.289100	5.084928
GBP	United Kingdom	Pound	0.885600	0.867914
USD	United States	Dollar	1.445000	1.389623
UYU	Uruguay	Peso	27.077700	26.898588
VEF	Venezuela	Bolivar (thousands)	0.013569	0.013569

4. INVESTMENT POLICY

	Fiscal 2011	Fiscal 2010
Acquisitions of property, plant equipment and intangible assets, plus client investments	256	255
Acquisitions of equity interests	2	20

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 33,400 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 2011 are described in note 4.24 in the notes to the consolidated financial statements.

A detailed description of changes in investments is provided in notes 3.1, 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 assumed by the service provider.

In a profit and loss contract, the service provider is paid for the service provided and bears the risks related to the costs of providing the service. Profit and loss contracts usually include periodic indexation clauses. If Sodexo is contractually unable to recover significant increases in costs (such as labor or food costs), this could have a significant 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 the participation rate of consumers on site. The service provider is paid a fixed or variable management fee. Sodexo's purchasing expertise ensures a stable supply of quality products at competitive prices pursuant to agreements negotiated with suppliers. In certain specific cases, Sodexo is required to remit to clients negotiated amounts received from suppliers.

In practice, Sodexo's contracts often 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 depends 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 industrial 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 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's 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 actual 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 capacity to grow in this highly specialized environment depends on its knowledge of these markets and its ability to find, attract, recruit and train suitable employees.

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 raise standards continuously. 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 a major 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 it is aware Sodexo is not exposed to any specific labor-related risk other than those arising 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 underestimate 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*, a continuous improvement program. This plan identifies 14 commitments pertaining to nutrition, health and wellness, 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 Liquidity, interest rate, foreign exchange and counter-party 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, 5.2 and 5.3 to the consolidated financial statements.

5.6 Economic downturn risk

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

The difficult economic climate and possible outbreaks of social instability could depress demand for the services Sodexo offers its clients, particularly in the Corporate segment, with negative consequences for earnings.

In addition, public sector clients could be confronted with budget constraints. Nonetheless, Sodexo's clients are predominantly (around two-thirds of annual revenues) in less cyclical sectors such as Education, Healthcare, Justice and Defense.

At the same time, however, 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, unfavorable economic conditions could result in a lengthening of payment times or impair the solvency of Sodexo's clients.

5.7 Acquisition risk

Sodexo has acquired and may in the future acquire businesses. These acquisitions will enhance earnings only if Sodexo can successfully integrate the acquired businesses into its management organization, purchasing operations, distribution network and information systems. The Group's 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 expected at the time of selecting acquisition candidates may fall short of those 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 4.28 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.

(1) See glossary for definition.

In North America, retained risks range from 300,000 U.S. dollars to 5,000,000 U.S. dollars per occurrence. Some of these risks have been managed through a captive insurance company since June 1, 2006.

6.3 Placing of risk and total cost

On the occasion of its most recent policy renewals, Sodexo maintained the scope and level of its coverage, as regards its punitive damages and employer's liability policies in particular, and 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, which is less than 0.35% of consolidated revenues.

07

Information on the Issuer

Sodexo SA Individual Company Financial Statements

1. INCOME STATEMENT

(in thousands of euro)	Note	Fiscal 2011	Fiscal 2010
Revenues	**3**	**80,470**	**70,915**
Other income		209,796	203,362
Purchases		(1,015)	(1,257)
Employee costs		(42,254)	(34,319)
Other external charges		(120,805)	(108,319)
Taxes other than income taxes		(5,014)	(8,065)
Depreciation, amortization and increase in provisions		(5,154)	(4,637)
Operating profit		**116,023**	**117,680**
Financial income/(expense), net	4	190,686	147,019
Exceptional income/(expense), net	5	(20,040)	(25,218)
Profit sharing		(62)	(167)
Income taxes	6	15,061	22,268
Net income		**301,668**	**261,582**

2. BALANCE SHEET

ASSETS

(in thousands of euro)	Note	August 31, 2011	August 31, 2010
Fixed and intangible assets, net			
Intangible assets	7	12,508	12,214
Property, plant and equipment	7	4,848	7,447
Financial investments	7	5,170,548	5,053,387
TOTAL FIXED AND INTANGIBLE ASSETS	**7**	**5,187,904**	**5,073,048**
Current and other assets			
Accounts receivable	9	79,754	74,755
Prepaid expenses, other receivables and other assets	9	66,837	109,538
Marketable securities	11	317,873	161,681
Cash		260,979	19,195
TOTAL CURRENT AND OTHER ASSETS		**725,443**	**365,169**
TOTAL ASSETS		**5,913,347**	**5,438,217**

LIABILITIES AND EQUITY

(in thousands of euro)	Note	August 31, 2011	August 31, 2010
Shareholders' equity			
Common stock		628,528	628,528
Additional paid in capital		1,108,954	1,108,954
Reserves and retained earnings		1,136,162	1,042,518
RESTRICTED PROVISIONS		**10,034**	**6,964**
Total shareholders' equity	**13**	**2,883,678**	**2,786,964**
Provisions for contingencies and losses	10	86,906	86,752
Liabilities			
Borrowings	14	2,332,236	2,336,498
Accounts payable		26,721	17,883
Other liabilities		583,806	210,120
TOTAL LIABILITIES		**3,029,669**	**2,651,253**
TOTAL LIABILITIES AND EQUITY		**5,913, 347**	**5,438,217**

Notes to the Individual Company Financial Statements

1. SIGNIFICANT EVENTS

1.1 Capital transactions

During Fiscal 2011, Sodexo SA purchased 3,983,626 of the company's shares for a total of 211,537,073 euro. Of these shares, 2,048,687 were purchased from the *Fonds Stratégique d'Investissement* (French strategic investment fund).

1.2 Borrowings

On March 29, 2011, Sodexo SA issued 600 million U.S. dollars in fixed-rate bonds via a private placement with U.S. investors.

On July 18, 2011, Sodexo SA contracted a multicurrency confirmed facility for a maximum of 600 million euros plus 800 million U.S. dollars, and on July 20, 2011 it canceled the April 2005 multicurrency facility prior to its expiration. These two transactions allowed the Group to take advantage of favorable market conditions and extend the maturity of its borrowings.

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 in Fiscal 2011 are the same as those applied in Fiscal 2010. 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 acquisition cost or historical cost. Acquisition cost comprises the amount paid plus all incidental costs directly related to the acquisition or to the installation of the asset, and incurred to enable the asset to function as intended.

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;
- the cash flows are discounted using a 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 and stock options

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 treasury shares that 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, 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 depreciated.

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. Unrealized foreign exchange losses are recognized to the extent the underlying balance is not hedged.

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 and are also included in off balance sheet commitments, net of any plan assets.

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.

3. ANALYSIS OF NET REVENUES

(in thousands of euro)	**Fiscal 2011**	**Fiscal 2010**
Revenues by business activity		
On-site Service Solutions	24,333	22,033
Holding company services	56,137	48,882
TOTAL	**80,470**	**70,915**
Revenues by geographic region		
France	68,854	59,861
French overseas departments and territories	11,616	11,054
TOTAL	**80,470**	**70,915**

4. FINANCIAL INCOME AND EXPENSE, NET

(in thousands of euro)	**Fiscal 2011**	**Fiscal 2010**
Dividends received from subsidiaries and equity investments	299,435	270,279
Interest income	31,589	41,301
Interest expense	(130,905)	(126,006)
Group debt waivers	(1,436)	(3,591)
Net foreign exchange gain/(loss)	(5,749)	(572)
Net change in provisions for financial items	(2,248)	(34,392)
TOTAL	**190,686**	**147,019**

5. EXCEPTIONAL ITEMS, NET

(in thousands of euro)	Fiscal 2011	Fiscal 2010
Net change in provision for negative net assets of equity investments	2,371	5,845
Net expense on treasury shares and commitments under stock option plans	(16,505)	(10,728)
Net change in other provisions for contingencies and losses	(3,115)	(3,243)
Net change in provisions for tax losses reclaimable by subsidiaries included in group tax election	2,606	(17,140)
Debt forgiveness/subsidies given	(3,105)	
Net loss on asset disposals	(2,581)	(380)
Other items	289	428
TOTAL	**(20,040)**	**(25,218)**

The net loss of 16,505 thousand euro on treasury shares and purchase commitments for stock option plans comprises:

- an increase of 16,197 thousand euro in the provision for stock options;
- a release of 11,238 thousand euro of the provision for Sodexo SA shares to be acquired;
- a loss on stock options of 11,546 thousand euro.

6. ANALYSIS OF INCOME TAX EXPENSE

(in thousands of euro)	Pre-tax income	Income taxes	After-tax income
Operating income	116,023	(40,445)	75,578
Financial income and expense, net	190,686	25,677	216,363
Exceptional items, net	(20,040)	29,809[1]	9,769
Employee profit-sharing	(62)	20	(42)
TOTAL	**286,607**	**15,061**	**301,668**

(1) This amount includes the 16,797 thousand euro tax gain arising from the French group tax election.

A profit sharing agreement was put in place covering employees of the issuer effective in Fiscal 2010.

7. FIXED ASSETS

(in thousands of euro)	Gross value August 31, 2010	Additions in the period	Decreases in the period	Gross value August 31, 2011	Net value August 31, 2011
Intangible assets	14,762	1,079	94	15,747	12,508
Property, plant and equipment	13,718	606	4,243	10,081	4,848
Financial investments					
• Equity investments	4,640,694	549,945	6,443	5,184,196	5,060,200
• Receivables related to equity investments	519,785	224,609	640,711	103,683	102,521
• Other financial assets	14,265		6,435	7,830	7,827
Total financial investments	**5,174,744**	**774,554**	**653,589**	**5,295,709**	**5,170,548**
TOTAL FIXED ASSETS	**5,203,224**	**776,239**	**657,926**	**5,321,537**	**5,187,904**

Equity investments

Companies created and acquired

Sodexo SA created and acquired a number of new foreign subsidiaries in connection with the Group's international expansion during the fiscal year.

8. DEPRECIATION AND AMORTIZATION

(in thousands of euro)	Accumulated amortization August 31, 2010	Increases during the period	Decreases during the period	Accumulated amortization August 31, 2011
Intangible assets	2,548	785	94	3,239
Property, plant and equipment	6,270	1,980	3,017	5,233
TOTAL	**8,818**	**2,765**	**3,111**	**8,472**

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	5,184,196		5,184,196	123,996	5,060,200
Receivables related to equity investments	103,683	55,435	48,248	1,162	102,521
Other financial investments	7,830		7,830	3	7,827
Total financial investments	**5,295,709**	**55,435**	**5,240,274**	**125,161**	**5,170,548**
Accounts receivable	80,154	80,154		400	79,754
Other receivables	64,561	63,290	1,271	3,037	61,524
Total accounts and other receivables	**144,715**	**143,444**	**1,271**	**3,437**	**141,278**
TOTAL	**5,440,424**	**198,879**	**5,241,545**	**128,598**	**5,311,826**

There are no securitized trade assets.

10. PROVISIONS

(in thousands of euro)	August 31, 2010	Increases and charges in the period	Decreases, releases and reclassifications in the period	August 31, 2011
Provisions for contingencies and losses	86,752	25,003	24,849	86,906
Provisions for impairment				
• financial investments	121,358	7,725	3,922	125,161
• current assets	2,631	2,502	1,390	3,743
Total provisions for impairment	**123,989**	**10,227**	**5,312**	**128,904**
TOTAL	**210,741**	**35,230**	**30,161**	**215,810**
Comprising				
• operating items		2,390	1,769	
• financial items		14,503	10,080	
• exceptional items		18,337	18,312	

As of August 31, 2011, the main provisions for contingencies and losses were for the following:

- tax losses reclaimable by subsidiaries included in group tax election 42,475 thousand euro;
- obligations related to stock option grants for 1,130 thousand euro, after a release of 11,238 thousand euro during the current year;
- related to negative net assets of subsidiaries for 9,520 thousand euro, after a release of 4,468 thousand euro during the current year;
- stock option provisions for 27,067 thousand euro; and
- foreign exchange losses of 6,471 thousand euro during the year.

11. MARKETABLE SECURITIES

(in thousands of euro)	Gross value August 31, 2011	Net value August 31, 2011	Net value August 31, 2010
Treasury shares	318,181	317,873	161,681
TOTAL	**318,181**	**317,873**	**161,681**

12. TREASURY SHARES

MOVEMENTS IN TREASURY SHARES DURING THE FISCAL YEAR

(in thousands of euro)	Marketable securities	Other financial assets
Number of shares held		
September 1, 2010	3,548,679	
Acquisitions	3,983,626	
Disposals	1,143,248[(1)]	
August 31, 2011	6,389,057	
Gross value of shares held		
September 1, 2010	161,681	
Acquisitions	211,537	
Disposals	55,038[(1)]	
August 31, 2011	318,181	

(1) Disposals of marketable securities resulted from the exercise of stock options granted to employees in prior years.

13. SHAREHOLDERS' EQUITY

13.1 Issued capital

As of August 31, 2011, common stock totaled 628,528,100 euro and comprised 157,132,025 shares, including 45,953,132 carrying double voting rights.

13.2 Changes in shareholders' equity

(in thousands of euro)	
Shareholders' equity at end of previous fiscal year	2,786,964
Dividends approved by Annual Shareholders' Meeting and paid	(212,128)
Dividends on treasury shares	4,104
Net income for the fiscal year	301,668
Restricted provisions	3,070
SHAREHOLDERS' EQUITY AT END OF FISCAL YEAR	**2,883,678**

Sodexo is in compliance with article L.225-210 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	1,380,000	
Bank overdrafts				
Borrowings from related companies	35,711	35,711		
Other borrowings	874,724	67,600	343,457	463,667
Sub-total: borrowings	**2,332,236**	**145,112**	**1,723,457**	**463,667**
Accounts payable(1)	26,721	26,721		
Other liabilities	583,806	569,501	14,305	
TOTAL	**2,942,763**	**741,334**	**1,737,762**	**463,667**

(1) Only those accounts payable comprising accrued expenses are included in this line.

There are no bills of exchange included in payables.

Accounts payable by amount and due date *(in thousands of euro)*	Total	< 30 days	31 – 44 days	45 – 75 days	76 – 90 days	> 90 days
Non-Group suppliers(2)	13,197	5,293	46	79		7,779
Group suppliers	9,132	9,132				
TOTAL	**22,329**	**14,425**	**46**	**79**		**7,779**

(2) Amounts in this line item represent non-Group supplier liabilities including those related to fixed and intangible assets.

15. BOND ISSUES AND OTHER BORROWINGS

15.1 880 million euro bond issue

On January 30, 2009, Sodexo SA issued 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 subscription to this bond issue raised its nominal amount to 880 million euro. Following the subscription, the effective interest rate is 5.97%.

These bonds are not subject to any financial covenants.

15.2 500 million euro bond issue

On March 30, 2007, Sodexo SA issued bonds for 500 million euro redeemable at par on March 28, 2014 and carrying annual interest of 4.5%. Interest is payable annually on March 28.

This bond issue does not carry any financial covenants.

15.3 500 and 600 million U.S. dollar bond issues

On September 29, 2008 Sodexo SA issued 500 million U.S. dollars in fixed interest bonds with U.S. investors, in three tranches:

- 140 million U.S. dollars – fixed interest at 5.69% and repayable in September 2013;
- 290 million U.S. dollars – fixed interest at 5.99% and repayable in September 2015;
- 70 million U.S. dollars – fixed interest at 6.43% and repayable in September 2018.

On March 29, 2011, Sodexo SA issued new fixed interest bonds for 600 million U.S. dollars in a private placement with U.S. investors.

This new borrowing is structured in three tranches:

- 250 million U.S. dollars – fixed interest at 4.24% and repayable in March 2018;
- 225 million U.S. dollars – fixed interest at 4.85% and repayable in March 2021;
- 125 million U.S. dollars – fixed interest at 4.95% and repayable in March 2023.

These two bond issues carry two financial covenants calculated with reference to the Group's consolidated financial statements.

- net debt (excluding restricted cash) no higher than 3.5 times EBITDA (operating profit plus amortization and depreciation) for the past 12 months;
- net assets adjusted for cumulative currency translation effects since August 31, 2007 not lower than 1.3 billion euro.

The Group was in compliance with these covenants as of August 31, 2011.

15.4 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, whose maturity has been extended until April 26, 2012. As of August 31, 2010, a total of 370 million U.S. dollars (292 million euro) and 265 million U.S. dollars had been drawn on this facility.

Sodexo SA and Sodexo, Inc. cancelled this facility in advance of its expiration date, on July 20, 2011.

Multicurrency confirmed facility, July 2011

On July 18, 2011, Sodexo SA contracted a multicurrency credit facility for a maximum of 600 million euro plus 800 million U.S. dollars. This facility matures on July 18, 2016, this maturity being extendable on application by Sodexo SA and subject to lenders' consent until July 2017, and then until July 2018. Amounts drawn on this facility will carry floating interest indexed on the LIBOR and EURIBOR rates. This credit facility is not subject to any covenants.

As of August 31, 2011, no drawings had made on this facility, which therefore remains available in its entirety.

Borrowings contracted in Brazilian real

For the purpose of financing the acquisition of the VR group in Brazil in 2008, Sodexo SA had contracted two fixed interest loans in Brazilian real for a total of 318 million real repayable over five years, the final installment being due in April 2013. Given the repayments made during the period, the amount outstanding on these borrowings totaled 212 million real (92 million euro) as of August 31, 2011.

These three borrowings are not subject to any financial covenants.

The bond issues and borrowings from financial institutions described above include customary clauses for early reimbursement that, as of the close of the fiscal year, do not present any significant risk of being exercised. These early reimbursement clauses include cross-default or change in control clauses which apply to all of the borrowings.

16. ACCRUED EXPENSES

(in thousands of euro)	
Borrowings	63,913
Accounts payable	12,095
Tax and employee-related liabilities	26,344
TOTAL	**102,352**

17. FINANCE LEASES

(in thousands of euro)	Buildings	Other property, plant and equipment	Total
Original cost			
TOTAL	0	0	0
Depreciation			
Accumulated depreciation at start of period			
Charge for the period			
TOTAL	0	0	0
Lease payments			
Accumulated lease payments at start of period	271	728	999
Lease payments made in the period	47	127	174
TOTAL	318	855	1,173
Outstanding lease obligations			
Less than 1 year			
From 1 to 5 years			
More than 5 years			
TOTAL	0	0	0
Of which residual value			
Less 1 year			
From 1 to 5 years	0	0	0
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	Total
Assets – Gross values			
Equity investments	5,182,979	1,217	5,184,196
Receivables related to equity investments	103,684		103,684
Other investment securities			
Advances to suppliers			
Accounts receivable	53,463		53,463
Other operating receivables			
Due from related companies	11,052		11,052
Non-operating receivables			
TOTAL	**5,351,178**	**1,217**	**5,352,395**
Liabilities			
Advances from clients			
Accounts payable	9,586		9,586
Other operating liabilities			
Due to related companies	472,741		472,741
TOTAL	**482,327**		**482,327**
Income statement			
Financial income	335,153		335,153
Financial expenses	17,881		17,881

Subsidiaries: fully consolidated companies.

Associates: companies accounted for under the equity method, and non-consolidated companies with an equity interest of more than 10%.

There has been no related party transaction that is both material and falls outside the framework of normal business dealings.

19. FINANCIAL COMMITMENTS

19.1 Commitments made by Sodexo SA

(in thousands of euro)	August 31, 2011	August 31, 2010
Performance bonds given to Sodexo Group clients	645,964	647,303
Financial guarantees to third parties	631,883	464,582
Retirement benefit commitments	2,788	2,594
Other commitments	47,616	54,490

Virtually all financial guarantees to third parties relate to loans to Sodexo SA subsidiaries, including relating to the setting up of the global cash pooling system in 2011.

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 45 million euro.

19.2 Commitments received by Sodexo SA

(in thousands of euro)

August 31, 2011	August 31, 2010
2,665,480	2,086,973

19.3 Financial instrument commitments

Sodexo SA contracted a new financial instrument commitment during the fiscal year. 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, 2011
Interest rate swaps	February 2008	February 2012	70,000 KUSD	4.23%	3-month Libor	(934) KEUR
Currency swaps	November 2009	November 2011	8,000 KGBP	2.83%	3.09%	111 KEUR
Forward currency purchase	April 2011	April 2021	702,903 KUSD			12,113 KEUR

20. PRINCIPAL FUTURE ADJUSTMENTS TO THE TAX BASIS

Increases *(in thousands of euro)*	
Exceptional amortization	10,034

Reductions *(in thousands of euro)*	
Employee profit-sharing	170
Unrealized translation gain	1,170
Other non-deductible provisions, including provisions for French “ORGANIC” tax	3,341

The future tax liability related to this unrealized tax difference is 1,657 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, taking into account 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 553 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 2,235 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, 2011 the number of hours available was approximately 17,195.

23. DIRECTORS' FEES

Directors' fees paid to Board members during the fiscal year totaled 475 thousand euro.

24. GROUP TAX ELECTION

24.1 Gain arising from group tax election

Sodexo recognized a gain of 16,797 thousand euro from the Group tax election for Fiscal 2011. 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, 2011

The amount of potentially reclaimable tax losses as of August 31, 2011 was 123,367 thousand euro. The provision as of that date (using a rate of 34.43%) was 42,475 thousand euro.

