

ANNUAL REPORT 2004-2005

Making every day
a better day




Sodexho
— ALLIANCE —

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This annual report was printed with plant-based ink by an “Imprim’vert” printer, on Symbol Freelifa Satin paper made of 50% elementary chlorine free pulp using virgin fibers from sustainably managed forests and 50% recycled paper pulp. The paper is manufactured without heavy metals and has received ISO 14001 certification.



1966-2006

40 YEARS TO BUILD GLOBAL MARKET LEADERSHIP

It was 40 years ago that contemporary foodservices emerged as a business. The service sector overall, predominant today in the economies of “industrialized” nations, was considered at that time as a *third-tier* segment of the economy. The epic of remote-site management was getting its start and restaurant vouchers were still to come. A great entrepreneurial adventure of challenge and change awaited Sodexho. This story, now available in a book, is a tribute to the men and women who transformed Sodexho into the world market leader of today.

2006-2015

A CORPORATE PLAN FOR A NEW AMBITION

The world turns and Sodexho evolves anew. The corporate plan, *Ambition 2015*, evokes the changes needed for the company to enter into this new era. More than 350 managers, from all geographic regions and business segments, took part in defining this common blueprint of ambition and motivation in a spirit of openness and dialogue. With a shared vision and commitment, as we look ahead to 2015, Sodexho employees take up the challenge of strengthening our company’s global leadership.

OUR STATED MISSION

Improve the Quality
of Daily Life

A COMPANY OF CHOICE **and a single identity worldwide**

Sodexo, a leader in our markets, is recognized everywhere for the quality of our work, our exemplary business model, our ethical principles and the strength of our commitments. Our worldwide brand policy supports this reputation. A key factor in loyalty and motivation, the Sodexo brand carries a message of professionalism and commitment for our clients, customers, employees and shareholders alike. It communicates our values to all of our stakeholders.