25. AVERAGE NUMBER OF EMPLOYEES

Managerial	196
Supervisory	26
Other	42
Apprentices	4
TOTAL	**268**

The average number of employees for the fiscal year is an average of the number of employees in service at the end of each quarter, and comprises employees working at Sodexo SA branches in France and the French overseas departments and regions.

26. CONSOLIDATION

Sodexo SA is consolidated in the financial statements of Bellon SA, which has its registered office at 2, place d'Arvieux, Marseille, France.

27. POST-BALANCE SHEET EVENTS

Sodexo SA closed the acquisition of Lenôtre on September 22, 2011, after receiving the approval from the competition authorities. The acquisition of this French company will enable Sodexo to grow its portfolio of Prestige activities in France and globally, and to develop its *savoir faire* in the field of luxury gastronomy, thereby strengthening its customer offering.

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	67,102	100.00%	148,455	148,455				284	
Sodexo Pass International	157,780	190,470	93.46%	147,458	147,458	91,666			69,048	46,818
Holding Sogeres	6,098	26,494	100.00%	104,702	104,702				3,180	
Sofinsod	21,283	71,107	100.00%	72,460	72,460				20,885	9,363
Sodexo Grande Chine	38,262	(42,845)	99.86%	38,207	2,677				(9,799)	
Sodexo Amecaa	31,712	24,937	100.00%	31,400	31,400		3,460		(4,923)	
Sodexo Entreprises	17,030	18,874	95.93%	20,569	20,569			554,882	11,297	6,841
Gardner Merchant Groupe SA	34,330	(26,304)	100.00%	12,348	12,348				812	
SFRS	1,899	260	86.20%	9,649	9,649		2,140	224,897	24	
Sodexo Afrique	5,780	(6,407)	99.80%	8,750	2,250		4,138	231	(2,147)	
Ouest Catering	516	4,176	100.00%	7,900	7,900			131	3,754	3,274
ONE SAS	7,225	(9,360)	100.00%	7,225	7,225				(2,432)	
Sodexo IS & T	6,500	(6,232)	100.00%	6,500	6,500				(3,253)	
French equity investments										
Sogeres	1,986	9,966	37.04%	72,567	72,567			448,470	7,609	1,877
Foreign subsidiaries										
Sodexo, Inc.	3	1,262,724	100.00%	2,913,299	2,913,299		140,549	5,556,876	112,767	132,097
Sodexo Holdings Ltd	353,207	262,777	100.00%	751,028	751,028		2,823		37,018	46,235
Sodexo BV & Co. KG	192,722	7,904	89.62%	177,712	177,712				5,809	3,000
Sodexo Food Solutions India Private Limited	751	97,380	100.00%	97,730	97,730		5,258	76,770	(1,459)	
Sodexo Scandinavian Holding AB	57,835	12,021	100.00%	86,089	86,089		8,184		918	
Sodexo Rose	32,941	215	100.00%	80,753	74,884				(15)	
Compagnie Financière Aurore International	58,010	165,215	100.00%	68,918	68,918				7,495	
Sodexo Awards	14	5,181	100.00%	45,684	5,318					
Sodexo Australia	35,306	(24,725)	100.00%	36,378	36,378		6,579	75,736	2,302	
Sodexo Belgium	4,300	8,479	73.74%	26,887	26,887			275,147	7,365	4,037
Sodexo España	3,467	12,009	98.86%	26,805	26,805			163,441	3,302	2,652
Sodexo Venues Australia	22,697	(16,331)	100.00%	21,729	4,873					
Sodexo Chile	12,876	12,791	99.61%	10,911	10,911		1,102	238,684	1,846	5,496
Kalyx Ltd	17	35,659	100.00%	9,430	9,430		104,224	110,124	14,938	

(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 Mexico	8,481	(3,999)	100.00%	8,673	8,673			27,731	(1,090)	
Sodexo India Private	5,340	(902)	100.00%	7,344	7,344				(2)	
Sodexo Italia	1,898	33,170	100.00%	7,029	7,029			422,189	12,678	
Sodexo Argentina	1,342	(125)	99.39%	6,832	6,832		4,740	58,145	2,196	
Foreign equity investments										
Sodexo Gmbh	308	308,262	37.37%	38,702	38,702				7,666	
Aggregate information										
Other French subsidiaries				19,484	15,466		518,994			16,375
Other foreign subsidiaries				50,139	35,647	6,965	487,577			18,939
Other French equity investments				375	9					84
Other foreign equity investments				4,076	4,076		3,562			2,538
TOTAL				**5,184,196**	**5,060,200**	**98,631**	**1,293,329**			**299,626**

STATUTORY AUDITORS' REPORT ON THE STATUTORY FINANCIAL STATEMENTS

For the year ended August 31, 2011

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

To the Shareholders,

In compliance with the assignment entrusted to us by your General Meeting, we hereby report to you, for the year ended August 31, 2011, on:

- the audit of the accompanying financial statements of Sodexo SA;
- 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 financial statements are free of material misstatement. An audit involves performing procedures, using sample techniques or other methods of 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 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 of the assets and liabilities and of the financial position of the Company as at August 31, 2011, and of the results of its operations for the year then ended in accordance with French accounting principles.

II - Justification of our assessments

In accordance with the requirements of article L.823-9 of the Commercial Code (*Code de commerce*) relating to the justification of our assessments, we bring to your attention the following matter:

- Your Company has valued financial investments held in accordance with the accounting principles set out in note 2.1 of the summary of significant accounting policies in the notes to the financial statements. We performed procedures, on a test basis, in order to review the data and assumptions on which the valuations were based and the calculations made by your Company.

The assessments were made as part 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, in accordance with professional standards applicable in France, the specific verifications required by French law.

We have no matters to report as to the fair presentation and the consistency 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.

Concerning the information given in accordance with the requirements of article L.225-102-1 of the French Commercial Code (*Code de commerce*) relating to remunerations and benefits received by the directors and any other commitments made in their favour, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your Company from companies controlling your Company or controlled by it. Based on this work, we attest the accuracy and fair presentation of this information.

In accordance with French law, we have verified that the required information concerning the purchase of investments and controlling interests and the identity of shareholders and holders of the voting rights has been properly disclosed in the Management Report.

Neuilly-sur-Seine and Paris La Défense, November 8, 2011

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.

STATUTORY AUDITORS' REPORT ON REGULATED AGREEMENTS AND COMMITMENTS

For the year ended August 31, 2011

Sodexo SA
255, quai de la Bataille de Stalingrad
92866 Issy-les-Moulineaux Cedex 9
Share capital: €628,528,100

To the Shareholders,

In our capacity as Statutory Auditors of your Company, we hereby present our report on the regulated agreements and commitments.

We are required to inform you, on the basis of the information provided to us, of the terms and conditions of the agreements and commitments of which we have been informed. It is not our role to determine whether they are useful or appropriate and we are not required to ascertain whether any other agreements or commitments exist. It is your responsibility, under the terms of article R.225-31 of the French Commercial Code, to assess the merit of these agreements with a view to approving them.

We are also required, as applicable, to communicate the information referred to in article R.225-31 of the French Commercial Code, on the execution, during the year, of agreements and commitments previously approved by the shareholders.

We performed the procedures we considered necessary in accordance with professional guidance issued by the French Institute of Statutory Auditors relating to this engagement. Our work consisted in verifying that the information provided to us is in agreement with the underlying documentation from which it was extracted.

Authorized agreements and commitments submitted to the approval of the Shareholders'Meeting

We inform you that we have not been advised of any agreements entered into during the financial year ended August 31, 2011, pursuant to article L.225-38 of the French Commercial Code.

Authorized agreements and commitments previously approved by the Shareholder's Meeting

Continuing agreements and commitments entered into in prior years

Moreover, in accordance with the French Commercial Code, we have been informed of the following agreements and commitments, which were approved during previous years and continued to apply during the financial year:

1. Assistance and advisory services between Bellon SA and Sodexo Purpose:

- Purpose:

  Bellon SA provides services to Sodexo under an assistance and advisory services agreement.
- Terms and conditions:

  For the year ended August 31, 2011, Bellon SA invoiced Sodexo 5,153,500 euro excluding VAT.

2. Transactions with Mr. Michel Landel, Chief Executive Officer

- Purpose:

  In the event of the termination of his employment as Chief Executive Officer (unless for reasons of resignation or retirement, and barring his removal from office for serious misconduct or gross negligence), Sodexo will pay Mr. Michel Landel an indemnity equal to two times the gross annual compensation (fixed and variable) he received in the 12 months preceding such termination. The payment of this indemnity is subject to the Sodexo Group achieving a minimum 5% year-on-year increase in consolidated operating income, at constant consolidation scope and exchange rates, in each of the three financial years preceding the termination of his appointment.

  Bellon SA has granted Mr. Michel Landel entitlements to the Sodexo Group executive retirement benefit plan, in addition to his mandatory retirement benefits.
- Terms and conditions:

  An expense of 194,473 euro was recorded for the executive retirement plan for the financial year and the total commitment to Mr. Michel Landel amounted to 1,792,893 euro as at August 31, 2011.

We performed the procedures we considered necessary in accordance with professional guidance issued by the French Institute of Statutory Auditors relating to this engagement. Our work consisted in verifying that the information provided to us was consistent with the documentation from which it was derived.

Neuilly-sur-Seine and Paris La Défense, November 7, 2011

The Statutory Auditors

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

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Supplemental Information on the Individual Company Financial Statements

1. FIVE-YEAR FINANCIAL SUMMARY

(in euro)	Fiscal 2011[(1)]	Fiscal 2010	Fiscal 2009	Fiscal 2008	Fiscal 2007
Capital at end of period					
Issued capital	628,528,100	628,528,100	628,528,100	629,437,128	636,105,652
Number of ordinary shares outstanding	157,132,025	157,132,025	157,132,025	157,359,282	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				-	-
Stock options				-	-
Income statement data					
Revenues excluding taxes	80,469,639	70,914,651	72,056,382	41,976,277	39,020,200
Earnings before income tax, employee profit-sharing, depreciation, amortization and provisions	295,399,759	280,334,403	314,763,639	173,568,558	142,738,625
Income tax	15,061,259	22,267,894	17,981,642	28,984,831	34,627,337
Employee profit-sharing	62,480	167,200		-	-
Earnings after income tax, employee profit-sharing, depreciation, amortization and provisions	301,668,265	261,581,611	348,878,824	174,115,194	135,978,445
Dividend payout	229,412,757	212,128,234	199,557,672	199,557,671	182,880,375
Per share data					
Earnings after income tax and employee profit-sharing but before depreciation, amortization and provisions	1.94	1.93	2.11	1.29	1.12
Earnings after income tax, employee profit-sharing, depreciation, amortization and provisions	1.92	1.66	2.22	1.11	0.86
Net dividend per share	1.46	1.35	1.27	1.27	1.15

(1) Subject to approval by the Annual Shareholders' Meeting to be held on January 23, 2012.

(in euro)	Fiscal 2011[(1)]	Fiscal 2010	Fiscal 2009	Fiscal 2008	Fiscal 2007
Employee data					
Average number of employees during the fiscal year	268	252	248	231	198
Salary expense for the fiscal year	31,831,493	24,153,262	21,039,372	19,016,424	14,930,987
Social security and other employee benefits paid during the fiscal year	10,423,028	10,166,115	9,319,716	10,520,885	7,472,219

(1) Subject to approval by the Annual Shareholders' Meeting to be held on January 23, 2012.

2. APPROPRIATION OF EARNINGS

(in thousands of euro)	Fiscal 2011[(1)]	Fiscal 2010	Fiscal 2009	Fiscal 2008	Fiscal 2007
Net income	301,668	261,582	348,879	174,115	135,978
Retained earnings	716,014	664,468	512,156	532,971	577,832
Retained earnings[(2)]	4,104	2,092	2,991	3,961	2,040
Transfer to legal reserve				666	
Transfer to long-term capital gains reserve					
Transfer from long-term capital gains reserve					
Distributable earnings	**1,021,786**	**928,142**	**864,026**	**711,713**	**715,850**
Net dividend	229,413	212,128	199,558	199,557	182,880
Reserves					
Retained earnings	792,373	716,014	664,468	512,156	532,971
Number of shares outstanding	**157,132,025**	**157,132,025**	**157,132,025**	**157,359,282**	**159,026,413**
Number of shares entitled to dividend	**157,132,025**	**157,132,025**	**157,132,025**	**157,132,025[(3]**	**159,026,413**
Earnings per share *(in euro)*	**1.92**	**1.66**	**2.22**	**1.11**	**0.86**

(1) Subject to approval by the Annual Shareholders' Meeting to be held on January 23, 2012.
(2) Dividends on treasury shares are not distributed.
(3) Following the transactions relating to common stock in September 2008.

08

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 purposes;*
- *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 purposes or with all similar or related purposes."*

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 and other documents, historical individual company and consolidated financial information for each of the two fiscal years preceding the date of this Registration 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) the surplus is distributed among all of the shareholders, each share entitling its holder to an equal share of the profit. However, shareholders able to show that they have been a registered shareholder for at least four years as of the balance sheet date, and who remain registered at the dividend date related to the said fiscal year, are entitled to a dividend premium on the shares so registered, equal to 10% of the dividend paid on the other shares, the resulting dividend premium being round down to the nearest euro cent where appropriate.

Similarly, shareholders able to show that they have been a registered shareholder for at least four years as of the balance sheet date, and who remain registered at the date of a capital increase by capitalization of reserves, income or share premiums, by distribution of bonus shares, are entitled to supplementary bonus shares equal to 10% of those to be distributed. In the case of odd lots, the number of supplementary shares will be rounded down to the nearest unit. The resulting new shares will qualify for the same treatment as the old shares from which they are derived for the purposes of calculating rights to the dividend premium and to receive supplementary bonus shares.

The number of shares upon which a single shareholder shall be eligible for these dividend premiums or supplementary bonus shares may not exceed 0.5% of the share capital.

The foregoing terms and conditions will apply for the first time to payment of the dividend payable for the fiscal year ended August 31, 2013 (to be set by the Ordinary Shareholders' Meeting expected to be called in January 2014)."

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 allowing 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 from 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 Registration Document, there are no securities outstanding, other than equity securities, which would give immediate or future access to the capital of Sodexo.

2.3 Capital authorized but not issued

The Extraordinary Shareholders' Meetings of January 19, 2009 and January 25, 2010 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	€63 million	January 25, 2010	March 25, 2012
• Issuance of debt securities giving access to Sodexo shares	€750 million	January 25, 2010	March 25, 2012
Authorizations to issue shares to employees			
• Issuance of ordinary shares and/or all other securities reserved for members of Employee Savings Plans	€1.6 million	January 25, 2010	March 25, 2012
• Stock options(1)	10% of the share capital	January 19, 2009	March 19, 2012
Issuance of shares by capitalization of earnings, reserves or additional paid-in capital	€100 million	January 25, 2010	March 25, 2012

UTILIZATION OF AUTHORIZATIONS GIVEN IN FISCAL 2011:
(1) Stock options granted by the Board of Directors to Group employees and corporate officers are described on pages 255 et seq. of this document.
The other authorizations were not utilized during Fiscal 2011.

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, 2011

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, 45,953,132 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.

2.4.2 Share ownership as of August 31, 2011

	Number of shares	% of share capital	Number of voting rights[1]	% of voting rights[1]
Bellon SA	59,252,063	37.71	96,688,985	47.61
First Eagle Investment Management[2]	6,245,111	3.97	11,882,629	5.85
International Value Advisers, LLC	5,045,121	3.21	5,045,121	2.48
Employees	1,683,529	1.07	2,546,247	1.25
Treasury shares	6,398,644	4.07	6,398,644	3.15
Public	78,507,557	49.97	80,523,531	39.66
TOTAL	**157,132,025**	**100.00**	**203,085,157**	**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).

The corporate officers together held less than 0.50% of the Company's share capital directly.

On February 22, 2011, International Value Advisers LLC, acting on behalf of the funds it manages, notified the Company that it had increased its shareholding above 2.50% of the capital. As of that date it held 3.01% of the capital representing 2.32% of the voting rights.

The Company is not aware of any other shareholder having increased its shareholding above any legal or statutory ownership level during Fiscal 2011.

However, *Caisse des Dépôts et Consignations* (CDC), acting through the *Fonds Stratégique d'Investissement* (FSI), notified the Company on May 23, 2011 that on May 18, 2011 it had reduced its shareholding below 2.50% of the capital and that at that date it held 1,952,166 shares representing 3,001,734 voting rights, i.e. 1.24% of the capital and 1,47% of the voting rights. This reduction in shareholding results from the sale to Sodexo by the FSI of a block of shares representing 2,048,687 shares (approximately 1.30% of the capital) comprising the FSI's entire shareholding in Sodexo, for approximately 108.5 million euro. This transaction took place as part of Sodexo's share repurchase program.

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, 2011		August 31, 2010		August 31, 2009	
Shareholder	% of capital	% of voting rights	% of capital	% of voting rights	% of capital	% of voting rights
Bellon SA	37.71	47.61	37.71	45.50	37.71	43.78
First Eagle Investment Management[1]	3.97	5.85	4.84	7.37	5.68	7.99
International Value Advisers, LLC[2]	3.21	2.48	NA[2]	NA[2]	NA[2]	NA[2]
Caisse des Dépôts et Consignations	NA[2]	NA[2]	2.69	2.69	2.61	2.70
Employees	1.07	1.25	1.08	1.30	1.07	1.33
Treasury shares	4.07	3.15	2.31	1.85	1.33	1.10
Public	49.97	39.66	51.38	41.29	51.60	43.10

(1) Acting on behalf of its managed funds (including First Eagle Funds, Inc.).
(2) NA: Not applicable because the percentage shareholding and/or voting rights is less than 2.50% for the period under consideration.

2.4.4 Buybacks and disposals of Sodexo shares during Fiscal 2011

- At its meeting on January 24, 2011, the Board of Directors decided to implement the Company's share repurchase program as authorized by the Combined Annual Meeting held on the same date.
- In Fiscal 2011, Sodexo repurchased 3,983,626 shares (representing 2.54% of the share capital and including the shares repurchased from FSI) at an average price of 53.10 euro per share plus trading fees of 52,057 euro excluding VAT. Sodexo also transferred 1,143,248 shares upon exercise of stock options, and directly held 6,389,057 treasury shares (representing 4.07% of the share capital) as of August 31, 2011 intended to cover the various stock option plans benefiting Group employees.
- During Fiscal 2011, Sodexho Awards (a wholly-owned subsidiary of Sodexo) did not repurchase any shares, but it did transfer 69,960 shares upon the exercise of stock options by Group employees in the United States. It also held 9,587 Sodexo shares (representing 0.01% of the share capital) as of August 31, 2011, intended to cover the various stock options plans benefiting employees of Sodexo, Inc., pursuant to the rollover of the plans granted by Sodexho Marriott Services (SMS Plans) and assumed by Sodexo in 2001.
- The total carrying value of the treasury shares portfolio was 319 million euro as of August 31, 2011.
- Neither the Company nor Sodexho Awards has purchased any Sodexo shares since August 31, 2011.

2.4.5 Description of the new share repurchase plan (pursuant to article 241-2 of the General Regulation of the AMF) subject to authorization by the Shareholders' Meeting of January 23, 2012

- In its ninth resolution, the Board of Directors will propose to the Shareholders' Meeting to be held on January 23, 2012 that it renew the authorization given to the Board to repurchase Sodexo's shares pursuant to articles L.225-209 *et seq.* of the French Commercial Code. This authorization would be valid for a period of 18 months, replacing the authorization of the same nature given by the Shareholders' Meeting of January 24, 2011.
- The purposes for which the treasury shares are held in connection with the share repurchase program are described in paragraph 2.4.4 above.
- The purposes of the repurchase program, the maximum percentage of the share capital, the maximum number and characteristics of the shares that the Company intends to purchase, together with the maximum purchase price, are provided in the resolution submitted for approval by the January 23, 2012 Shareholders' Meeting on page 276 of this document.

2.4.6 Management stock option plans

As of August 31, 2011, there were 6,450,453 unexercised stock purchase options reserved for Group employees and corporate officers, representing approximately 4.1% of the issued capital at that date. Of these options, 1,955,663 were exercisable as of August 31, 2011, each option giving the holder access to one Sodexo share if exercised (for further details, see page 255 *et seq.* of this document).

2.5 Employee share ownership

As of August 31, 2011, employees held 1.07% of the Company's share capital (approximately 84% of which was held in a holding entity for Company employee share purchase plans (FCPE)).

As of August 31, 2011, an estimated 36,140 employees held Sodexo shares.

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 a restricted savings account. To qualify for favorable tax and social charges treatment, amounts due to employees are subject to a five-year lock-up period.

2.5.2 International employee share purchase plan

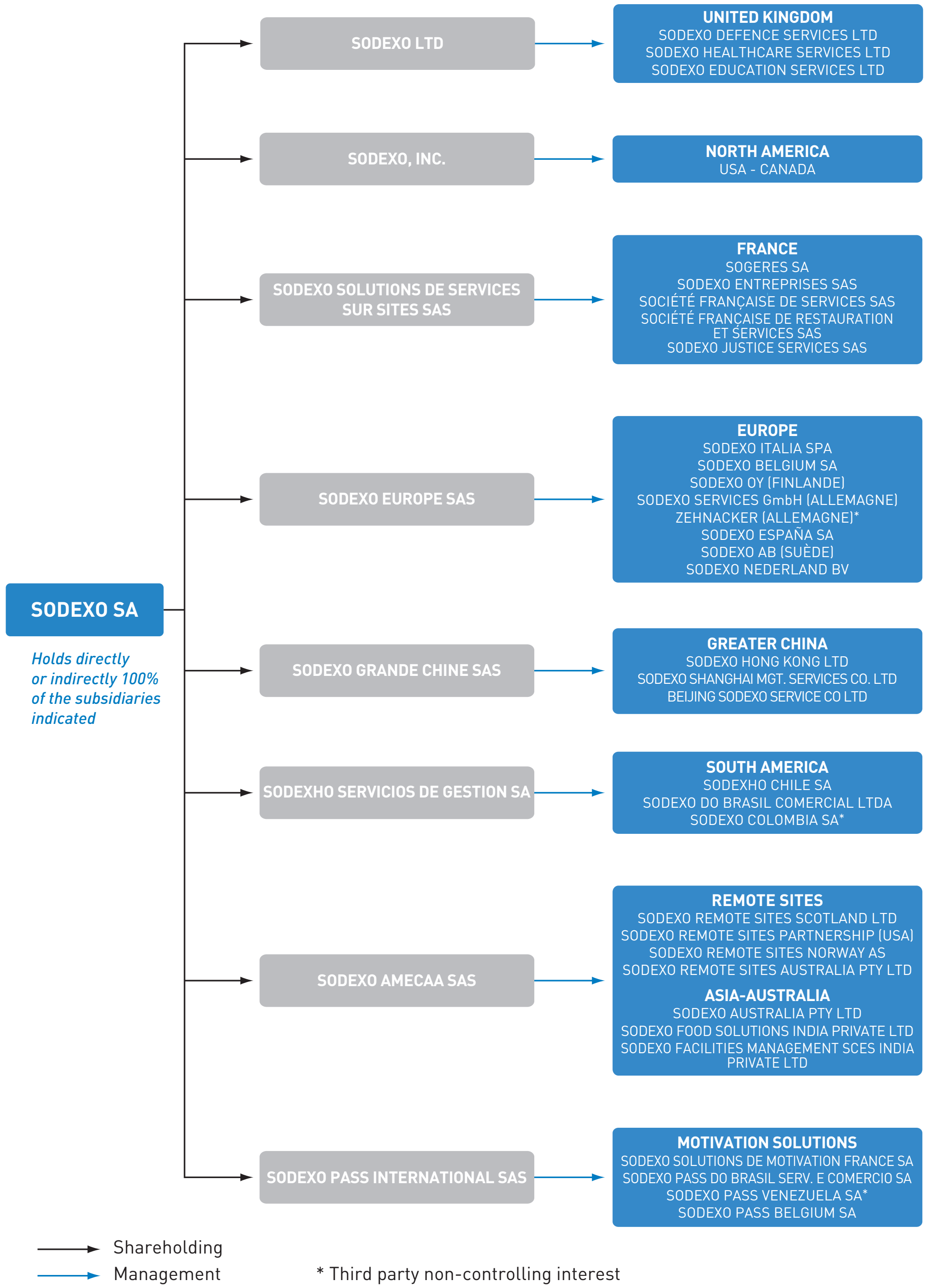
On a regular basis, the Group arranges international employee share purchase plans. The most recent of these, "Sodexo with me," was introduced in 2008 and allowed employees of French and foreign subsidiaries of the Group in more than 20 countries to subscribe to a special share capital issuance at a favorable share price. In connection with this plan, 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.

Regardless of whether the employee has chosen the "Plus" plan or the "Classic" plan, his or her investment is subject to a five year lock-up, unless conditions permitted by the law or the plan rules have been meet.

In addition, 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 through 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 Organization Chart



* Third party non-controlling interest

Note: The operating subsidiaries indicated for each geographic area or activity are those with the highest revenues as of August 31, 2011.

09

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 principles:

- **equal treatment**: all financial press releases are issued simultaneously in real time to all our stakeholders, in both French and English;
- **regular reporting**: the financial community is notified of the financial information timetable a year in advance, and updates are always available on the website at www.sodexo.com;
- **accessibility**: live webcasts of the General Shareholders' Meeting and annual earnings presentations are broadcast *via* live webcast and maintained on the website. Releases of interim earnings and quarterly revenue figures (first and third quarter) are accompanied by conference calls to give the financial community rapid access to the information and an opportunity to question senior management about performance. These conference calls are simultaneously broadcast over the internet as an "audio webcast" and are maintained on Sodexo's website;
- **transparency**: all information pertaining to the Group, including the bylaws, Registration 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 principles 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 Group Disclosure Committee comprising representatives from the Group Finance, 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.

2.4 Code of Conduct for Senior Managers

To underscore Sodexo's commitment to transparency and regulatory compliance, the Board of Directors adopted a Code of Conduct for Senior Managers in 2003. The Executive Committee members and key finance executives of Sodexo have formally agreed to this Code and 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. REGISTRATION 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 Registration Document, at www.sodexo.com.

5. ANNUAL SHAREHOLDERS' MEETING

The Annual Shareholders' Meeting is announced in official notices published in the press, in the BALO (*Bulletin des Annonces Légales Obligatoires*) in France and on the Group's website, at www.sodexo.com.

The agenda for the meeting is available in French and English at least 15 days before the meeting. It is sent to all registered shareholders, and to other shareholders upon request and is also available at www.sodexo.com.

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 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 the full-year results and the Annual Shareholders' Meeting. The Group's Chief Executive Officer and Chief Financial Officer moderate quarterly conference calls for securities analysts in connection with interim earnings and quarterly revenue publications.

In addition, the Group's 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.

"Investor Days," or special-interest briefings such as the one held in Paris on September 17, 2009 on Sodexo's "Comprehensive service solutions to improve Quality of Life", are held periodically to give analysts insight into front-line operations.

Sodexo also regularly participates in industry presentations and conferences organized by brokerage firms in France and abroad.

7. FINANCIAL COMMUNICATIONS CALENDAR

First Quarter revenues	January 11, 2012
Annual Shareholders' Meeting	January 23, 2012
Ex-date	February 1, 2012
Record date	February 3, 2012
Payment of dividend	February 6, 2012
Half-year interim results	April 19, 2012
Nine month revenues	July 10, 2012
Full-year earnings release	November 8, 2012
Annual Shareholders' Meeting	January 21, 2013

These dates are purely indicative, and are 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 Sodexo shareholders enjoy the following benefits:

- reduced administration costs (for pure registered shares only);
- personalized information on all financial transactions (capital increases, bond issues, etc.);
- automatic invitation to Shareholders' Meetings;
- double voting rights and, effective for 2014, a dividend premium of 10%(1) for shares held more than four years and limited to 0.5% of issued capital per shareholder;

Reference date for registration of shares to qualify for the dividend premium	Right to dividend premium on dividend for the fiscal year ended:	Dividend premium of 10% earned if the shares are registered continuously since at least the reference date up until the dividend payment date*:
August 31, 2009	August 31, 2013	February 2014
August 31, 2010	August 31, 2014	February 2015
August 31, 2011	August 31, 2015	February 2016
August 31, 2012	August 31, 2016	February 2017

* *Dates provided for indicative purposes only and are subject to the decision to pay a dividend as adopted by the Annual Shareholders' Meeting.*

Contacts

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

For further information call:

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

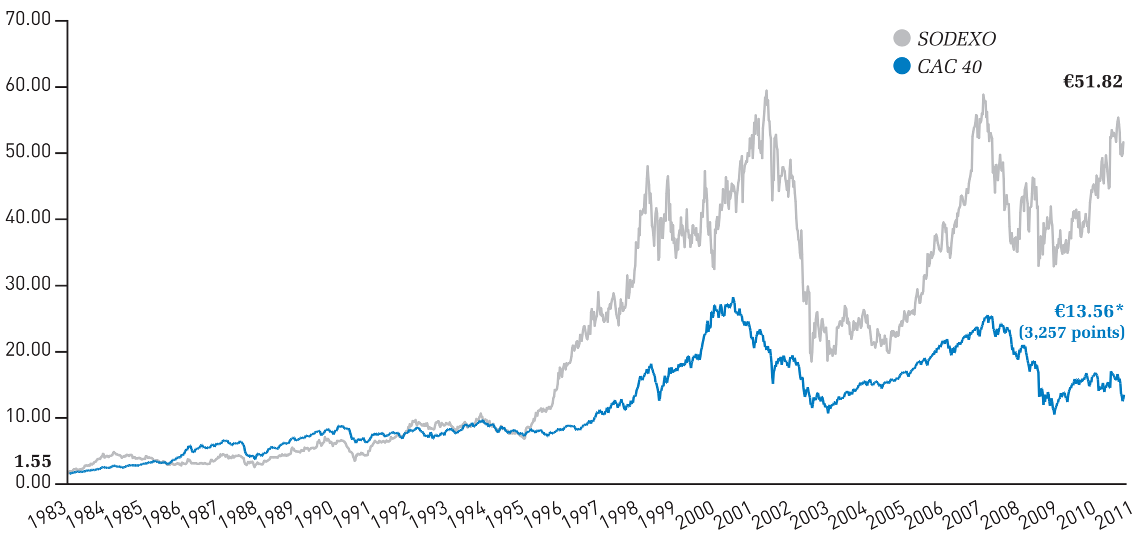
or visit the Société Générale website: www.nominet.socgen.com.

(1) Sodexo's fiscal year starts on September 1 of each year. The first dividend premium payment will be made in 2014 for the fiscal year ended August 31, 2013 for shareholders holding registered shares (pure or administrated) since August 31, 2009 and up until the payment of the dividend, subject to the decision to pay a dividend as adopted by the Annual Shareholders' Meeting in 2014.

→ Sodexo Shares

Sodexo shares are listed on Euronext (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, 2011 *(in euro)*



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

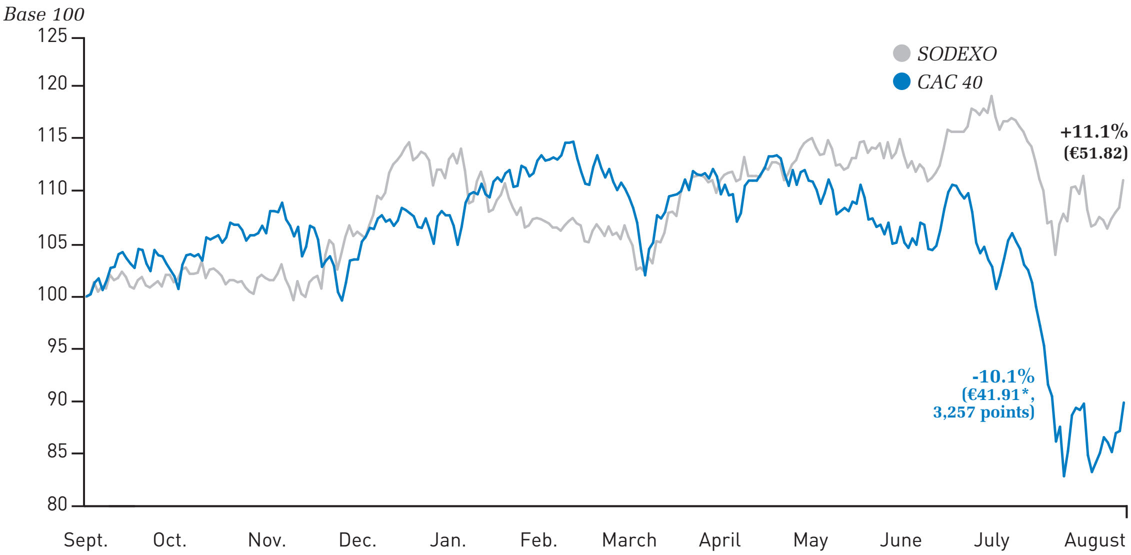
Source: Sodexo.

The initial listing was on March 2, 1983 at an adjusted price of 1.55 euro. As of August 31, 2011 (last trading day of August 2011), the closing share price was 51.82 euro.

Over the period, the value of the share has been multiplied by 33, whereas the CAC 40 index has been multiplied by only 8.8, 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, 2010 THROUGH AUGUST 31, 2011 *(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 increased by 11.1% compared with a 10.1% decline for the CAC 40 index.

As of August 31, 2011 the market capitalization of Sodexo was 8.1 billion euro.

SODEXO SHARE PRICE FROM SEPTEMBER 1, 2010 THROUGH AUGUST 31, 2011 *(closing price in euro)*

Price at September 1, 2010		46.64
High/low:	12-month low	45.22
	12-month high	55.96
Price at August 31, 2011		51.82

AVERAGE DAILY TRADING VOLUME OF SODEXO SHARE ON NYSE-EURONEXT PARIS

Volume	299,045
Value *(in euro)*	15,121,081

Source NYSE-Euronext Paris.

DIVIDEND

(in euro)	Fiscal 2011	Fiscal 2010	Fiscal 2009	Fiscal 2008
Total payout	229,412,757	208,024,389	197,465,754	196,566,626
Dividend per share	1.46*	1.35	1.27	1.27

* *Subject to approval at the Annual Shareholders' Meeting on January 23, 2012, based on the total number of shares in the issued capital.*

The Board of Directors proposes that the shareholders approve the payment of a dividend of 1.46 euro per share at the Annual Shareholders' Meeting on January 23, 2012. The dividend will be paid as of February 6, 2012, with an ex-dividend date of February 1. 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 3, 2012 (the record date).

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

(in euro)	Fiscal 2011	Fiscal 2010	Fiscal 2009	Fiscal 2008
Earnings per share	2.95	2.64	2.54	2.42
Dividend per share	1.46	1.35	1.27	1.27

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

FISCAL 2011 DIVIDEND AND YIELD

Dividend*	**1.46 EUR**
Yield based on share price at August 31, 2011	2.8%

* *Subject to approval at the Annual Shareholders' Meeting on January 23, 2012.*

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. As of August 31, 2011, its share capital was held as follows:

	% of issued capital
Bellon SA	37.7%
Employees	1.1%
Treasury shares	4.1%
Individuals	3.2%
French institutional shareholders	16.7%
Non-French shareholders	37.2%

SHAREHOLDERS IDENTIFIED AS OF AUGUST 31, 2011

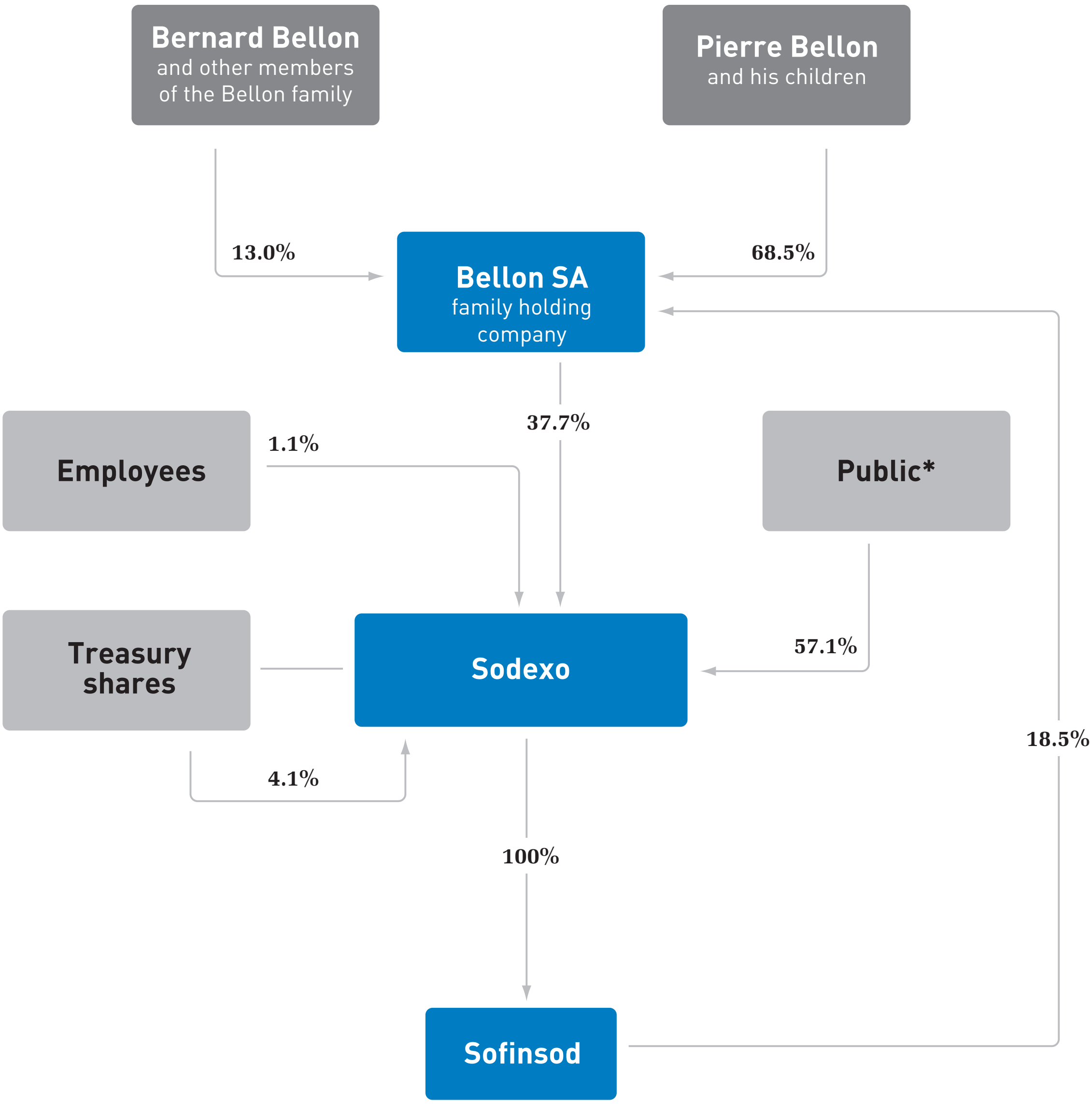
	Number of shares	% of issued capital	Number of voting rights*	% of voting rights*
Bellon SA	59,252,063	37.71%	96,688,985	47.61%
First Eagle Investment Management[2]	6,245,111	3.97%	11,882,629	5.85%
International Value Advisers, LLC[3]	5,045,121	3.21%	5,045,121	2.48%
Employees	1,683,529	1.07%	2,546,247	1.25%
Treasury shares	6,398,644	4.07%	6,398,644	3.15%
Public	78,507,557	49.97%	80,523,531	39.66%
TOTAL	**157,132,025**	**100.00%**	**203,085,157**	**100.00%**

(1) 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 shares with voting rights, including shares for which the voting rights have been suspended temporarily, such as treasury shares.

(2) Acting on behalf of funds managed by it (including First Eagle Funds, Inc.).

(3) On February 22, 2011, International Value Advisers LLC, acting on behalf of its funds, notified the Company that it had increased its shareholding above 2.50% of the share capital. As of February 22, 2011, it held 3.01% of the share capital representing 2.32% of the voting rights.

2. SHAREHOLDERS AS OF AUGUST 31, 2011



* *Including First Eagle Investment Management at 3.97% and International Value Advisers LLC at 3,21%.*

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, 2011, 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)*
2010				
January	42.85	38.79	40.08	22,610
February	43.81	37.73	40.78	32,749
March	45.85	43.57	44.81	19,437
April	47.69	43.11	45.07	25,244
May	48.30	43.08	45.98	27,647
June	49.66	44.84	47.62	22,722
July	50.21	44.88	48.18	19,736
August	49.30	43.78	46.45	12,871
September	48.18	45.22	47.24	10,136
October	48.75	46.60	47.50	12,159
November	49.54	46.22	47.60	11,937
December	53.69	48.54	51.43	10,992
2011				
January	53.46	50.06	51.62	14,930
February	51.03	48.55	49.83	37,295
March	52.10	46.36	49.48	14,000
April	52.99	51.06	52.03	12,041
May	54.01	51.60	52.85	15,020
June	54.09	51.59	52.85	13,038
July	55.96	52.70	54.35	15,899
August	54.14	46.57	50.59	15,709
September	52.75	48.13	50.76	14,380
October	53.18	48.32	50.67	9,516

* *Monthly average of closing prices.*

10

Corporate Governance

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 composition, preparation and organization of the work of the Board of Directors and about internal control and risk management procedures put in place by the Group (parent company and all consolidated companies).

1. COMPOSITION OF 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.

The Company's by-laws are compliant with legal requirements. They contain specific provisions concerning the maximum term of office (three years) and the age limit (85 for the Chairman and the Chief Executive Officer). Further, the internal rules of the Board of Directors require each director to own at least 400 Sodexo shares.

1.1 Composition as of August 31, 2011

		First Elected	Term Expires
Pierre Bellon	Chairman	Nov 14, 1974	2013
Robert Baconnier(1)	Vice Chairman – President, ANSA	Feb 8, 2005	2013
Patricia Bellinger(1)	Executive Director, Executive Education, Harvard Business School	Feb 8, 2005	2014
Astrid Bellon	Member of the Management Board, Bellon SA	Jul 26, 1989	2013
Bernard Bellon	Chairman of the Board of Directors, Finadvance	Feb 26, 1975	2012(2)
François-Xavier Bellon	Chief Executive Officer, Bright Yellow Group Pic	Jul 26, 1989	2013
Sophie Clamens	Chairman of the Management Board, Bellon SA	Jul 26, 1989	2012(2)
Paul Jeanbart(1)	Chief Executive Officer, Rolaco	Feb 13, 1996	2012
Michel Landel	Chief Executive Officer, Sodexo	Jan 19, 2009	2013
Alain Marcheteau(1)	Company Director	Jan 25, 2010	2014
Nathalie Szabo	Member of the Management Board, Bellon SA	Jul 26, 1989	2012(2)
Peter Thompson(1)	Company Director	Feb 8, 2005	2014

(1) Independent Director as defined by the AFEP– MEDEF Code of Corporate Governance of listed corporations.
(2) The Board of Directors will propose the renewal of these mandates for three years at the Shareholders' Meeting of January 23, 2012.