ethical principles

TRUST • RESPECT FOR PEOPLE •

at work

TRANSPARENCY • BUSINESS INTEGRITY

every day

FOOD AND MANAGEMENT SERVICES **No.1** WORLDWIDE*

SERVICE VOUCHERS AND CARDS **No.2** WORLDWIDE

PRESENT IN **76** HOST COUNTRIES

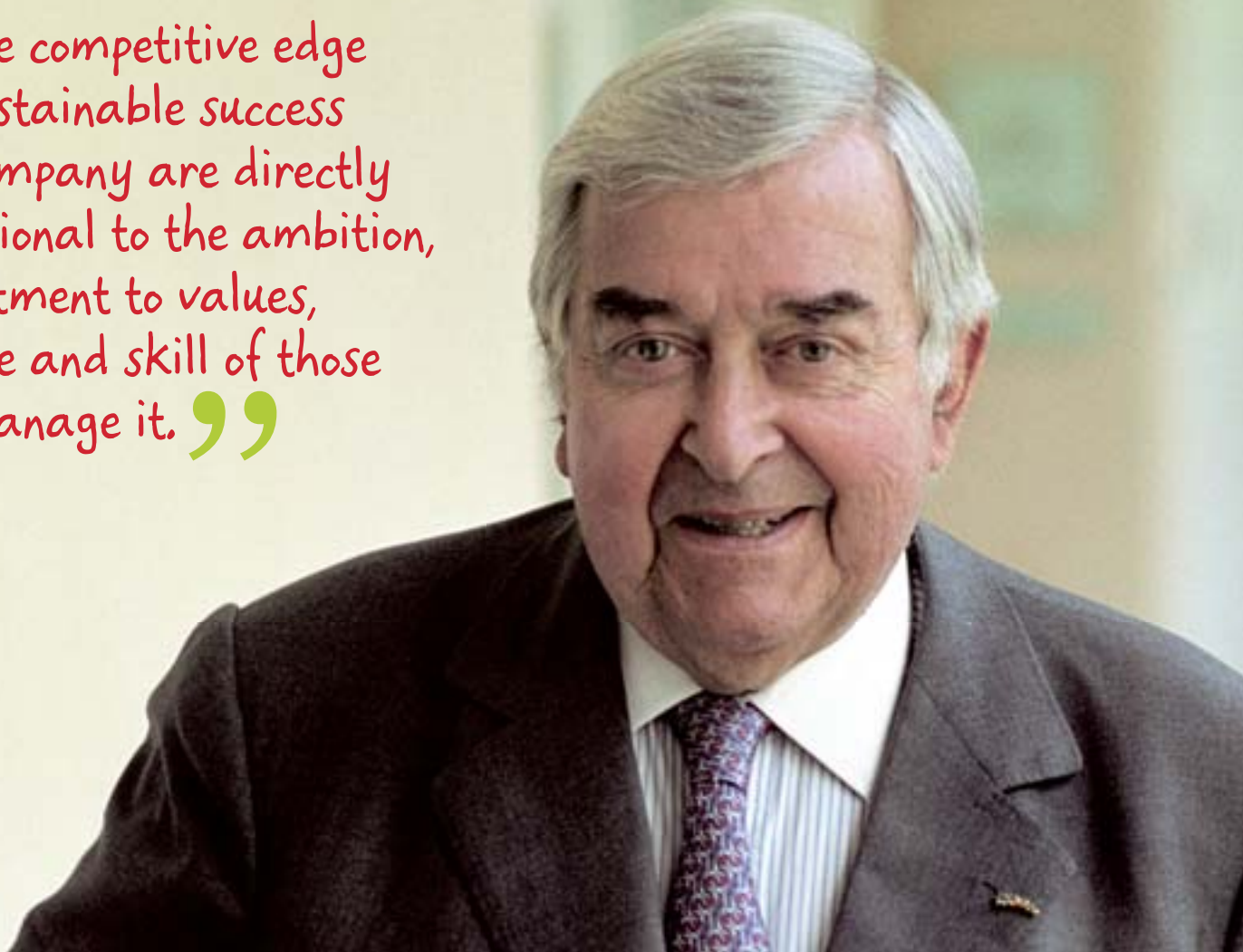
ON 5 CONTINENTS **26,700** SITES

WORLDWIDE **324,000** EMPLOYEES

* Excluding concessions.

Source: Sodexho.

“The competitive edge and sustainable success of a company are directly proportional to the ambition, commitment to values, courage and skill of those who manage it.”



Sodexho at 40 years.

“A new chapter in the story of our Group begins, and a new generation of managers takes up the challenge led by Michel Landel, CEO, starting September 1, 2005. On this momentous occasion, as Sodexho enters into a new era, it seemed appropriate to recount the company’s history, to review its successes (and its setbacks), the better to understand the philosophy and values that have molded its culture and the broad strategic choices that have driven its growth.

This labor of love delves deep into the heart of Sodexho. With the help of Communications and Sustainable

Development Department, a team of historians has had free access to the archives that hold the written records of the different stages in the development of the company. Interviews were conducted with more than 100 current and former managers who had been with the company at least ten years. Interviews included managers in a number of countries. This “oral” record was particularly valuable, notably in writing our history.

In 1966, I founded Sodexho in Marseilles. As I have often said, “*we built Sodexho together.*” Over the last 40 years, our Group has enjoyed exceptional growth; revenues have been multiplied by 11,200, and net income by 7,900, which is equal to an average annual growth rate of 27 percent for revenues, and 26 percent for net income. We are now present in 76 countries, and employ 324,000 people. We are currently leading world-wide in most of our business segments.

I want to extend my heartfelt thanks to all those who have stood by me in this grand enterprise – above all, the thousands of men and women working on the frontline, who each day are living our mission: Improve the Quality of Daily Life. Their skills and devotion have always made the difference in ensuring the satisfaction and loyalty of our clients and customers. Indeed, speaking of loyalty, I also wish to extend my gratitude to all of our clients and shareholders who have supported Sodexho throughout the years.”



Pierre Bellon,
Chairman and Founder, Sodexho Alliance



This book traces four decades of exceptional growth, recounting the remarkable story of Sodexho, the Group created by Pierre Bellon.

It all started in Uncle Fernand's warehouse. Pierre Bellon began his career in his family's company supplying Marseilles' maritime industry. However, he felt that the market was uncertain and decided to set up his own company. After moving into his uncle's warehouse, he tried his hand at delivering meals to various enterprises around Marseilles. Business was tough in those days, but the young entrepreneur was determined and he was certain that the quality of catered company meals could be improved. Sodexho was founded in 1966. One year later, the name of this startup had already crossed the Atlantic.

In the early 1970s, things were moving fast for Sodexho. From Europe to Latin America, in Tahiti and the Middle East, Sodexho was building its network. At the beginning of the 1980s, the company was present in 35 countries, with 55% of its sales outside of France.

Growth was also driven by expansion into new client segments – education, healthcare and remote sites – and diversification into a new business: restaurant vouchers.

In 1983, after its initial public offering on the Paris Bourse, Sodexho accelerated its move abroad with new business in North and South America, Russia and Central Europe. In 1992, Sodexho achieved the number 4 position worldwide in foodservice, with nearly 50,000 employees. But the winds of change were increasing and in the foodservice business, as elsewhere, mergers were increasingly common. In 1995, Sodexho departed from a strategy of 30 years of focusing on organic growth and entered into acquisitions that would lead to world market leadership and the number 1 position in North America.

Today, Sodexho employs more than 324,000 people and is present in 76 countries. The story goes on...