1.2 Information about the Directors as of August 31, 2011

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 Michel Landel was named Chief Executive Officer following the Board decision to separate the roles of Chairman and Chief Executive Officer. Pierre Bellon remained as Chairman of the Board of Directors, a position he still holds at Sodexo SA (new name since January 2008).

Since 1988, he has served as Chairman and Chief Executive Officer of Bellon SA, the family holding company that controls Sodexo and Chairman of the Supervisory Board of Bellon SA since February 2002.

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

Pierre Bellon has also served as:

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

Other positions and corporate offices held

- Bellon SA (Chairman of the Supervisory Board);
- Sobelnat SCA (member of the Supervisory Board);

- Association Pierre Bellon (Chairman and founder);
- French Management Improvement Association (APM) (Chairman and founder);
- French National Association of Joint Stock Companies (ANSA) (Board member).

Number of Sodexo shares held: 12,900.

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

- PPR* (Board member);
- CMA CGM (member of the Supervisory Board).

Robert Baconnier

Born April 15, 1940 in Lyon (France).
Married, 3 children.
Nationality: French.
Degree in Literature, Graduate of the Institute *d'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 Chief Executive Officer of ANSA, the French National Association of Joint Stock Companies.

* *Listed company.*

Other positions and corporate offices held

- French National Association of Joint Stock Companies (ANSA) (Chairman and Chief Executive Officer);
- Siparex Associée (Non-voting Board Member and Member of the Audit Committee);
- 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

- Lafarge Ciments* (Board member);
- ELS (Éditions Lefebvre Sarrut) (Supervisory Board member).

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 Vice President for Diversity and Inclusion; she was Group Vice President and Director of the BP Leadership Academy until 2007. In March 2011, she was appointed Executive Director of Executive Education, Harvard Business School.

Other positions and corporate offices held

- Board member, YMCA of Greater Boston (Boston, USA);
- Member of the Advisory Board of Program in Education, Afterschool and Resiliency (PEAR), McLean Hospital (Harvard Medical School);

- Board Member of "Facing History and Ourselves";
- Member of the Business Advisory Board of Sodexo, Inc.**

Number of Sodexo shares held: 400.

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

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

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 positions and corporate offices held

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

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 positions and corporate offices held

- Bellon SA (Member of the Supervisory Board);
- Finadvance SA (Chairman of the Board of Directors);
- Copelia (Board member);
- Founding member of the Association Pierre Bellon.

Number of Sodexo shares held: 323,732.

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

- Jefco (Board member);
- Allios Industries (Board member).

François-Xavier Bellon

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

Business address:
Bright Yellow Group Plc
2 East Throp House. 1 Paddock Road – Reading RG4 5BY, United Kingdom.

Background

François-Xavier Bellon is the CEO of Bright Yellow Group, a company he acquired in August 2007. This company based in the United Kingdom 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.

Francois-Xavier Bellon also spent 10 years with Sodexo, where he was Chief Executive of Sodexo

*** Group company.*

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 positions and corporate offices held

- Bellon SA (Member of the Management Board);
- Bright Yellow Group Plc (Chief Executive Officer and Board member);
- LifeCarers Ltd (Board member);
- Footprint Ltd (Board member);
- French Foreign Trade Commission (Advisor);
- Rapid Pasta Sociedad Limitada (Advisor);
- U1st Sports SA (Advisor);
- Dr Clic Sociedad Limitada (Advisor).

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 Services for Sodexo France. In that capacity, she also took over responsibility for Facilities Management activities in France in September 2010.

Other positions and corporate offices held

- Bellon SA (Chairman of the Management Board);
- Altys Multiservices SA** (Chairman of the Board of Directors);
- Sodexo Entreprises Services SAS** (Chief Executive Officer);
- SORESCOM SARL** (Officer);
- Société Française de Restauration et de Services SAS** (Member of the Management Board);
- Société Française de Propreté** (Member of the Management Board);
- Société Française de Services** (Member of the Management Board);
- Founding member of the Association Pierre Bellon.

Number of Sodexo shares held: 7,964.

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

- Baumira (Officer);
- Sodexo Facilities Management SAS** (Chief Executive Officer).

Paul Jeanbart

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

Business address:
Immeuble Président Mouawad
Rue Pierre Hélou, Hazmié, Beirut, Lebanon.

Background

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

*** Group company.*

Other positions and corporate offices held

- Oryx Finance Limited, Grand Cayman (Chairman);
- Intercontinental Hotels* Geneva, Switzerland (Chairman of the Board of Directors);
- Rolaco Holding SA, Luxemburg (Executive Director) and subsidiaries/affiliates of the Rolaco Group, Luxembourg (Board member);
- Semiramis Hotel Co., Egypt (Board member);
- Luxury Brand Development SA, Luxemburg (Chairman of the Board of Directors).

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);
- Club Méditerranée SA*, France (Member of the Supervisory Board).

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 others notably, 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 positions and corporate offices held

- Sodexo** (Chief Executive Officer)
- Sodexo, Inc.** (Board member)
- One SCA** (Member of the Supervisory Board);
- Sodexo Pass International SAS** (Member of the Management Board)
- One SAS** (Member of the Management Board)
- Executive For Excellence Association in France (Chairman);
- STOP Hunger Association in France (Chairman);
- Catalyst in the United States (Board member).

Number of Sodexo shares held: 81,897.

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

None.

Alain Marcheteau

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

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

* *Listed company.*
** *Group company.*

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 Compagnie de 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 Management Board 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 positions and corporate offices held

Directorships:

- Cie Daher (Director; Member of the Audit and Strategy Committees);
- Messier-Bugatti (Safran Group);
- Morpho Identification B.V. (Safran Group);
- Morpho Sécurité (Safran Group);
- Aircelle (Safran Group);
- AM-Consult (Chairman and Chief Executive Officer).

Number of Sodexo shares held: 500.

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).

Directorships:

- Labinal (Safran Group);
- Sagem Communication (Safran Group);
- Connecteurs Cinch (Safran Group);
- Snecma (Safran Group);
- Ingenico* (Board Member and member of the Audit and Ethics Committees);
- Sagem Télécommunications (Safran Group);
- Snecma Services (Safran Group);
- Soreval (Safran Group).

* *Listed company.*

** *Group company.*

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 Sports and Leisure
19, rue de Sèvres – 92100 – Boulogne, France.

Background

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

She joined Sodexo in March 1996 as Sales Director for Sodexo Prestige in France, becoming a Regional Manager in 1999. In September 2003 she was appointed Managing Director of Sodexo Prestige, and Managing Director of L'Affiche in January 2006. She became Chief Executive Officer of Sodexo Prestige Sports and Leisure in France, on September 1, 2010.

Other positions and corporate offices held

- Bellon SA (Member of the Management Board);
- Société du Lido (SEGSHMI)** (Chairman of the Management Board);
- Excel SAS** (Chairman);
- L'Affiche SA** (Chairman);
- Millenia SA** (Chairman);
- HBC SAS** (Chairman of the Board of Directors);
- Altima** (Board member);
- Yachts de Paris** (Chairman);
- Compagnie AFM SAS** (Chairman);
- SEVPTE SAS** (Chairman).

Number of Sodexo shares held: 1,147.

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

- Société du Lido (SEGSHMI)** (Member of the Supervisory Board);
- L'Affiche SA** (Managing Director);
- LBCV Sarl** (Officer).

Peter Thompson

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

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

Background

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

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

Other positions and corporate offices held

- Syngenta AG* (Board Member 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, United States (Chairman of the Board of Directors).

* *Listed company.*

Appointment of a new member of the Board of Directors

A motion will be put before the shareholders at the Annual Meeting, on January 23, 2012, to appoint Françoise Brougher to the Board for a period of three years ending with the close of the Annual Shareholders' Meeting called to approve the financial statements for the year ended August 31, 2014. As recommended by the Nominating Committee, the Board of Directors considers her to be independent within the meaning of the criteria set forth in the AFEP-MEDEF Code of Corporate Governance for listed companies issued in April 2010.

Françoise Brougher

Born September 2, 1965.
Married, 3 children.
Nationality: French and American.
Graduate of ICAM-Lille (*Institut Catholique des Arts et Métiers*) and Harvard University.

Business address:
Google
1600 Amphitheatre Parkway
Mountain View, CA 94043, USA.

Background

Françoise Brougher began her career in 1989 in a production unit of L'Oreal in Japan. After receiving her MBA in 1994 from Harvard Business School, she joined the consulting firm Booz Allen & Hamilton, dividing her time between Europe and the United States. In 1998 Françoise joined the San Francisco-based Ocean Gem Pearl Corporation, an importer of black Tahitian pearls, as Chief Executive Officer. From 2000 to 2005, she was Vice President of Strategy at Charles Schwab & Co. She joined Google in 2005, where she managed the Business Operations group for four years. She currently manages the global sales and services organization for small and medium businesses.

Other positions and Corporate Offices held

None.

Number of Sodexo shares held: 400.

As of August 31, 2011, the Board of Directors had twelve members, of which one-third are women, evidence that women are well represented on the Board. If the upcoming Annual Meeting elects Françoise Brougher to the Board, this will bring the number of women directors to five (more than 38% of all Board members). Nine Board members are French nationals, two are American, and one is Canadian. 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 April 2010 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 the criteria of director independence in force as stated in the aforementioned AFEP-MEDEF Code, the Nominating Committee periodically provides the Board of Directors with a list of Directors qualifying as independent.

During Fiscal 2011, five Board members were deemed independent directors as defined above (see paragraph 1.1).

Directors hold office for a term of three years. To comply with French law, the number of Directors over 70 is limited to a third of all Directors.

2. PREPARATION AND ORGANIZATION OF THE WORK OF THE BOARD OF DIRECTORS

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

2.1 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 fulfill their mission.

2.2 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.

2.3 Mission of the Board of Directors

The Board of Directors defines the fundamental principles of Sodexo's growth, its strategy and Group policy.

It regularly supervises the management of the business and in particular progress made on metrics it has identified.

It appoints corporate officers to manage Group policies.

It ensures the existence and effectiveness of 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 make regular presentations to the Board, in particular at the beginning of September, when the budget, the three-year plans and the 10-year financing plan are discussed:

- the Chief Executive Officer and the other operations executives in each area of responsibility present the potential for growth, competitive positions, the ambition, the strategy for achieving and the principal elements of their action plans;
- Group executives in each functional area (strategic planning, brand, communication, marketing, client retention and satisfaction, supply chain, sustainable development, human resources, finance) present their recommendations on the evolution of the strategy and policies, progress achieved and to be achieved, and action plans for implementation in the Group.

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 as well as by the external auditors.

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

2.4 The Directors' Charter

The main elements of the Director's Charter are described below.

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 as follows:

- during the period commencing thirty calendar days before the Board meeting that finalizes the interim and annual consolidated financial statements and up to and including the date of publication of those interim and annual financial statements;
- during the period commencing fifteen calendar days prior to the date of publication of the consolidated financial information for the first and third quarters up to and including the date of their publication.

Transactions by Directors in the Company's shares must be disclosed to the public. Consequently, Directors are required to inform the Chief Legal Officer of all transactions in Sodexo shares.

2.5 Board meetings during the year

The Board of Directors met eight times during Fiscal 2011 (either in person or *via* conference call, as provided for in Sodexo's 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 14, 2010	Approval of the Fiscal 2011 budget Presentation of the 3-year plan (2010-2013) by Sodexo management	92%
November 8, 2010	Finalizing the financial statements for Fiscal 2010 Finalizing the Board Report Review of annual results press release Convening of and preparation for the Annual Shareholders' Meeting Presentation of the Personal and Home Services activity Decisions pertaining to 2008, 2009 and 2010 stock option plans	92%
December 13, 2010	Adoption of a new stock option plan	100%
January 24, 2011	Business update for opening months of Fiscal 2011 and update on investment proposals in progress	92%
January 24, 2011	Appointment of Vice Chairman of the Board of Directors	92%
March 8, 2011	Group policy presentations Business update for the first five months of the fiscal year and on acquisition proposals in progress	92%
April 19, 2011	Finalizing the interim consolidated financial statements for the first half of Fiscal 2011 Approval of first half Fiscal 2011 report Review of first-half results press release Presentation of the assessment of the Board of Directors by an external consultant	92%
June 28, 2011	Performance review Review of investment proposals and fundamental principles guiding the Group's development Review of acquisition files Sodexo SA refinancing	100%

The average attendance rate during Fiscal 2011 was 94%.

2.6 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.

2.6.1 Audit Committee

The Audit Committee consists of Robert Baconnier, in his capacity as a "financial expert", Chairman, Alain Marcheteau and, since November 2010, Sophie Clamens. Pierre Bellon is invited to attend all Audit Committee meetings, but is not a member.

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.

To perform 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 2011 Michel Landel (Chief Executive Officer of Sodexo), Siân Herbert-Jones (Group Chief Financial Officer) and Laurent Arnaudo (Group Internal Audit Director) were regularly invited to attend Audit Committee meetings to discuss their activities and answer questions.

The Audit Committee met four times during the fiscal year, with a 100% average attendance rate.

Issues addressed by the Committee included:

- review of the mapping of risks and risk management;
- progress report on the evaluation of internal control;
- approval of the Internal Audit Plan for Fiscal 2011;
- reports issued by the Internal Audit Department, and progress reports on the implementation of its recommendations;
- the proposed renewal of the appointment of PricewaterhouseCoopers as joint Statutory Auditors for a period of six years;
- supervision of the independence, 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 2011. The Audit Committee also approved in advance all other engagements performed by the Group's auditors and by member firms of their networks.

The Audit Committee also reviewed the annual consolidated financial statements for Fiscal 2010, and the interim consolidated financial statements for the Fiscal 2011 half year. In addition to four 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.

2.6.2 Nominating Committee

The Nominating Committee is chaired by Patricia Bellinger, and the other members are Nathalie Szabo and Pierre Bellon.

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 at any time if a position suddenly becomes vacant, while maintaining confidentiality.

Although the Committee did not meet physically in Fiscal 2011, the Chairman and other Committee members exchanged views on several occasions. They discussed succession planning for members of the Group Executive Committee and organizational changes.

2.6.3 Compensation Committee

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

This Committee makes proposals relating to compensation packages for corporate officers, executive compensation policy, performance-based incentives, and in particular, stock option plan policies as well as 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 249 *et seq.* of this document.

The Compensation Committee met twice during the fiscal year and the average attendance rate was 83%.

The Compensation Committee made recommendations to the Board on issues such as stock option plans, a review of executive incentive tools, and compensation packages for the Chairman and the Chief Executive Officer. Accordingly the Committee proposed to the Board that the performance conditions related to the January 2009 and 2010 plans evolve, in conformity with the plan rules, and for the December 2010 plan, to grant 1.7 million stock options to around 600 senior managers (with some of the options granted including performance conditions) under the December 2010 plan, and expressed its opinion on individual grants proposed by the Chief Executive Officer.

2.6.4 Public-Private Partnership and Private Finance Initiative Projects Working Group

The Board of Directors has also set up a working group to conduct in-depth studies of commitments the Group may need to make within the framework of Public-Private Partnership and Private Finance Initiative contracts; these include any commitments to acquire interests in a special purpose entity formed for a particular project and subcontracting contracts with a minimum 5-year duration. Recommendations made by 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, Alain Marcheteau and Pierre Bellon) and also includes Michel Landel (Chief Executive Officer) and members of his staff, together with the operational managers who propose and will manage these projects. Some other directors have expressed an interest in taking part in this working group and have attended its meetings. During the year, this working group met to review, among others, the Group's commitments in connection with the Balard project in France, the site of the future French Department of Defense headquarters in Paris.

2.6.5 Assessment of Board operating procedures

Since Fiscal 2004 and in compliance with its internal rules, the Board of Directors has regularly performed formal evaluations of its operating procedures. Up until now the evaluation was performed by one of the Board members based on individual questionnaires. During Fiscal 2011, a new assessment of the Board's operating procedures was performed, this time by an external consultant in February and March 2011.

A summary of this assessment of Board operating procedures was discussed in the April 2011 in the presence of the external consultants. The Board's operating procedures were considered satisfactory in general, the number of directors was deemed adequate and the work of the Audit Committee was judged to be excellent. Directors expressed their confidence in the work of the Nominating Committee and the Compensation Committee. It was suggested that the Board reinforce its international dimension and progressively renew its membership to bring in new expertise and better reflect generational change.

The new directors considered that they have been well received, but some felt that the induction process could be improved further. All directors considered that the Board makes satisfactory use of their respective competencies.

Discussions at Board meetings were considered to be frank and open, with directors able to debate issues freely. However, some directors drew attention to the predominance of financial issues and would appreciate the occasional opportunity to discuss strategic topics connected with market trends at greater length.

The directors unanimously expressed their confidence in the Chairman of the Board, the Chief Executive Officer and the management team. They expressed the wish for more systematic subsequent evaluations of the actual impacts of significant projects previously approved by the Board, such as acquisitions and investments.

Moreover, the directors would also like to see more discussion of the organization and succession plans for Group senior managers, together with a detailed annual presentation of the human resources policy (including evaluation procedures, succession plans, and oversight of high-potential executives). In addition, some directors would appreciate being able to meet more frequently with the management team and high-potential executives.

Certain improvements suggested in the assessment report have been implemented, and others will be implemented during Fiscal 2012. In addition, the

Board has begun to prepare an evaluation of each important meeting. Two such evaluations were made during the fiscal year.

2.7 Role of the Chief Executive Officer and the Executive Committee

On 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.

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 the recommendations of the Chairman of the Board. The Chief Executive Officer must obtain the prior consent of the Board to pledge corporate assets as collateral (for amounts exceeding 25 million euro for a duration of less than 5 years, for an amount exceeding 15 million euro per unit for a duration of between 5 and 10 years, and for all guarantees covering a longer period), or to bind the Company beyond specific limits as regards the acquisition of shareholdings exceeding 25 million euro per transaction, disposals of shareholdings exceeding 20 million euro per transaction, or additional medium and long-term borrowings exceeding 50 million euro. The Chief Executive Officer must also obtain the prior consent of the Board for decisions relating to the start-up of new activities. 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, which consisted of nine members at August 31, 2011.

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 the Board has approved them. The Executive Committee tracks implementation of action plans, monitors business unit performance, and assesses the potential benefits of growth opportunities and the risks inherent in its business operations.

Additionally, the Group Chief Executive Officer is supported by a **Group Investment Committee** whose members comprise the Chief Executive Officer, the Group Chief Financial Officer and one or more than one of the Chief Operating Officers concerned, in order to consider, and approve:

- significant new contracts (depending on the business unit, this relates to all new contracts with estimated annual revenues of between 25 and 45 million euro);
- all plans to acquire shareholdings or any other plan to invest in property, plant and equipment or intangible assets exceeding the range of between 2 and 6 million euro, depending on the business unit, as well as cumulative over-runs of any investment budget approved at the beginning of the fiscal year; and
- disposals of shareholdings exceeding 1 million euro.

This Committee formally met ten times during Fiscal 2011 but its members also reviewed a number of time-sensitive items.

As of August 31, 2011, members of the Group Executive Committee were as follows:

Michel Landel, Chief Executive Officer, Executive Committee President;

Élisabeth Carpentier, Group Executive Vice President and Chief Human Resources and Internal Communications Officer;

George Chavel, Group Chief Operating Officer, Chief Executive Officer, North America, On-site Service Solutions;

Roberto Cirillo, Group Chief Operating Officer, Chief Executive Officer, France, On-site Service Solutions;

Pierre Henry, Group Chief Operating Officer, Chief Executive Officer Motivation Solutions, in charge of On-site Service Solutions in South America and Continental Europe (excluding France), and Personal and Home Services;

Siân Herbert-Jones, Group Executive Vice President and Chief Financial Officer;

Nicolas Japy, Group Chief Operating Officer, Chief Executive Officer, in charge of Asia/Australia, On-site Service Solutions, Chief Executive Officer Remote Sites;

Aurélien Sonet, Group Executive Vice President for Strategic Planning, Development and External Communications;

Damien Verdier, Group Executive Vice President and Chief Marketing Officer, Client Retention, Offer Marketing, Supply Chain and Sustainable Development.

The Executive Committee is supported by an International Committee comprising approximately 60 operational and staff managers representing the main segments and businesses of the Company. The International Committee assists the Executive Committee in identifying market trends and growth opportunities, both in general and for each customer segment. It translates strategic decisions into action plans and harnesses the teams necessary to their execution. Each member of is also expected share information and best practices, and to foster acceptance of the Group's values.

2.8 Code of Corporate Governance

The AFEP-MEDEF Code of Corporate Governance for listed companies published in April 2010 (see www.medef.fr – Gouvernement d'entreprise – Corporate governance) has served as the Registration Document in preparing this report, approved by the Board of Directors at its meeting on November 7, 2011.

The Chief Executive Officer has a combined employment and corporate officer contract. As required under the "comply or explain" rule, an explanation is provided on page 252 of the Registration document, in the section "Employment contract".

2.9 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 bylaws (included on page 201 and 202 of this document).

2.10 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 205 of this document, are considered to be the decisive factors among those referred to in article L.225-100-3 of the French Commercial Code.

3. 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.

Internal control procedures are 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.

Internal control procedures play a major role in the conduct of the Group's business, by contributing to the prevention and management of risks.

3.1 Fundamental principles

The **fundamental principles of Sodexo's development**, together with its values and its **independence principles** as defined since its founding by Pierre Bellon and the Board of Directors, determine Group policy. They are presented on page 7 of this Registration Document.

The Group's internal control procedures rely on these fundamental principles and on the related policies.

3.2 Group Policies

Group policies are available on the Sodexo intranet. These policies are regularly updated to allow for the Group's changing environment and its expanding portfolio of services and solutions.

They cover Sodexo's strategic imperatives, as well as guidelines applicable in areas such as customer focus, offer marketing, human resources development, supply chain, global food safety and hygiene policy, internal audit, finance, delegations, strategic planning, and sustainable development. These policies encompass five main themes: goals, policies, procedures, performance indicators, and research and innovation.

3.2.1 Human Resources development

The Group's two overriding human resources priorities are: to meet staffing requirements in terms of numbers, quality and competencies; and to rank among the world's employers most appreciated by its employees.

The main human resources policies are focused on: the profile of Sodexo managers, Group organizational rules, succession planning for senior managers (including a review of senior management of the main business units, outside recruitment and internal promotion, administration of individual senior managers' careers), first impressions reports, international mobility, senior managers' further training, commitment surveys, senior managers' compensation, internal communications and innovation and research in the field of human resources administration. Finally, annual tracking of performance indicators serves to validate action plans aimed at advancing these policies, including engagement surveys, employee retention, internal promotion, and the proportion of women among senior managers.

3.2.2 Procurement policy

The objectives of the Group's supply chain function are spelled out in its Purchasing Policy. The performance of Sodexo's purchasing teams in the main countries where Sodexo does business is measured through the "5 Star" program, which is used to improve our bargaining power with our suppliers. Products purchased are required to satisfy a number of predefined quality criteria in terms of food safety and traceability, and listed suppliers are audited regularly. Suppliers are required to sign a "Code of Conduct", and Purchasing function employees are trained to comply with the Group's "Integrity Principles".

3.2.3 Financial policies

The Group's financial objectives are twofold, namely:

To preserve the Group's financial independence, based on three simple principles:

- choosing low capital intensive activities, with average investment (excluding acquisitions) representing around 2% of revenue;
- continuously maintaining sufficient liquidity to fund growth, reimburse medium-term debt, and pay dividends to shareholders;
- preserving a strong balance sheet and sound financial ratios in order to guarantee the Group's financial independence.

Enhancing the attractiveness of Sodexo's stock to loyal, long-term shareholders. This implies:

- combining profitable growth with efficient, competitive management;
- reliable accounting processes;
- clear reporting incorporating the performance measurement tools chosen by the Group: growth, client retention, consumer satisfaction, developing human resources, which includes employee engagement rates, reducing employee turnover, internal promotion rates, executive training and career planning, procurement productivity, efficient management of overhead costs, continuously improving sustainable development performance, improving operating and net profitability, and increasing cash provided by operating activities;
- a control environment permitting good identification and management of risks, and compliance with regulations and the law.

Financial policies thus establish rules applicable to areas such as investment approvals, working capital management, cash management, financial 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 financial 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.

The Group Finance Department prepares a 10-year funding plan for the Group in November of each year.

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.

3.2.4 Sustainable Development policy

Since its creation in 1966, Sodexo's vocation has been to "Improve the Quality of Life". In 2003, the Group formalized a strategy and a sustainable development policy. This strategy has three main priorities:

- improve **nutrition for the health and wellness of consumers**: Sodexo is committed to food safety and the promotion of a balanced diet for its consumers. Sodexo plays a critical role in the fight against obesity and malnutrition and provides solutions that make health and wellness a priority. Sodexo employs 3,400 dieticians worldwide;
- support **social, economic, and environmental development in local communities**: participation in the development of local communities by hiring local staff as a priority, supporting the development of small businesses in the services rendered by Sodexo and increasing procurement of fair-trade products;
- **protect the environment** (reduce energy and water consumption and reduce food waste): purchase environmentally sound products, reduce water consumption, reduce of energy use and CO_2 emissions and battle against waste and waste materials.

For each of these priorities, Sodexo has made long-term commitments:

- **nutrition, health and wellness**: ensure the promotion of solutions for health and wellness and varied and balanced food choices on all sites by the end of 2012, promote the reduction of sugar, salt and fat consumption on all sites between now and the end of 2015;
- **development of local communities**: promote the development of local communities in all of the countries where the Group is present from now until the end of 2015 and combat against hunger and malnutrition through the STOP Hunger Initiative in all of the countries where the Group is present from now until the end of 2020 and promote fair-trade products.

  This initiative was launched in the United States in 1996 and brings together 42 countries and more than 400 actions which mobilize Group employees, consumers, clients, suppliers and their staff. In 2010, STOP Hunger actions were carried out in partnership with 270 associations and local NGOs (Non Governmental Organizations). Three examples of initiatives can be mentioned: the Servathon, an annual worldwide program having affected 30 countries in 2011, the partnership with the Restaurants du Coeur in France since 2004, and a vegetable farming program in Brazil since 2003 with the State University of São Paulo;
- **protect the environment**: promote responsible procurement, reduce water consumption, energy usage and CO_2 emissions in all sites by the end of 2020 and reduce and recycle organic waste in all countries between now and the end of 2015.

3.2.5 Information Systems and Technologies

The **Information Systems and Technologies** Department has defined policies seeking to accelerate synergies, reduce the costs of the technical infrastructure and improve compatibility between 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.

3.3 Delegations of authority

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, supply chain, investments and finance.

3.4 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 are the basis for 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.

The strategic planning process is now under review, the aim being to streamline the process and adapt it more closely to the Group's three activities (On-site Service Solutions, Motivation Solutions, and Personal and Home Services), enhancing the involvement of operational managers at all levels.

3.5 Operational performance indicators

All progress can be measured. Accordingly, Sodexo has developed performance indicators allowing for progress to be measured in four main areas: Development, Management, Human Resources, and Sustainable Development.

The Group Finance Department coordinates the process and monitors operational performance indicators for activities and subsidiaries using a Group scorecard.

Making progress in these areas is critical for future growth in revenues and operating profit as well as operating cash flow.

Development indicators:

- total growth potential for the Group, separated into potential by activity, by country and by client segment;
- client retention rate;
- client and consumer satisfaction rates;
- comparable unit growth;
- new business development rates, etc.

Management indicators:

- reduction in Group overhead costs for centralized and decentralized support functions in subsidiaries and client segments;
- lists of loss-making contracts;

- purchasing indicators, for example, the percentage of purchases made from referenced suppliers, reduction in the number of referenced products, suppliers, and in the number of deliveries on a site, etc.

Human Resources indicators, including:

- the employee engagement rate: the Group has targeted a level comparable to that of firms ranked as the best employers worldwide. As such, the level of employee engagement increased from 48% in 2008 to 55% in 2010, as determined by the most recent survey conducted in April 2010 of 112,000 employees in 60 countries. This compares with an average decline of 1 percentage point over the period among the 1,500 other firms in the survey provider's benchmark; in addition, 85% of employees consider Sodexo a better employer than its competitors;
- employee retention for all personnel, for site managers, and for senior managers. This rate was 61.9% overall in Fiscal 2011 and 83.6% for site managers;
- internal promotion, which is measured by the number of employees promoted to site manager, a middle management or a senior management position; 2,630 staff members were promoted to a managerial position passing from one category to the next in Fiscal 2011;
- representation of women in senior management, with a target for women in senior management positions of 25% by 2015, versus 18% in 2009. This proportion reached 20.1% in 2011.

Sustainable development: see section 3.2.4

These performance indicators are presented annually to the Board of Directors and to the Group Executive Committee in order to track progress.

3.6 Description of internal controls relating to the preparation of accounting and financial disclosure

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

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

The subsidiaries' Finance Departments produce monthly a cumulative 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 connection with the mission referred to them by the Group auditors. The Group Finance Department ensures that the accounting treatments 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. As a result of these efforts as well as 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 few 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.

Monthly operational and financial reporting (comprising growth indicators for client retention, sales development and revenue growth on existing comparable sites) is discussed within each business unit by its Chief Operating Officer and Executive Committee and is then presented to the Group

Executive Committee, and then to the Chairman of the Board of Directors. In addition, Quarterly Reviews with each of the Group's business units give the Group's Chief Executive Officer and Chief Financial Officer insight into performance trends for the business unit or subsidiary based on the financial reporting and operational information.

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 and insurance company agent 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 guarantees;
- reviews with internal and external legal counsel of litigation and legal procedure, as well as the measurement of any related liabilities;
- examination of transactions with related parties concerning guaranties and other commitments made or received.

The Group Legal Department (which is part of the Group Finance Department) and legal teams at local levels are required to work pro-actively with the operational teams, and oversee compliance with legal requirements. They also ensure that contractual negotiations are handled in a balanced manner, and that risks pertain solely to contractual obligations for services and are limited in value and duration.

The Group Risk Management and Insurance Department works closely with the relevant executives in the subsidiaries to:

- put in place insurance coverage to protect the interests of the Group;
- identify and evaluate the key risk exposures faced by Sodexo, with particular attention to the emergence of new risk factors associated with changes in our activities, especially in Facilities Management;
- reduce contractual risk, in particular by means of limitation of liability clauses or hold-harmless agreements; and
- achieve the appropriate balance between risk retention (self-insurance) and the insurance market in covering the potential financial consequences of Sodexo's risk exposure.

Lastly, using the financial information reported and consolidated, the Chief Executive Officer, assisted by the Group Finance Department, prepares the Group's financial communication. The Chief Executive Officer also relies on the operating data required to prepare the Registration Document. Press releases announcing the interim and annual results are submitted to the Board of Directors for approval.

To enable 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. Members include the managers responsible for Consolidation, Financial Control, Accounting Methods, Financial Communications, Legal, Human Resources and Communications.

3.7 Group Internal Audit Department

The Senior Vice President and Director of Internal Audit reports directly to the Chairman of the Board, thus ensuring 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 eligible for internal audit. The Audit Committee reviews and approves this annual audit plan.

The responsibilities of the Internal Audit Department include:

- ensuring that delegations of authority and procedures have been established and communicated to the appropriate levels of management, and checking that they are properly implemented; and
- 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 at the request of the Chairman of the Board, the Audit Committee, the Chief Executive Officer or the Executive Committee.

Most (91%) of the Group Internal Audit Plan approved by the Audit Committee at the start of Fiscal 2011 was completed during the year. The Group Internal Audit Department, with an average of 26 staff, conducted 147 audits in 42 countries. In addition to this central team, an additional 50 operational controllers report to the finance directors who report to the Chief Operating Officers, with about half of them based in the United States, and reporting functionally to the Group Internal Audit Department. This allows the Group Internal Audit Department to co-ordinate their work and provide technical assistance.

The Internal Audit Department regularly tracks implementation of post-audit action plans by Group companies. An overall progress report is updated regularly and submitted on a semi-annual basis to the Chief Executive Officer, the Group Chief Financial Officer, the Chairman of the Board and the Audit Committee. Further progress was achieved in following up recommendations in Fiscal 2011. All audits are followed up on the ground within a maximum of 12 months.

For years prior to Fiscal 2010, more than 86% of recommendations were implemented by the subsidiary management. For Fiscal 2011, of the 1,247 recommendations made by the Group Internal Audit Department, 36% have already been implemented and 64% are addressed in an action plan. The Audit Committee does not accept any refusal by a subsidiary to implement an internal audit recommendation.

The Group Internal Audit Department also conducts an independent evaluation of internal control, providing an objective and independent evaluation of the controls documented and performed by management.

Finally, the Internal Audit Department co-ordinates external audit engagements, and reviews the annual budgets for external auditors' fees (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.

3.8 Description of risk management principles and integrated risk management and internal control procedures

Sodexo 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.

Internal control procedures are rooted in the Group's values and policies, as defined by the Board of Directors, and its policies are implemented in each entity in consideration of local conditions.

3.8.1 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 Group risk matrix and submits it to the Audit Committee and the Board of Directors;
- the Chief Executive Officers of the main Group subsidiaries 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; and
- 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 166 et seq. of this Registration Document.

3.8.2 Assessment of internal control procedures

The French "Financial Security Act" (*Loi sur la Sécurité Financière*) and the Sarbanes-Oxley Act in the United States have allowed Sodexo to make considerable progress in the area of internal control. Sodexo decided to seek a listing in the United States primarily in order to facilitate the participation of U.S. employees in employee share ownership plans. However, the increasingly international nature of the financial markets has removed the need for this U.S. listing. In addition, the high cost of this listing and low trading volumes justified Sodexo's voluntary delisting of its shares from the New York Stock Exchange and related deregistration from U.S. stock market regulations in 2007. However, Sodexo is committed to upholding and improving these same internal control procedures insofar as possible.

The internal control procedures are part of an ongoing process of identifying, evaluating and managing the Group's risk exposures. This initiative covers the five components of the COSO (Committee of Sponsoring Organizations) (see glossary): 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 risk management and internal control approach applied within the Group consists in:

- 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; and
- independent testing of the effectiveness of these control points, by independent persons.

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.

The most significant Group subsidiaries together representing more than 90% of Group revenues, go beyond this initial phase, documenting and then also self-assessing their transactional controls.

Sodexo has developed a guide to risks and control. 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, Headquarters Entities, and Health and Safety. For each of these processes, the guide lists several control proposals for each of the major risks. 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 executive summary of the status of internal controls and the progress achieved is submitted to the Audit Committee at the end of the fiscal year. In Fiscal 2011, Sodexo continued to implement the progress initiative launched in prior years. Specific areas for improvement were selected for each subsidiary, and then tested independently. Improvements were seen in 75% of cases. The above actions are part of Sodexo's process of continuous improvement in its internal controls and risk management procedures.

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

However, internal controls cannot provide an absolute guarantee that all risks have been eliminated. Sodexo nevertheless sets out to ensure that the most effective internal control procedures feasible are in place in each of its subsidiaries.

In the preparation of this report, and in keeping with the recommendation issued by the French securities regulator, the *Autorité des marchés financiers* (AMF), in July 2010, Sodexo has also considered and taken account of recommandations provided in the "Reference Framework" produced by the French Market Advisory Group and published by the AMF.

This report was approved by the Board of Directors on November 7, 2011 and will be presented to the shareholders at the January 23, 2012 Annual Shareholders' Meeting.

Pierre Bellon
Chairman of the Board of Directors

3.9 External auditors report on the Chairman's Report

Statutory Auditors' Report, prepared in accordance with article L.225-235 of the French Commercial Code ("*Code de commerce*"), on the report prepared by the Chairman of the Board of Sodexo SA

For the year ended August 31, 2011

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

To the shareholders,

In our capacity as Statutory Auditors of Sodexo SA, and in accordance with article L.225-235 of the French Commercial Code ("*Code de commerce*"), we hereby report 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, 2011.

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 and risk management procedures relating to the preparation and processing of financial and accounting information; and
- to attest that this 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 and risk management procedures relating to the preparation and processing of financial and accounting information set out in the Chairman's Report. These procedures mainly consisted of:

- obtaining an understanding of the internal control and risk management 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 and risk management 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 8, 2011

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.

Other information concerning the Corporate Officers 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 four children control 68.5% of Bellon SA (with agreements preventing them from selling their shares to third parties), which in turn 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.

As required under 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 2011:

- on December 8, 2010, the exercise of 29,678 stock options granted on December 15, 2000 for an exercise price of USD 28.1360 per share (see page 252 of this document) and the immediate sale of the corresponding shares for USD 64.7811 each;
- on January 13, 2011, exercise of 59,454 stock options granted on January 18, 2005 for an exercise price of 23.08 euro per shares (see page 252 of this document) and the immediate sale of 27,026 shares resulting from this exercise for 50.9786 euro per share;
- on January 14, 2011, exercise of 588 stock options granted on January 18, 2005 for an exercise price of 23.08 euro (see page 252 of this document) and the immediate sale of 271 shares resulting from this exercise for 50.61 euro per share.

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 independent directors among the twelve members of the Board of Directors as of August 31, 2011;
- the existence of three Board Committees that include independent directors among their members;
- the separation of the roles of Chairman of the Board and Chief Executive Officer. Effective 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 205 of this document). Further, since 1991 a service agreement between Bellon SA and Sodexo has been in operation whereby Bellon SA provides assistance and advice in areas including strategy, finance, accounting 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 2011 was 5.2 million euro excluding VAT.

Regulated related-party agreements

- The Special Report of the Auditors on regulated related-party agreements on those entered into in prior years and applicable during Fiscal 2011, is presented on page 194 of this document.
- The Company is not aware of any service contract linking a member of the Board of Directors to the Company or one of its subsidiaries and granting benefits over the term of such contract.

→ Compensation

The disclosures within this document comply with the April 2010 AFEP-MEDEF recommendations contained in the December 2008 AFEP-MEDEF code of Corporate Governance for listed companies, and with the December 22, 2008 Recommendation of the *Autorité des marchés financiers* (AMF–Financial Markets Authority) regarding the disclosure of corporate officers' compensation in Registration Documents.

1. COMPENSATION OF THE CORPORATE OFFICERS

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 administrative assistance. 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 2010**		**Fiscal 2011**	
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 in his capacity as Chairman of the Board of Directors	49,700	49,700	50,780	50,780
Fringe benefits	-	-	-	-
For information, amounts paid by Bellon SA in his capacity as Chairman of the Supervisory Board:				
• Fixed compensation	70,000	70,000	70,000	70,000
• Director's fees	200,000	200,000	200,000	200,000
TOTAL	**319,700**	**319,700**	**320,780**	**320,780**

SUMMARY OF COMMITMENTS TO THE CHAIRMAN OF THE BOARD OF DIRECTORS AS OF AUGUST 31, 2011

	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: 2013 Annual Shareholders' Meeting		X		X		X		X

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 stock options. In this regard, Michel Landel has agreed not to use hedging instruments on any stock options granted to him during the term of his mandate. As disclosed on page 252 of this document, Michel Landel was granted 120,000 stock options on December 13, 2010, representing 6.92% of the total number of options granted. The vesting of these options is subject to profit attributable to equity holders of the parent for Fiscal 2013 reaching a certain level. In addition, and under article L.225-185 of the French Commercial Code, 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 for the duration of his mandate.

The amounts paid in Fiscal 2011 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 252 of this document).

SUMMARY OF COMPENSATION PAID TO THE CHIEF EXECUTIVE OFFICER

Michel Landel Chief Executive Officer *(in euro)*	Fiscal 2010 Amounts due for fiscal year	Fiscal 2010 Amounts paid in the fiscal year	Fiscal 2011 Amounts due for fiscal year	Fiscal 2011 Amounts paid in the fiscal year
Fixed compensation	906,210	906,210	913,650	913,650
Variable compensation[(1)]	906,210	884,556	913,650	1,359,315
Exceptional compensation	-	-	-	-
Director's fees[(2)]	-	-	-	-
Fringe benefits[(3)]	3,098	3,098	2,376	2,376
TOTAL[(4)]	**1,815,518**	**1,793,864**	**1,829,676**	**2,275,341**

(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) Michel Landel is not paid a director's fee for his Directorship of Sodexo SA.
(3) Michel Landel has the use of a company car.
(4) 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 2010	Fiscal 2011
Compensation due for current fiscal year	1,815,518	1,829,676
Measurement of options granted during the fiscal year[(1)]	989,000	1,422,927
TOTAL	**2,804,518**	**3,252,603**

(1) Details of options granted in Fiscal 2011 are disclosed on page 252 of this document. Options granted are measured at fair value at grant date, estimated using 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 4.23 to the consolidated financial statements). These options are recognized over a period of four years.

SUMMARY OF COMMITMENTS MADE TO THE CHIEF EXECUTIVE OFFICER AS OF AUGUST 31, 2011

	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-compete clause	
	Yes	No	Yes	No	Yes	No	Yes	No
Michel Landel **Chief Executive Officer** Date appointed: January 9, 2005 No fixed term	X		X		X			X

Employment contract

Based on the recommendation of the Compensation Committee, the Board of Directors has decided to maintain Michel Landel's employment contract. His mandate is considered to be a continuation of the salaried activities he has carried out since entering the Group in 1984. The Compensation Committee considered it would be inequitable to call into question his retirement plan. Michel Landel was aged 59 at August 31, 2011.

Michel Landel receives compensation under his employment contract with Bellon SA. He receives no payment for the performance of his duties as Chief Executive Officer. However, he has stock options and would receive an indemnity in case of termination of his Chief Executive Officer mandate subject to the conditions described below. Contractual indemnities may not be cumulated in case of termination of his employment contract and the ending of his mandate.

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, 2011 was 1,792,893 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 (excluding voluntary termination or retirement and unless revoked for cause), for which a payment will be made to him in an amount equal to twice the gross annual compensation (fixed and variable) received during the 12 months preceding the termination. The payment of the indemnity in the case of termination of the Chief Executive Officer appointment will only be made if, at constant consolidation scope and currency exchange rates, the annual increase in the Sodexo Group's consolidated operating income is equal or higher than 5% for each of the three fiscal years ended prior to the termination of the appointment.

STOCK OPTIONS GRANTED TO THE CHIEF EXECUTIVE OFFICER IN FISCAL 2011

	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	December 13, 2010	Purchase options	1,422,927	120,000	48.37	December 13, 2013 December 12, 2017

(1) Options granted are measured at fair value at grant date, estimated using 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 4.23 to the consolidated financial statements).
(2) Terms and conditions of exercise are described in the table on page 260 of this document.

STOCK OPTIONS EXERCISED BY THE CHIEF EXECUTIVE OFFICER IN FISCAL 2011

Sodexo SA Plans	Date of plan	Number of options exercised in the fiscal year(1)	Exercise price(1)
Michel Landel			
Chief Executive Officer	January 18, 2005	60,042	23.08 EUR
	December 12, 2000	29,678	28.1360 USD

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

2. COMPENSATION OF NON-EXECUTIVE DIRECTORS

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 2011 was set at 530,000 euro by the combined general Shareholders' Meeting of January 24, 2011. The total amount of directors' fees actually paid to all directors (directors, executive and non-executive corporate officers) for Fiscal 2011 was 474,515 euro, as compared to 509,450 euro for Fiscal 2010.

Directors' fees were calculated and paid in accordance with the Board's Internal Rules, based on the following criteria established for Fiscal 2011:

- **19,100** euro fixed fee to each director;
- **1,910** euro per attendance at Board meetings;
- **6,000** euro fixed fee to each member of a Board Committee (this amount is doubled for the Chairman of the Audit Committee);
- **830** euro per attendance at Committee meetings;
- Directors traveling from the United States receive a travel allowance of 1,000 euro per Board meeting attended.

Directors' fees paid to non-executive corporate officers in office as of August 31, 2011 for Fiscal 2010 and Fiscal 2011 were as follows:

Members of the Board of Directors (other than the Chairman of the Board of Directors and the Chief Executive Officer)	Fiscal 2010 *(in euro)*	Fiscal 2011 *(in euro)*
Robert Baconnier	46,500	51,610
Patricia Bellinger	85,300	50,960
Astrid Bellon	31,450	34,380
Bernard Bellon[(1)]	42,700	43,950
François-Xavier Bellon	33,300	34,380
Sophie Clamens	35,700	40,950
Paul Jeanbart	31,450	36,290
Alain Marcheteau	18,500	45,610
Nathalie Szabo	39,900	43,120
Peter Thompson	30,600	31,560

(1) This total includes 2,000 euro in directors' fees paid by Bellon SA in Fiscal 2010 and Fiscal 2011 for his appointment as member of the Supervisory Board of Bellon SA.

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 2010 *(in euro)*			Fiscal 2011 *(in euro)*		
	Total annual compensation			Total annual compensation		
	Fixed	Variable[(1)]	Fringe benefits	Fixed	Variable[(1)]	Fringe benefits
Astrid Bellon[(2)]	97,296	-	-	97,926	-	-
François-Xavier Bellon[(2)]	97,296	-	-	97,926	-	-
Sophie Clamens[(3)]	259,590	15,471	2,940	287,699	25,271	2,940
Nathalie Szabo[(4)]	198,526	7,371	3,773	239,808	-	3,785
Patricia Bellinger[(5)]	34,600	-	-	34,600	-	-

(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 (144,300 euro for Fiscal 2010 and 157,636 euro for Fiscal 2011) and for her position as Chief Executive Officer of Sodexo France Corporate (130,761 euro for Fiscal 2010 and 155,334 for Fiscal 2011). Sophie Clamens has the use of a company car.
(4) Compensation paid for her membership of the Management Board of Bellon SA (127,296 euro for Fiscal 2010 and 140,632 euro for Fiscal 2011) and for her position as Chief Executive Officer of Sodexo Prestige (78,601 euro for Fiscal 2010 and 99,176 euro for Fiscal 2011). Nathalie Szabo has the use of a company car.
(5) Compensation paid for her membership of the Business Advisory Board of Sodexo Inc. in the United States (USD 50,000).

3. EXECUTIVE COMMITTEE COMPENSATION

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, intended to compensate the achievement of ambitious earnings objectives over a period of three consecutive fiscal years. Only members of Group management having a significant impact on the realization of strategic objectives are eligible for this medium term plan.

Depending on the manager, the annual performance-based bonus represents between 60 and 100% of the fixed salary, conditional upon fulfillment of targets, and may be increased to 150% if quantitative targets are exceeded. For operational 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, 30% of the bonus depends on fulfillment of financial performance targets by the Group in the fiscal year elapsed; 20% depends on the implementation of strategic initiatives steered at Group level by the functions concerned; and 50% on individual qualitative targets.

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, 2011 (including the Chief Executive Officer, details of whose compensation are provided on page 250 of this document), amounted to 9,250,109 euro. This amount comprises a fixed portion of 4,341,284 euro, a variable portion of 4,878,249 euro, and 30,577 euro of contributions to retirement plans, as described above.

3.1 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 time of the year and their exercise price is not discounted;
- option lives are six to seven years;
- vesting of options is subject to conditions regarding effective presence of the beneficiary in the Sodexo Group and, for plans subsequent to 2007, to the achievement of a specified level of profit attributable to equity holders of the parent over three fiscal years. However, this latter condition applies only to a certain portion of the stock options granted to each beneficiary (between 0 and 50%, except for the Chief Executive Officer, whose grant is wholly subject to the performance condition), the remainder of the options vesting in equal tranches over 4 years.

At its meeting on November 8, 2010, the Board of Directors noted that the performance condition included in the grant documents for the stock options granted in 2008 and linked to the achievement of a certain level of net profit attributable to equity holders of the parent as of the August 31, 2010 close had not been met, and accordingly cancelled all of the stock options subject to this condition. In compliance with the grant documents for the options granted on January 19, 2009 and January 11, 2010 and on the recommendation of the Compensation Committee, the Board of Directors decided to modify the performance condition included in these plans for 2009 and 2010 linked to the achievement of a certain level of net profit attributable to equity holders of the parent over a three year period. The changes made reflected consideration of developments in the global economy (and a slower recovery than initially thought); the Board also decided to neutralize exchange rate effects by measuring the performance condition at constant exchange rates.

3.1.1 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 unexercised stock options issued by the Company in connection with various plans still in effect as of August 31, 2011 was 6,439,038 for a total amount of 277,943,760 euro (see table below for details). The number of options exercisable as of August 31, 2011 was 1,944,228, 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
February 3, 2004	January 18, 2005 (A)	537,100	60,000	January 18, 2006
February 3, 2004	January 18, 2005 (B)	466,000		January 18, 2008
February 3, 2004	January 18, 2005 (C)	6,900		January 18, 2008
February 3, 2004	June 16, 2005 (B)	20,000		June 16, 2006
February 3, 2004	January 10, 2006 (A1)	369,604	63,000	January 10, 2007
February 3, 2004	January 10, 2006 (A2)	192,996		January 10, 2007
February 3, 2004	January 10, 2006 (B)	399,802		January 10, 2007
February 3, 2004	January 10, 2006 (C)	5,050		January 10, 2007
January 31, 2006	January 16, 2007 (A1)	502,600	90,000*	January 16, 2008
January 31, 2006	January 16, 2007 (A2)	337,600		January 16, 2008
January 31, 2006	January 16, 2007 (B)	500,000		January 16, 2008
January 31, 2006	January 16, 2007 (C)	4,500		January 16, 2008
January 31, 2006	April 24, 2007 (A1)	20,000		April 24, 2008
January 31, 2006	April 24, 2007 (A2)	1,600		April 24, 2008
January 31, 2006	September 11, 2007 (B)	40,000		September 11, 2008
January 31, 2006	January 7, 2008 (A1)	619,300	100,000*	50% of the options: January 7, 2009 50% of the options: July 1, 2011[(4)]

(1) Beneficiaries of plans:
(A) Plan reserved for non-U.S. employees.
(A1) Plan reserved for employees resident in France.
(A2) Plan reserved for employees non-resident in France.
(A3) Plan reserved for corporate officers.
(B) Plan reserved for employees resident in North America.
(C) Plan reserved for U.S. employees not resident in the U.S.
(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) Subject to achieving a specified level of profit attributable to equity holders of the parent for Fiscal 2012.
(7) Subject to achieving a specified level of profit attributable to equity holders of the parent for Fiscal 2013.
(8) Total number of options canceled as a result of departure of beneficiaries, and for plans granted in 2008 due to non-fulfillment of performance conditions, 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 Corporate Officer ("mandataire social") granted stock options, is required to hold a number of shares received upon exercise of the stock options granted under these plans, equivalent to 30% of his base salary as of the date of exercise of said options.*

Expiration date	Exercise price[3] *(in euro)*	Terms of exercise	Cumulative number of shares purchased as of Aug. 31, 2011	Cumulative number of options cancelled[8]	Options outstanding as of Aug. 31, 2011
January 17, 2011	23.08	25% at each anniversary date	457,691	79,795	0
January 17, 2011	23.08	25% at each anniversary date	432,672	34,008	0
January 17, 2011	23.08	25% at each anniversary date	6,906	0	0
June 15, 2011	26.02	25% at each anniversary date	20,016	0	0
January 9, 2012	34.83	25% at each anniversary date	169,011	51,842	149,026
January 9, 2012	34.83	25% at each anniversary date	142,315	24,676	26,180
January 9, 2012	34.83	25% at each anniversary date	304,952	25,413	69,827
January 9, 2012	34.83	25% at each anniversary date	5,054	0	0
January 15, 2014	47.82	25% at each anniversary date	52,930	48,064	401,614
January 15, 2013	47.82	25% at each anniversary date	98,542	55,367	181,485
January 15, 2013	47.82	25% at each anniversary date	221,331	48,142	229,935
January 15, 2013	47.82	25% at each anniversary date	0	4,504	0
April 23, 2014	55.36	25% at each anniversary date	0	0	20,014
April 23, 2013	55.36	25% at each anniversary date	0	0	1,602
September 10, 2013	47.17	25% at each anniversary date	15,011	0	25,017
January 6, 2015	42.27	12.5% at each anniversary date 50% at the 3rd anniversary date[4]	625	344,461	274,720

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
January 31, 2006	January 7, 2008 (A2)	451,700		50% of the options: January 7, 2009 50% of the options: January 7, 2011(4)
January 31, 2006	January 7, 2008 (B)	555,200		50% of the options: January 7, 2009 50% of the options: January 7, 2011(4)
January 31, 2006	September 9, 2008 (A1)	30,000		50% of the options: September 9, 2009 50% of the options: September 9, 2011(4)
January 31, 2006	September 9, 2008 (A2)	15,000		50% of the options: September 9, 2009 50% of the options: September 9, 2011(4)
January 31, 2006	January 19, 2009 (A1)	631,575	100,000*	50% of the options: January 19, 2010 50% of the options: January 19, 2012(5)
January 31, 2006	January 19, 2009 (A2)	447,225		50% of the options: January 19, 2010 50% of the options: January 19, 2012(5)
January 31, 2006	January 19, 2009 (B)	545,100		50% of the options: January 19, 2010 50% of the options: January 19, 2012(5)
January 19, 2009	January 11, 2010 (A1)	553,450		50% of the options: January 11, 2011 50% of the options: January 11, 2013(6)
January 19, 2009	January 11, 2010 (A2)	482,250		50% of the options January 11, 2011 50% of the options: January 11, 2013(6)
January 19, 2009	January 11, 2010 (A3)	100,000	100,000*	100% of the options: January 11, 2013(6)

(1) Beneficiaries of plans:
- *(A) Plan reserved for non-U.S. employees.*
- *(A1) Plan reserved for employees resident in France.*
- *(A2) Plan reserved for employees non-resident in France.*
- *(A3) Plan reserved for corporate officers.*
- *(B) Plan reserved for employees resident in North America.*
- *(C) Plan reserved for U.S. employees non-resident in the U.S.*

(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) Subject to achieving a specified level of profit attributable to equity holders of the parent for Fiscal 2012.
(7) Subject to achieving a specified level of profit attributable to equity holders of the parent for Fiscal 2013.
(8) Total number of options canceled as a result of departure of beneficiaries, and for plans granted in 2008 due to non-fulfillment of performance conditions, 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 Corporate Officer ("mandataire social") granted stock options, is required to hold a number of shares received upon exercise of the stock options related to these plans, equivalent to 30% of his base salary as of the date of exercise of these options for the duration of his mandate.*

Expiration date	Exercise price[3] *(in euro)*	Terms of exercise	Cumulative number of shares purchased as of Aug. 31, 2011	Cumulative number of options cancelled[8]	Options outstanding as of Aug. 31, 2011
January 6, 2014	42.27	12.5% at each anniversary date 50% at the 3rd anniversary date[4]	46,663	261,764	143,677
January 6, 2014	42.27	12.5% at each anniversary date 50% at the 3rd anniversary date[4]	90,695	296,070	168,819
September 8, 2015	45.56	12.5% at each anniversary date 50% at the 3rd anniversary date[4]	0	15,000	15,000
September 8, 2014	45.56	12.5% at each anniversary date 50% at the 3rd anniversary date[4]	0	7,500	7,500
January 18, 2016	39.40	12.5% at each anniversary date 50% at the 3rd anniversary date[5]	200	38,388	592,987
January 18, 2015	39.40	12.5% at each anniversary date 50% at the 3rd anniversary date[5]	37,056	57,110	353,059
January 18, 2015	39.40	12.5% at each anniversary date 50% at the 3rd anniversary date[5]	65,545	20,078	460,477
January 10, 2017	39.88	12.5% at each anniversary date 50% at the 3rd anniversary date[6]	87	24,350	529,013
January 10, 2016	39.88	12.5% at each anniversary date 50% at the 3rd anniversary date[6]	10,915	12,538	458,797
January 10, 2017	39.88	100% at the 3rd anniversary date[6]	0	0	100,000

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
January 19, 2009	January 11, 2010 (B)	564,000		50% of the options: January 11, 2011 50% of the options: January 11, 2013[(6)]
January 19, 2009	December 13, 2010 (A1a)	63,650		December 13, 2011
January 19, 2009	December 13, 2010 (A1b)	282,650		70% of the options December 13, 2011 30% of the options: December 13, 2013[(7)]
January 19, 2009	December 13, 2010 (A1c)	219,000		50% of the options December 13, 2011 50% of the options: December 13, 2013[(7)]
January 19, 2009	December 13, 2010 (A2a)	50,850		December 13, 2011
January 19, 2009	December 13, 2010 (A2b)	388,850		70% of the options December 13, 2011 30% of the options: December 13, 2013[(7)]
January 19, 2009	December 13, 2010 (A2c)	53,000		50% of the options December 13, 2011 50% of the options: December 13, 2013[(7)]
January 19, 2009	December 13, 2010 (A3)	120,000	120,000*	100% of the options: December 13, 2013[(7)]
January 19, 2009	December 13, 2010 (Ba)	50,000		December 13, 2011[(7)]
January 19, 2009	December 13, 2010 (Bb)	453,700		70% of the options December 13, 2011 30% of the options: December 13, 2013[(7)]
January 19, 2009	December 13, 2010 (Bc)	53,000		50% of the options December 13, 2011 50% of the options: December 13, 2013[(7)]

(1) Beneficiaries of plans:
- *(A) Plan reserved for non-U.S. employees.*
- *(A1) Plan reserved for employees resident in France.*
- *(A2) Plan reserved for employees non-resident in France.*
- *(A3) Plan reserved for corporate officers.*
- *(B) Plan reserved for employees resident in North America.*
- *(C) Plan reserved for U.S. employees non-resident in the U.S.*

(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) Subject to achieving a specified level of profit attributable to equity holders of the parent for Fiscal 2012.
(7) Subject to achieving a specified level of profit attributable to equity holders of the parent for Fiscal 2013.
(8) Total number of options canceled as a result of departure of beneficiaries, and for plans granted in 2008 due to non-fulfillment of performance conditions, 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 Corporate Officer ("mandataire social") granted stock options, is required to hold a number of shares received upon exercise of the stock options related to these plans, equivalent to 30% of his base salary as of the date of exercise of these options for the duration of his mandate.*

Expiration date	Exercise price[3] *(in euro)*	Terms of exercise	Cumulative number of shares purchased as of Aug. 31, 2011	Cumulative number of options cancelled[8]	Options outstanding as of Aug. 31, 2011
January 10, 2016	39.88	12.5% at each anniversary date 50% at the 3rd anniversary date[6]	34,666	14,445	514,889
December 12, 2017	48.37	25% at each anniversary date	0	2,500	61,150
December 12, 2017	48.37	17.5% at each anniversary date 30% at the 3rd anniversary date[7]	0	0	282,650
December 12, 2017	48.37	12.5% at each anniversary date 50% at the 3rd anniversary date[7]	0	0	219,000
December 12, 2016	48.37	25% at each anniversary date	0	0	50,850
December 12, 2016	48.37	17.5% at each anniversary date 30% at the 3rd anniversary date[7]	0	7,250	381,600
December 12, 2016	48.37	12.5% at each anniversary date 50% at the 3rd anniversary date[7]	0	0	53,000
December 12, 2017	48.37	100% at the 3rd anniversary date[7]	0	0	120,000
December 12, 2016	48.37	25% at each anniversary date	0	0	50,000
December 12, 2016	48.37	17.5% at each anniversary date 50% at the 3rd anniversary date[7]	0	9,550	444,150
December 12, 2016	48.37	12.5% at each anniversary date 30% at the 3rd anniversary date[7]	0	0	53,000

Further, the number of stock options unexercised as of August 31, 2011, 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 4.23.4 to the consolidated financial statements), was 11,415 for a total amount of 343,324 U.S. dollars (see table below for details). All of these options were exercisable as of August 31, 2011, each entitling the holder to one Sodexo share if exercised.

Stock options grant date	Total number of options granted	Total number of options granted to Corporate Officers (Michel Landel)	Start of vesting period	Expiration date
November 6, 1997	112,648		November 6, 1998	November 11, 2012
December 15, 2000	702,817	29,657	December 15, 2001	December 15, 2010
January 5, 2001	2,966		January 5, 2002	January 5, 2011
April 2, 2001	19,281		April 2, 2002	April 2, 2011

(1) Exercise price adjusted after capital transactions carried out since grant date.
(2) Total number of options canceled as a result of departure of beneficiaries, as specified in rules governing the plans.

Exercise price [1] *(in USD)*	Terms of exercise	Number of shares exercised as of Aug. 31, 2011	Cumulative number of options canceled [2]	Options outstanding as of Aug. 31, 2011
29.9890	25% at each anniversary date	90,484	12,791	11,415
28.1360	25% at each anniversary date	636,918	67,155	0
27.5463	25% at each anniversary date	2,969	0	0
39.6802	25% at each anniversary date	19,297	0	0

3.1.2 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 plans still in force in Fiscal 2011 are detailed below:

Name	Date of Board meeting granting stock option plan	Number of options granted[(1)]	Exercise price as of Aug. 31, 2010 *(in euro)*	Expiration date	Options exercised as of Aug. 31, 2010	Options exercised in the fiscal year	Options unexercised as of Aug. 31, 2011
Elisabeth Carpentier	January 18, 2005 (A)	35,000	23.08	January 17, 2011	30,025	5,000	0
	January 10, 2006 (A1)	35,000	34.83	January 9, 2012		14,000	21,025
	January 16, 2007 (A1)	45,000	47.82	January 15, 2014			45,032
	January 7, 2008 (A1)	45,000	42.27	January 6, 2015			22,516[(2)]
	January 19, 2009 (A1)	41,000	39.40	January 18, 2016			41,000
	January 11, 2010 (A1)	45,000	39.88	January 10, 2017			45,000
	December 13, 2010 (A1c)	42,000	48.37	December 12, 2017			42,000
George Chavel	January 18, 2005 (B)	15,000	23.08	January 17, 2011	15,003	0	0
	January 10, 2006 (B)	11,363	34.83	January 9, 2012	7,104	4,264	0
	January 16, 2007 (B)	16,000	47.82	January 15, 2013		16,012	0
	September 11, 2007 (B)	20,000	47.17	September 10, 2013		15,011	5,003
	January 7, 2008 (B)	50,000	42.27	January 6, 2014		18,764	6,254[(2)]
	January 19, 2009 (B)	46,000	39.40	January 18, 2015		11,500	34,500
	January 11, 2010 (B)	55,000	39.88	January 10, 2016		6,875	48,125
	December 13, 2010 (Bc)	53,000	48.37	December 12, 2016			53,000
Roberto Cirillo	April 24, 2007 (A1)	20,000	55.36	April 23, 2014			20,014
	January 7, 2008 (A1)	20,000	42.27	January 6, 2015			10,007[(2)]
	January 19, 2009 (A1)	41,000	39.40	January 18, 2016			41,000
	January 11, 2010 (A1)	45,000	39.88	January 10, 2017			45,000
	December 13, 2010 (A1c)	40,000	48.37	December 12, 2017			40,000
Pierre Henry	January 18, 2005 (A)	10,000	23.08	January 17, 2011	10,007		0
	January 10, 2006 (A2)	35,000	34.83	January 9, 2012	35,025		0
	January 16, 2007 (A2)	50,000	47.82	January 15, 2013			50,035
	January 7, 2008 (A2)	50,000	42.27	January 6, 2014			25,017[(2)]
	January 19, 2009 (A2)	50,000	39.40	January 18, 2015			50,000
	January 11, 2010 (A2)	55,000	39.88	January 10, 2016			55,000
	December 13, 2010 (A2c)	53,000	48.37	December 12, 2016			53,000

(1) Total number of options granted by the Board of Directors at grant date.
(2) As stipulated in the regulations governing the January 7, 2008 plan, 50% of the options granted have been canceled due to non-fulfillment of the performance condition.
** Under article L.225-185 of the French Commercial Code, the Board of Directors has decided that Michel Landel, the only Corporate Officer ("mandataire social") granted stock options, is required to hold a number of shares received upon exercise of the stock options related to these plans, equivalent to 30% of his base salary as of the date of exercise of these options for the duration of his mandate.*

Name	Date of Board meeting granting stock option plan	Number of options granted(1)	Exercise price as of Aug. 31, 2010 *(in euro)*	Expiration date	Options exercised as of Aug. 31, 2010	Options exercised in the fiscal year	Options unexercised as of Aug. 31, 2011
Siân Herbert-Jones	January 18, 2005 (A)	40,000	23.08	January 17, 2011	10,000	30,028	0
	January 10, 2006 (A1)	40,000	34.83	January 9, 2012			40,028
	January 16, 2007 (A1)	50,000	47.82	January 15, 2014			50,035
	January 7, 2008 (A1)	50,000	42.27	January 6, 2015			25,017(2)
	January 19, 2009 (A1)	46,000	39.40	January 18, 2016			46,000
	January 11, 2010 (A1)	50,000	39.88	January 10, 2017			50,000
	December 13, 2010 (A1c)	47,000	48.37	December 12, 2017			47,000
Nicolas Japy	January 18, 2005 (A)	15,000	23.08	January 17, 2011	4,511	10,500	0
	January 10, 2006 (A1)	30,000	34.83	January 9, 2012		30,021	0
	January 16, 2007 (A1)	40,000	47.82	January 15, 2014		20,000	20,028
	January 7, 2008 (A1)	40,000	42.27	January 6, 2015			20,014(2)
	January 19, 2009 (A1)	36,000	39.40	January 18, 2016			36,000
	January 11, 2010 (A1)	45,000	39.88	January 10, 2017			45,000
	December 13, 2010 (A1c)	48,000	48.37	December 12, 2017			48,000
Michel Landel	January 18, 2005 (A)	60,000	23.08	January 17, 2011		60,042	0
	January 10, 2006 (A1)	63,000	34.83	January 9, 2012			63,045
	January 16, 2007 (A1)*	90,000	47.82	January 15, 2014			90,063
	January 7, 2008 (A1)*	100,000	42.27	January 6, 2015			50,035(2)
	January 19, 2009 (A1)*	100,000	39.40	January 18, 2016			100,000
	January 11, 2010 (A3)*	100,000	39.88	January 10, 2017			100,000
	December 13, 2010 (A3)	120,000	48.37	December 12, 2017			120,000
Aurélien Sonet	January 18, 2005 (A)	1,201	23.08	January 17, 2011	1,201		0
	January 10, 2006 (A1)	1,502	34.83	January 9, 2012		1,502	0
	January 16, 2007 (A1)	2,502	47.82	January 15, 2014			2,502
	January 7, 2008 (A1)	2,502	42.27	January 6, 2015			1,251(2)
	January 19, 2009 (A1)	1,600	39.40	January 18, 2016			1,600
	January 11, 2010 (A1)	3,000	39.88	January 10, 2017			3,000
	December 13, 2010 (A1b)	15,000	48.37	December 12, 2017			15,000
Damien Verdier	January 18, 2005 (A)	7,000	23.08	January 17, 2011	7,005		0
	January 10, 2006 (A1)	20,000	34.83	January 9, 2012		20,014	0
	January 16, 2007 (A1)	35,000	47.82	January 15, 2014			35,025
	January 7, 2008 (A1)	40,000	42.27	January 6, 2015			20,014(2)
	January 19, 2009 (A1)	35,000	39.40	January 18, 2016			35,000
	January 11, 2010 (A1)	45,000	39.88	January 10, 2017			45,000
	December 13, 2010 (A1c)	42,000	48.37	December 12, 2017			42,000

(1) Total number of options granted by the Board of Directors at grant date.

(2) As stipulated in the regulations governing the January 7, 2008 plan, 50% of the options granted have been canceled due to non-fulfillment of the performance condition.

** Under article L.225-185 of the French Commercial Code, the Board of Directors has decided that Michel Landel, the only Corporate Officer ("mandataire social") granted stock options, is required to hold a number of shares received upon exercise of the stock options related to these plans, equivalent to 30% of his base salary as of the date of exercise of these options for the duration of his mandate.*

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, and still in force in Fiscal 2011, are detailed below:

Name	Date of Board meeting granting stock option plan	Number of options granted(1)	Exercise price(2) *(in USD)*	Expiration date	Options exercised as of Aug. 31 2010	Options exercised in the fiscal year	Options outstanding as of Aug. 31 2011
George Chavel							
	December 15, 2000	3,965	28.1360	December 15, 2010	3,965		0
	April 2, 2001	5,000	39.6802	April 2, 2011	5,000		0
Michel Landel							
	December 15, 2000	29,657	28.1360	December 15, 2010		29,678	0

(1) Total number of options granted at grant date.
(2) Adjusted exercise price after transactions affecting capital stock after the grant date.

3.1.3 Stock options granted and exercised during Fiscal 2011, concerning the ten 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	376,000	48.37
Options exercised during the fiscal year by the ten Group employees exercising the largest number of options(1)	225,535	42.69

(1) Including 20,028 options granted on January 18, 2005, 34,884 options granted on January 10, 2006, 133,096 options granted on January 16, 2007 and 37,527 options granted on January 07, 2008.

Audit fees

(euro in millions excluding VAT)	PricewaterhouseCoopers				KPMG			
	Amount		%		Amount		%	
	Fiscal 2011	Fiscal 2010	Fiscal 2011	Fiscal 2010	Fiscal 2011	Fiscal 2010	Fiscal 2011	Fiscal 2010
Audit								
Audit of individual company financial statements and consolidated financial statements								
Issuer	0.6	0.6	10%	11%	0.6	0.6	15%	15%
Consolidated subsidiaries	4.7	4.3	74%	75%	3.1	3.2	76%	78%
TOTAL	**5.3**	**4.9**	**84%**	**86%**	**3.7**	**3.8**	**91%**	**93%**
Other audit services								
Issuer	0.1	0.1	1%	1%	0.1	0.1	2%	2%
Consolidated subsidiaries	0.3	0.6	4%	11%	0.1	0.2	3%	5%
TOTAL	**0.4**	**0.7**	**5%**	**13%**	**0.2**	**0.3**	**5%**	**7%**
Sub-total Audit	**5.7**	**5.6**	**89%**	**99%**	**3.9**	**4.1**	**96%**	**100%**
Other services to consolidated subsidiaries								
Legal, tax, labor	0.3	0.1	4%	1%	0.2		4%	0%
Other	0.4		7%					
TOTAL	**0.7**	**0.1**	**11%**	**1%**	**0.2**		**4%**	**0%**
TOTAL	**6.4**	**5.7**	**100%**	**100%**	**4.1**	**4.1**	**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 98% of financial statement audit fees, of which 57% were paid to PricewaterhouseCoopers and 41% to KPMG.

Audit fees paid by Group subsidiaries to firms other than PricewaterhouseCoopers and KPMG (and member firms of their international networks) amounted to 0.2 million euro for Fiscal 2011.

The increase in fees paid is primarily due to fees paid in connection with acquisition projects during the fiscal year.

The Audit Committee approved in advance all services performed by the auditors during Fiscal 2011.

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.

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Board Report

Presentation of Resolutions submitted to the Combined Annual Shareholders' Meeting, January 23, 2012

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 2011, the individual company financial statements of Sodexo showing net income of 302 million euro and the consolidated financial statements of the Group showing consolidated net income, Group share of 451 million euro.

Appropriation of net income for the fiscal year and dividend (2nd resolution)

This resolution relates to appropriation of net income for Fiscal 2011 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 1.46 euro per share, an increase of 8.1% as compared to the previous year. The dividend will become payable as of February 6, 2012. Specifically, shares not entitled to the distribution of dividends will be as of February 1, 2012 (the ex-date). The shares entitled to dividends shall be those shares held as of the close of business on February 3, 2012 (the record date).

Regulated related-party agreements and commitments (3rd resolution)

This resolution is intended to note that no new regulated related-party agreement or commitment, as defined in articles L.225-38 and L.225-42-1 of the French Commercial Code was entered into in Fiscal 2011. The Special Report of the Auditors indicating the absence of any new regulated related-party agreement or transaction in Fiscal 2011 is presented on page 194 of this document. This report also presents information on agreements and commitments entered into and approved by the shareholders in prior years and applicable during Fiscal 2011.

Re-election and appointment of directors (4th to 7th resolutions)

The directorships of Bernard Bellon, Sophie Clamens and Nathalie Szabo expire at the close of the Annual Shareholders' Meeting on January 23, 2012.

The Board of Directors is proposing that the shareholders re-elect Bernard Bellon, Sophie Clamens and Nathalie Szabo to the Board for a period of three years expiring at the close of the Annual Shareholders' Meeting called to approve the financial statements for the fiscal year-ended August 31, 2014.

The Board of Directors is further proposing, in its 7th resolution, and as recommended by the Nominations Committee, to elect Françoise Brougher to the Board of Directors. Ms. Brougher has been determined by the Board to qualify as independent, for a period of three fiscal years ending with the Annual Shareholders' Meeting called to approve the financial statements for the fiscal year-ended August 31, 2014.

Biographical information pertaining to the aforementioned persons is provided on pages 223 *et seq.* of this document.

Directors' fees (8th resolution)

The preparation and attendance at meetings of the Board of Directors and its Committee make growing demands on the attention and time of directors. Consequently, the Board is requesting an increase in the maximum amount set aside for the payment of directors' fees, to be distributed among them in strict compliance with the Board's Internal Regulations.

It is therefore proposed that the Shareholders' Meeting set the total amount of directors' fees to be paid to the Board of Directors for Fiscal 2012 at 580,000 euro for the current and future fiscal years, with this amount remaining in effect until such time as the Shareholders' Meeting makes a new decision.

Note this amount was previously unchanged at 530,000 euro since Fiscal 2008.

Share repurchases (9th resolution)

The Board of Directors is requesting the Shareholders' Meeting to renew the authorization to purchase treasury 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 24, 2011.

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.

The objectives of the share repurchase program are provided in the resolutions submitted to the Shareholders' Meeting.

As of August 31, 2011, the percentage of treasury shares held by the Company was 4.07% (refer to page 206 of the Registration Document for additional information on the use of the share repurchase program during Fiscal 2011).

2. EXTRAORDINARY BUSINESS

Capital reduction by cancellation of treasury shares (10th resolution)

The Board of Directors is proposing that the Annual Shareholders' Meeting 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 Annual Shareholders' Meeting.

This authority would be valid for a period of 26 months and would replace the authority of the same nature given by the Shareholders' Meeting of January 25, 2010.

No shares were cancelled by the Board of Directors during Fiscal 2011.

Increase in issued capital with maintenance of preferential subscription rights and through capitalization of premiums, reserves or profits (11th and 12th resolutions)

The Board of Directors is proposing that the Annual Shareholders' Meeting 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 11th resolution will enable the Board of Directors to decide to increase the issued capital on one or more occasions, maintaining shareholders' preferential subscription rights, via the issuance of ordinary shares (therefore excluding preferential shares) and/or any other securities giving access, immediately and/or at a later date, to the ordinary shares of the Company, within the following limits:

- the maximum nominal amount of the capital increases that may be carried out may not exceed 100 million euro (representing approximately 16% of the capital);
- the total nominal amount of debt securities that may be issued may not exceed 1 billion euro.

The authorization given under the 12th resolution will allow the Board of Directors to proceed with capital increases by capitalization, on one or more occasions, of all or part of the premiums, reserves or profits permitted to be capital under law and the bylaws, by means of allocation of new bonus shares for no consideration or by increasing the par value of existing shares, or both; the maximum nominal amount of capital increases that may be carried out in this manner may not exceed 200 million euro.

These authorizations would be valid for a period of 26 months and would replace the previous authorizations given by the Annual Shareholders' Meeting of January 25, 2010.

Capital increase reserved for members of employee share purchase plans (13th resolution)

Under French law, any Shareholders' Meeting that is asked to decide on or authorize an increase in issued capital increase by cash offer (as in the case of the 11th resolution) is also required to approve a resolution to carry out a capital increase reserved for employees who are members of an employee share purchase plan (French Commercial Code, article L.225-129-6 para. 1).

The Board of Directors therefore proposes that the Annual Shareholders' Meeting renew the authorization to increase the issued capital through the issuance of equity securities or other securities for the benefit of the members of an employee share purchase plan.

The maximum nominal amount of capital increases that may be carried out may not exceed 12.6 million euro (equivalent to approximately 2% of the issued capital); the price at which beneficiaries may purchase the shares will be set by the Board of Directors and may not be more than 20% less than the average price for the twenty trading sessions preceding the date of the decision setting the opening date of the plan. The Board may reduce or eliminate the discount, at its discretion, notably in order to comply with local legal, accounting, tax and social rules and legislation.

This authorization would be valid for a period of 26 months and would replace the previous authorization given by the Annual Shareholders' Meeting of January 25, 2010.

As of August 31, 2011, employee shareholdings represented 1.07% of the Company's issued capital.

Stock options (14th resolution)

Pursuant to articles L.225-177 to L.225-185 of the French Commercial Code, the Board of Directors is asking the Annual Shareholders' Meeting to authorize it to grant stock options to purchase the existing shares of the Company resulting from repurchases of said shares by the Company, as provided by law, to employees and the corporate officers of the Company and related companies as stipulated in article L.225-180 of the French Commercial Code.

The cumulative total number of shares related to the stock options granted may not exceed 5% of the shares comprising the issued capital of the Company as of the date of the Annual Shareholders' Meeting (a maximum of 7,856,601 shares). The total number of shares related to stock options granted in a given year may not exceed 2% of the said issued capital (a maximum of 3,142,640 shares), with the exception of adjustments which may be required by law to safeguard the rights of the beneficiaries. At the same time, options granted to the corporate officers of the Company may not represent more than 10% of all options granted by the Board of Directors during a given fiscal year pursuant to this authorization.

Options granted shall have a maximum term of eight years from their grant date.

The exercise price of the options may not be less than either the average opening price of the Company's shares on the Euronext Paris SA for the twenty trading sessions preceding the day on which the stock options are granted, nor 80% of the average purchase price of shares held by the Company under articles L.225-208 and L.225-209 of the French Commercial Code.

All of the options granted to the corporate officers of the Company shall be subject to one or more performance conditions, to be determined by the Board of Directors. All or some of the options granted to employees shall be subject to performance conditions.

This authorization would be valid for a period of 38 months and would replace the authorization previously given by the Annual Shareholders' Meeting of January 19, 2009.

As of August 31, 2011, stock options granted to the employees and corporate officers of the Group but not yet exercised represented 4.1% of the Company's issued capital. Information concerning Sodexo's policy on stock options is provided on page 255 of this document.

3. ORDINARY BUSINESS

Powers to perform formalities (15th 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 2011 of the financial authorizations granted to it by the Shareholders' Meeting are provided on page 204 of the Registration Document.

Resolutions submitted to the Combined Annual Shareholders' Meeting of January 23, 2012

1. ORDINARY BUSINESS

First resolution

(Adoption of the annual and consolidated financial statements, Fiscal 2011 – 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, 2011 as presented, showing net income of 302 million euro, and the consolidated financial statements for the year ended August 31, 2011, showing net profit, Group share equal to 451 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, 2011.

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 2011 of	301,668,265 euro
plus retained earnings as of the close of Fiscal 2011 of	720,117,974 euro
Making a total available for distribution of:	**1,021,786,239 euro**
In the following manner:	
• dividend (on the basis of 157,132,025 shares comprising the share capital)	229,412,757 euro
• retained earnings	792,373,482 euro
TOTAL	**1,021,786,239 euro**

Accordingly, the Shareholders' Meeting resolves that a dividend of 1.46 euro will be paid on each share having a right to receive a dividend.

The dividend will be paid as of February 6, 2012. Specifically, shares not entitled to the distribution of dividends will be as of February 1, 2012. 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 3, 2012.

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 243 *bis* 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 2010 (paid in 2011)	Fiscal 2009 (paid in 2010)	Fiscal 2008 (paid in 2009)
Dividend per share*	€1.35	€1.27	€1.27
Total payout	€208,024,389	€197,465,754	€196,566,626

* *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 regulated agreements and commitments)

The Shareholders' Meeting, having heard the auditors' special report on regulated agreements and commitments under article L.225-40 of the French Commercial Code, acknowledges the information provided in this report and that no new agreement or commitment subject to the terms of articles L.225-38 and L.225-42-1 of the French Commercial Code has been entered into in the fiscal year ended August 31, 2011.

Fourth resolution

(Renewal of directorship of Bernard Bellon)

The Shareholders' Meeting, noting that the directorship of Bernard Bellon expires this day, resolves to renew his directorship for a period of three years ending at the close of the Ordinary Shareholders' Meeting of August 31, 2014.

Fifth resolution

(Renewal of the directorship of Sophie Clamens)

The Shareholders' Meeting, noting that the directorship of Sophie Clamens expires this day, resolves to renew her directorship for a period of three years ending at the close of the Ordinary Shareholders' Meeting of August 31, 2014.

Sixth resolution

(Renewal of the directorship of Nathalie Szabo)

The Shareholders' Meeting, noting that the directorship of Nathalie Szabo expires this day, resolves to renew her directorship for a period of three years ending at the close of the Ordinary Shareholders' Meeting of August 31, 2014.

Seventh resolution

(Election of Françoise Brougher to the Board)

The Shareholders' Meeting elects Françoise Brougher to the Board for a period of three years ending at the close of the Ordinary Shareholders' Meeting of August 31, 2014.

Eighth resolution

(Directors' fees for Fiscal 2012)

The Shareholders' Meeting sets at 580,000 euro the total amount of directors' fees to be paid for Fiscal 2012, with this amount remaining in affect until such time as the Shareholder's Meeting makes a new decision.

The Shareholders' Meeting resolves that the Board of Directors shall determine the allocation and date of payment of said directors' fees at its discretion.

Ninth resolution

(Authorization to the Board of Directors for the Company to purchase treasury 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 Company to acquire treasury shares. This authorization is designed to allow the Company to grant stock options to employees or the corporate officers of the Company or its affiliates and/or to cancel the shares by reducing the issued capital, subject to adoption of the tenth Extraordinary Resolution by this Shareholders' Meeting, and/or to carry out market-making in the shares of Sodexo under a liquidity contract with an investment services provider, prepared in accordance with the Code of Conduct recognized by the *Autorité des marchés financiers*, and/or to transfer said shares at some later date in connection with the exercise of stock options or other rights giving access to Company shares or as a means of payment or exchange in connection with mergers and acquisitions.

These transactions may be effected by any method on the stock market or over-the-counter, including by means of derivative financial instruments 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 maximum 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 (a maximum of 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 does not at any time have more treasury shares than the legally permitted maximum of 10% of shares.

The Shareholders' Meeting resolves that the maximum 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 acknowledges 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 seventh resolution of the Combined Shareholders' Meeting of January 24, 2011.

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

Tenth resolution

(Authorization to reduce issued capital through cancelation of treasury shares)

The Shareholders' Meeting, having heard the report of the Board of Directors and the special report of the Statutory Auditors authorizes the Board of Directors, pursuant to article L.225-209 of the French Commercial Code, to cancel, on one or more occasions and within the limit of 10% of the total number of shares in the issued capital as of this Shareholders' Meeting, by period of twenty-four (24) months, some or all of the shares purchased by the Company under the share repurchase program authorized by the shareholders and to reduce issued capital accordingly.

The Shareholders' Meeting fully authorizes the Board of Directors and any duly authorized representative of the Board to perform such transactions relating to the cancellation and reduction of capital as may be required pursuant to this authorization, and in particular to apply the difference between the value at purchase of the cancelled shares and their par value to available premiums and reserves, including the legal reserve, up to the equivalent of 10% of the cancelled capital, to amend the bylaws accordingly, to make filings and carry out other formalities, and generally do all that is necessary.

The Shareholders' Meeting acknowledges that this authorization is granted for a period of twenty-six (26) months from the date of this Shareholders' Meeting and voids from this day any unused portion of the authorization to the same effect granted in the sixth resolution of the Combined Shareholders' Meeting of January 25, 2010.

Eleventh resolution

(Delegation to the Board of Directors of the ability to increase issued capital through the issuance – with preferential subscription rights of shareholders – ordinary shares and/or other securities giving access to capital)

The Shareholders' Meeting, having heard the report of the Board of Directors and the Special Report of the Statutory Auditors, as prescribed by the French Commercial Code, and in particular its articles L.225-129 to L.225-129-6 and L.228-91 to L.228-93, and after having noted that the issued capital is fully paid:

1. authorizes the Board of Directors and any duly authorized representative to increase the capital on one or more occasions with preferential rights maintained, via the issuance, in France or elsewhere, in euro or in any other currency or basket of currencies, ordinary shares (thus excluding preferential shares) and/or any other securities giving access in any form, immediately and/or at some later date, to the ordinary shares of the Company;
2. sets the duration of the validity of this authorization at twenty-six (26) months;
3. decides that if the Board of Directors utilizes this authorization:
   - the maximum total nominal amount of capital increases that may be carried out pursuant to this authorization is set at 100 million euro, to which will be added, as appropriate, the additional amount representing shares to be issued in order to safeguard the rights of holders of securities giving access to the capital, as required by law,
   - the total nominal amount of debt securities that may be issued may not exceed 1 billion euro or equivalent of this amount as of this day in any other currency or basket of currencies,
   - shareholders shall have irreducible rights to the issue or issues in proportion to the shares held by them at the time, the Board of Directors having the power to institute a reducible right to purchase, as prescribed in article L.225-133 of the French Commercial Code,
   - if irreducible, and, where applicable, reducible purchases do not absorb the entire issue, the Board of Directors may at its discretion offer all or part of the shares and/or securities not purchased for sale to the public,
   - the decision to issue securities giving access to the capital shall entail explicit waiver by shareholders, in favor of holders of the securities issued, of their preemptive rights to the capital securities to which the securities issued will entitle them;
4. acknowledges that this delegation of powers implies that the Board of Directors or its duly authorized representative will have full powers, as prescribed by law, to implement this delegation of authority and in particular, at its sole discretion, to set the terms of issue, the nature and characteristics of securities giving access to the capital, procedures for the allocation of the capital securities to which these securities entitle the holder, and the dates at which allocation rights may be exercised, to charge costs incurred in the

capital increase to premiums pertaining thereto and transfer from this amount the necessary sums to the legal reserve, make all adjustments the capital of the Company, note the completion of capital increases and amend bylaws accordingly, perform the necessary formalities, enter into all agreements, notably in order to complete the planned issues, and generally do all that is necessary;

5. acknowledges that this delegation of powers voids from this day the unused portion of the authorization to the same effect granted in the seventh resolution of the Combined Shareholders' Meeting of January 25, 2010;
6. acknowledges that if the Board of Directors makes use of the authority conferred on it herein, the Board of Directors will report on this utilization to the next Ordinary Shareholders' Meeting, as prescribed by law and the regulations.

Twelfth resolution

(Power to increase the issued capital by capitalization of premiums, reserves or profits)

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 to L.225-129-2 and L.225-130 of the French Commercial Code:

1. authorizes the Board of Directors and any duly authorized representative of the Board to decide to increase the issued capital on one or more occasions, in proportions and at times to be decided at its discretion, by capitalization of all or part of the premiums, reserves or net income whose capitalization is permitted under law, in the form of the allocation of new bonus shares or by increasing the par value of existing shares, or by a combination of the two procedures;
2. sets at twenty-six (26) months from the date of this Meeting the validity of this delegation of powers;
3. decides that if the Board of Directors uses the authority conferred on it herein, the maximum nominal amount of capital increases authorized under this delegation of powers is set at 200 million euro, it being stipulated that this ceiling may be increased, if necessary, by the additional number of shares of the Company required in order to safeguard the rights of holders of securities giving access to the capital, as prescribed by law;
4. acknowledges that the powers delegated herein confers full powers on the Board of Directors or its duly authorized representatives as prescribed by law to implement the powers thus conferred, and in particular to:
   - determine the amount and nature of the reserves to be capitalized, to set the number of new shares to be issued and/or the amount and nature of the reserves to be capitalized, set the number of new shares to be issued and/or the amount by which the par value of existing shares is to be increased, set the date, if necessary retroactive, as of which the new shares will be eligible and that as of which the increase in the par value of existing shares takes effect,
   - in the case of the issuance of new shares, decide that (i) rights attaching to odd-lots will not be tradable, and that the corresponding shares will be sold, and that the proceeds of the sale will be allocated to holders of said rights as prescribed by law and the regulations, and (ii) the shares to be allocated pursuant to this delegation on the basis of old shares carrying double voting rights and/or the right to a dividend premium shall be eligible for this right as of the time of their issue,
   - make all adjustments required in the event of transactions on the capital of the Company and set the procedures necessary in order to safeguard, should the need arise, the rights of holders of securities giving access to the capital,
   - acknowledge the completion of each capital increase and amend the bylaws accordingly,

- generally enter into all agreements, take all measures and perform all filings pertaining to the issue, listing and administration of securities issued under the powers conferred herein, and to the exercise of the rights attached thereto;

5. acknowledges that this authorization voids from this day the authorization to the same effect granted in the Eighth resolution of the Combined Shareholders' Meeting of January 25, 2010.

Thirteenth resolution

(Authorization to increase the issued capital via the issuance of ordinary shares or securities giving access to the capital reserved for members of Employee Share Purchase plans, with waiver of preemption rights in favor of the latter)

The Shareholders' Meeting, having heard the report of the Board of Directors and the Statutory Auditors' special report, as prescribed in articles L.225-129 *et seq.* and L.225-138-1of the French Commercial Code, and in articles L.3332-18 to L.3332-24 of the French Labor Code:

1. authorizes the Board of Directors and duly authorized representatives to increase the issued capital of the Company, on one or more occasions, via the issuance of ordinary shares or securities giving access to the capital, reserved for members of one or more Employee Share Purchase plans established by the Group comprising the Company and consolidated French or foreign companies, or of a combination of Company accounts, as prescribed by article L.3344-1 of the French Labor Code;
2. sets at twenty-six (26) months from the date of this Meeting the validity of this delegation of powers;
3. decides that if the Board of Directors utilizes the aforesaid authorization, the maximum total nominal amount of the capital increases that may be carried out under this authorization is set at 12.6 million euro (representing approximately 2% of the issued capital as of the date of this Annual Shareholders' Meeting);
4. decides that the issue price of the new shares or securities giving access to the capital that may be issued pursuant to this authorization will be determined as prescribed in article L.3332-18 *et seq.* of the French Labor Code and will be equal to at least 80% of the average opening price of the Company's shares on the regulated Euronext Paris market for the twenty trading days preceding the day on which the decision is made setting the opening date for subscription by the members of an Employee Share Purchase plan. The Board of Directors may, at its discretion, reduce or cancel the aforementioned discount, within the limits prescribed by law and the regulations, in order to allow, inter alia, for compliance with local legal, accounting, tax and social regulations;
5. authorizes the Board of Directors to allocate to the aforementioned beneficiaries, in addition to the shares or securities giving access to the capital to be purchased for cash, bonus shares or securities giving access to the capital, to be issued or already issued, substituting in full or in part for the discount and/or employer's contribution, it being stipulated that the benefit resulting from this 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, the preemptive rights of shareholders to the shares or securities giving access to the capital whose issuance is referred to in the authorization described herein, and to the shares to which the said securities will entitle their holders;
7. decides that the Board of Directors or its duly appointed representatives will have full powers to implement this resolution, and in particular to set the terms and conditions of the transactions, and to determine the dates and procedures for the issues to be carried out under this authorization, to determine the opening and closing dates for subscriptions, dates of eligibility, procedures for the payment of shares, to grant extensions to the period for payment of shares, to apply to list the shares thus created on stock exchanges of its choice, to note the completion of the capital increases for the value of the shares effectively purchased, to perform, directly or by its appointed agents, all transactions and filings pertaining to

the capital increases, at its sole discretion and, at its discretion, to charge costs incurred in the capital increases to the premiums arising from these increases, and to transfer from this amount the requisite sums to increase the legal reserve to one-tenth of the new capital resulting from these capital increases;

8. acknowledges that this authorization voids from this day the unused portion of the authorization to the same effect granted in the ninth resolution of the Combined Shareholders' Meeting of January 25, 2010;
9. acknowledges that if the Board of Directors uses the authorization given to it herein, it will report on this utilization to the next Ordinary Shareholders' Meeting, as prescribed by law and the regulations.

Fourteenth resolution

(Authorization to the Board of Directors to grant stock options)

The Shareholders' Meeting, having reviewed the report of the Board of Directors and the Statutory Auditors' special report, and as prescribed in particular in articles L.225-177 to L.225-185 of the French Commercial Code:

1. authorizes the Board of Directors to grant stock options to purchase on one or more occasions, for the benefit of the beneficiaries listed hereafter, existing shares of the Company resulting from purchases made by the Company as prescribed by law;
2. sets the term of this authorization at thirty-eight (38) months from the date of this Shareholders' Meeting;
3. decides that the sole beneficiaries of these options shall be:
    - employees or certain employees, or certain categories of personnel, or
    - the corporate officers defined by law, or certain of them,

   both of the Company itself and/or of French or foreign companies or groups of companies directly or indirectly affiliated with it as prescribed in article L.225-180 of the French Commercial Code;
4. decides that the options granted pursuant to this authorization may not allow for purchase of a total number of shares exceeding 5% of the number of shares comprising the issued capital of the Company as of the date of this Shareholders' Meeting (a maximum of 7,856,601 shares), without exceeding 2% of the said issued capital (i.e., a maximum of 3,142,640 shares) in a given fiscal year, not including such adjustments as may be required by law to safeguard the rights of beneficiaries;
5. decides that options granted to corporate officers of the Company pursuant to this authorization may not represent more than 10% of all options granted by the Board of Directors pursuant to this authorization for any given fiscal year;
6. decides that the exercise price of stock options will be set by the Board of Directors on the date at which the options are granted, and that this price may not be less than the average opening price of the Company's share on the Euronext Paris SA market for the twenty trading sessions preceding the options' grant date, nor less than 80% of the average purchase price of the shares held by the Company pursuant to articles L.225-208 and L.225-209 of the French Commercial Code;
7. gives to the Board of Directors and to its duly authorized representatives full authorization to set the other terms and conditions of the granting and exercise of the said options, and in particular to:
    - set conditions for the granting of the options and determine the list or categories of beneficiaries of options as provided above; decide on the conditions in which the price and number of shares may be adjusted in the different cases provided for in the French Commercial Code,
    - set the period(s) in which the options thus granted may be exercised, it being stipulated that the validity of the said options may not exceed a period of eight years from their grant date,

- make all of the options granted to corporate officers of the Company subject to fulfillment of one or more performance conditions to be determined by the Board of Directors,
- make some or all of the options granted to employees subject to fulfillment of one or more performance conditions to be determined by the Board of Directors,
- eventually prohibit the immediate resale of all or part of the shares acquired by the exercise of the said options for a period that may not exceed three years from the date of exercise of the option, it being stipulated that, in the case of options granted to corporate officers of the Company, the Board of Directors will determine the quantity of shares resulting from the exercise of options that they will be required to hold in registered form until the termination of their appointment,
- for the possibility of temporary suspension of the exercise of options for a maximum of three months in the event of financial transactions entailing the exercise of rights attached to the shares;

8. notes that this authorization voids from this day the unused portion of the authorization to the same effect granted in the twelfth resolution of the Combined Shareholders' Meeting of January 19, 2009.

3. ORDINARY BUSINESS

Fifteenth 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.

STATUTORY AUDITOR'S SPECIAL REPORT ON A SHARE CAPITAL REDUCTION

(Ordinary and Extraordinary Meeting of Shareholders held on January 23, 2012 – 10th resolution)

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.225-209 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 share capital reduction.

Your Board of Directors requests that you grant it full authority for a period of 26 months, starting from the date of this shareholders' meeting, to cancel the shares of stock purchased, within the limit of 10% of the capital of its Company in any given 24-month period, within the context of the authorization for your Company to purchase its own shares. This authorization terminates the authority granted during the ordinary and extraordinary shareholders' meeting held on January 25, 2010.

We have performed the procedures deemed necessary to comply with the professional guidance issued by the French Institute of Statutory Auditors (*"Compagnie nationale des commissaires aux comptes"*) in relation to this engagement. These procedures consisted of assessing whether the reasons for, and the terms and conditions of the proposed share capital reduction are legitimate and lawful.

We have no matters to report on the reasons for, and on the terms and conditions of the aforementioned proposed share capital reduction.

Neuilly-sur-Seine and Paris La Défense, November 8, 2011

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' 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.

STATUTORY AUDITORS' REPORT ON THE ISSUANCE OF SHARES AND/OR OTHER SECURITIES AND THE PRESERVATION OF EXISTING SHAREHOLDERS' PREFERENTIAL SUBSCRIPTION RIGHTS

(Ordinary and Extraordinary Meeting of Shareholders held on January 23, 2012 – 11th resolution)

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 pursuant to the provisions of the French Commercial Code (*Code de commerce*) and notably article L.228-92, we hereby report to you on the proposed delegation to the Board of Directors of the authority to decide one or several issuances of ordinary shares and/or other securities, which should be submitted to you for approval.

Your Board of Directors proposes, on the basis of its report, that it be granted the authority, with the possibility to delegate in compliance with the provisions of the French Law, for a period of 26 months to make a decision concerning the following transactions and to determine the final terms and conditions of the issuance of shares and/or other convertible securities, immediately and/or in the future, into ordinary shares of the Company and preserve the preferential subscription rights of existing shareholders.

The aggregate nominal amount of the share capital increases that may be carried out, either immediately or in the future may not exceed € 100 million. The aggregate nominal amount of debt securities that may be issued may not exceed € 1 billion.

The Board of Directors is responsible for preparing a report in accordance with articles R.225-113 and the following related articles of the French Commercial Code. Our role is to provide a conclusion on the true and fair nature of financial information taken from the financial statements and on certain other information concerning the transactions presented in the report.

We have performed the procedures deemed necessary to comply with the professional guidance issued by the French Institute of Statutory Auditors (*"Compagnie nationale des commissaires aux comptes"*) in relation to this engagement. These procedures consisted of verifying the content of the Board of Directors' report relating to the transactions and the terms and conditions for determining the issuance price of the shares and securities.

As the Board of Directors' report does not provide the terms and conditions for determining the prices of shares and securities to be issued, we are unable to provide a conclusion on the final terms and conditions under which the capital increase would be performed.

In accordance with article R.225-116 of the French Commercial Code, we will issue an additional report if and when the Board of Directors uses these delegations of authority to issue ordinary shares and/or securities convertible into the Company's share capital, and/or to other debt securities.

Neuilly-sur-Seine and Paris La Défense, November 8, 2011

The Statutory Auditors

PricewaterhouseCoopers Audit	**KPMG Audit**
	Department of KPMG SA
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STATUTORY AUDITORS' REPORT ON THE ISSUANCE OF ORDINARY SHARES AND/OR OTHER SECURITIES CONVERTIBLE INTO THE COMPANY'S SHARE CAPITAL FOR PARTICIPANTS TO THE EMPLOYEE SAVINGS PLAN OF THE COMPANY

(Ordinary and Extraordinary Shareholders' Meeting of January 23, 2012 - 13th resolution)

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 pursuant to the provisions of articles L.228-92 and L.225-135 and the following related articles of the French Commercial Code (*Code de commerce*), we hereby report to you on the proposed delegation to the Board of Directors, with the possibility of a further delegation in accordance with the provisions of the law, of the authority to decide an increase of contributed capital in one or several transactions through issuance of ordinary shares and/or securities convertible into the Company's shares without preserving the existing shareholders' preferential subscription rights, for participants in one or several employee savings plan of the Group consisting of the Company and subsidiaries in France and abroad, included in the consolidation scope or the combined financial statements of Sodexo S.A. in accordance with article L.3344-1 of the French Labor Code (Code du travail) for a maximum amount of € 12,600,000, which should be submitted to you for your approval.

This proposed 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 and the following related articles of the French Labor Code (Code du travail).

Your Board of Directors proposes on the basis of its report, that it be granted the authority for a period of 26 months, to decide on an increase of capital and to cancel your preferential subscription right for the shares and securities to be issued. If need be, the Board of Directors is responsible for setting the final terms and conditions of this transaction.

The Board of Directors is responsible for preparing a report in accordance with articles R.225-113 and the following related articles of the French Commercial Code. Our role is to provide a conclusion on the true and fair nature of financial information taken from the financial statements, on the proposed cancellation of preferential subscription rights, and on certain other information relating to the transaction presented in the report.

We have performed the procedures deemed necessary to comply with the professional guidance issued by the French Institute of Statutory Auditors (*"Compagnie nationale des commissaires aux comptes"*) in relation to this engagement. These procedures consisted of verifying the content of the Board of Directors report with respect to this operation and the terms and conditions for determining the issuance price of the shares and/or securities.

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 final terms and conditions of the issuance have not yet been set, we do not express a conclusion on the terms and conditions under which the capital increase would be performed. As a result, we do not express a conclusion on the cancellation of preferential subscription rights proposed by the Board of Directors.

In accordance with article R.225-116 of the French Commercial Code, we will issue an additional report if and when the Board of Directors proceeds with the capital increase.

Neuilly-sur-Seine and Paris La Défense, November 8, 2011

The Statutory Auditors

PricewaterhouseCoopers Audit	KPMG Audit
	Department of KPMG SA
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STATUTORY AUDITORS' REPORT ON THE AUTHORIZATION TO GRANT STOCK PURCHASE OPTIONS TO ELIGIBLE EMPLOYEES

(Ordinary and Extraordinary Meeting of Shareholders held on January 23, 2012 – 14th resolution)

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 articles L.225-177 and R.225-144 of the French Commercial Code (*Code de commerce*), we hereby report to you on the authorization to grant stock purchase options to certain employees and corporate officers of the Company and any company or economic interest group, in France or another country, affiliated to the Company, within the meaning of article L.225-180 of the French Commercial Code.

Your Board of Directors proposes that, on the basis of its report, it be authorized for a period of 38 months, to grant stock purchase options.

The Board of Directors is responsible for preparing a report on the terms and conditions under which these stock purchase options may be granted. Our role is to express a conclusion on the proposed terms and conditions under which the issuance price is determined.

We have performed the procedures deemed necessary to comply with the professional guidance issued by the French Institute of Statutory Auditors (*"Compagnie nationale des commissaires aux comptes"*) in relation to this engagement. These procedures consisted of verifying that the terms and conditions for determining the issuance price are stipulated in the report of the Board of Directors, and that they are in compliance with the provisions of the laws and regulations.

We have no matters to report on the proposed terms and conditions for the determination of the issuance price of the shares.

Neuilly-sur-Seine and Paris La Défense, November 8, 2011

The Statutory Auditors

PricewaterhouseCoopers Audit	**KPMG Audit**
	Department of KPMG SA
Louis-Pierre Schneider	Isabelle Allen

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Glossary

Glossary

ADR (American Depositary Receipts)

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.

Client retention

The client retention rate equals prior fiscal year revenues from contracts lost by Sodexo (to competitors or due to a decision not to outsource) divided by total prior fiscal year revenues for the entity in question. Also included are contracts terminated by Sodexo, and site closures.

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.

Corporate Officers

Corporate Officers is the term used in English for the French *"mandataires sociaux"* and refers to the Chief Executive Officer and the Members of the Board of Directors.

Employee engagement rate

Engagement is defined as a level of commitment in a Group or business, and refers to employees' commitment to the success of the business, their loyalty and their pride in being part of the business. As such the engagement rate is the percentage of employees having responded to the six engagement questions with an average rating of 4.5 or higher on an increasing scale of from 1 to 6 (methodology developed by AonHewitt).

Additional information is available on page 53 of this document.

Employee retention rate

The employee retention rate is the relationship between employees leaving during the year to the average number of employees.

Note that for purposes of this calculation employees leaving the Group do not include departures related to legal requirements or regulations concerning lost contracts, transfers between Group subsidiaries or the expiration of fixed-term contracts.

Group net income

Group net income is total net income generated by all Group companies less the portion of net income attributable to interests held by third party shareholders in subsidiaries not wholly owned by Sodexo.

Intensity risk

Risks whose frequency and severity require transfer 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's eight client segments.

Organic Growth

Organic growth is the increase in revenues, excluding exchange rate effects the impact of acquisitions or divestitures of subsidiaries for a twelve month period.

Personal and Home Services

The Group has completed its offer with a third activity with services provided in four main areas: childcare, tutoring and lifelong training, concierge services and home care for seniors.

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 Registration Document and the audit of the Financial Statements

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→ Responsibility for the Registration Document

Responsibility for the *Document de référence* (French-language equivalent of the Registration 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 300 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."

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 Member of the Compagnie Régionale de Versailles 63, rue de Villiers 92208 Neuilly-sur-Seine, France Registered no. RCS Nanterre 672 006 483 Represented by Louis-Pierre Schneider	February 22, 1994	6 years	Annual Shareholders' Meeting to be held in 2017 to adopt the financial statements for Fiscal 2016
KPMG Audit Département de KPMG SA Member of the Compagnie Régionale de Versailles 1, cours Valmy 92923 Paris-La Défense Cedex, France 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			
Yves Nicolas Membre de la Compagnie Régionale de Versailles 63, rue de Villiers 92208 Neuilly-sur-Seine, France	January 24, 2011	6 years	Annual Shareholders' Meeting to be held in 2017 to adopt the financial statements for Fiscal 2016
Bernard Pérot Member of the Compagnie Régionale de Versailles 1, cours Valmy 92923 Paris-La Défense Cedex, France	January 19, 2009	6 years	Annual Shareholders' Meeting to be held in 2015 to adopt the financial statements for Fiscal 2014

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Reconciliation table

→ Reconciliation table

To facilitate the reading of this document, the reconciliation table below identifies:

- the main headings required by Appendix 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 AMF (*Autorité des Marchés Financiers*);
- the disclosures constituting the Management Report of the Board of Directors defined by the French Commercial Code.

* *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 Registration document:*
- *Group management report, Group consolidated financial statements and Statutory Auditors' report on the consolidated financial statements for the year ended August 31, 2010, as presented on pages 286 and 85-161 of the Registration document filed with Autorité des Marchés Financiers (French financial markets authority) on November 10, 2010, under number D. 10-0882;*
- *Group management report, Group consolidated financial statements and Statutory Auditors' report on the consolidated financial statements for the year ended August 31, 2009 as presented on pages 284 and 113-194 of the Registration document filed with Autorité des Marchés Financiers (French financial markets authority) on November 10, 2009 under number D. 09-0749.*

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Sodexo
Group Financial Department
255, quai de la Bataille de Stalingrad
92866 Issy-les-Moulineaux Cedex 9
Tel.: +33 (0)1 30 85 75 00