FINANCIAL HIGHLIGHTS

2004-2005






11.7 billion euro
in revenues

324,446 employees

Consolidated revenues

		€ millions	USD millions*
04-05		11,672	14,854
03-04		11,494	13,855
02-03		11,687	12,490
01-02		12,612	11,488
00-01		11,943	10,554

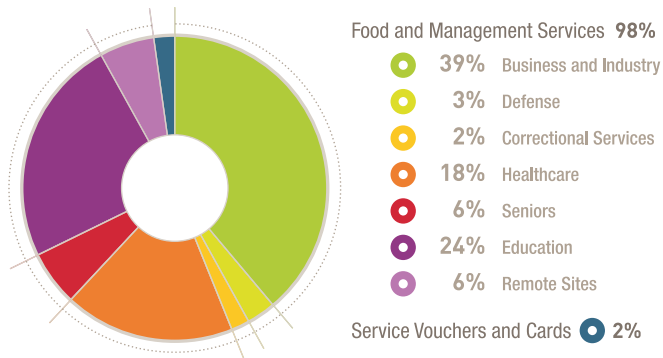
Number of employees

04-05		324,446
03-04		312,975
02-03		308,385
01-02		315,141
00-01		313,469

* Calculated at the average exchange rate for fiscal 2004-2005:
1 euro = 1.272592 dollars.

For fiscal 2005, consolidated revenues of 11.7 billion euro were 1.5% higher than in the prior year. Organic growth was 4.3%.

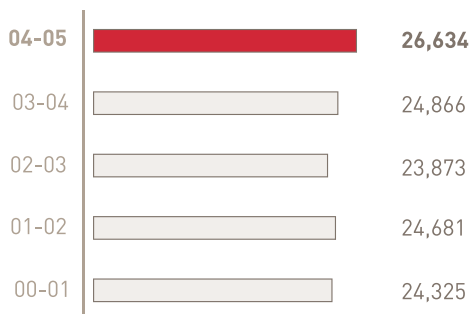
Revenues by activity



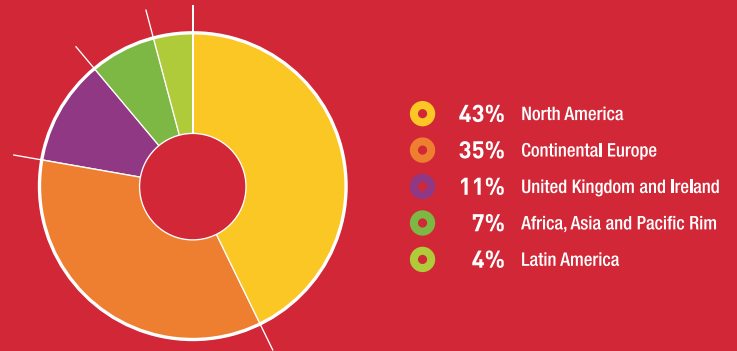
The Service Vouchers and Cards activity represents 2% of consolidated revenues. However, issue volume (i.e., the aggregate face value of the vouchers) totaled 5.3 billion euro.

26,634 sites

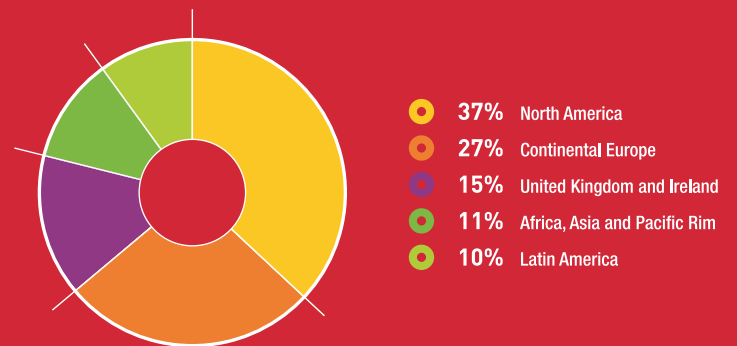
Number of operating sites



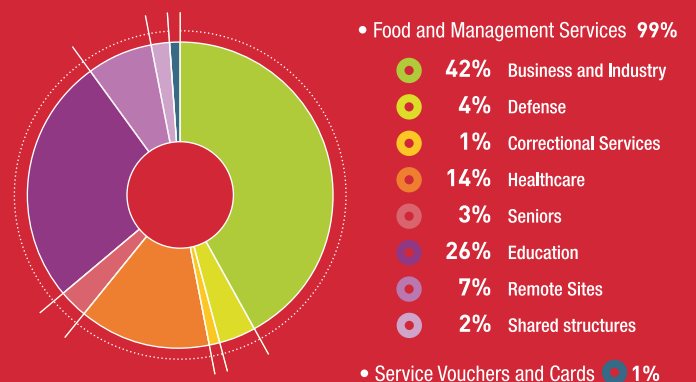
Revenues by region



Employees by region



Employees by activity



FINANCIAL HIGHLIGHTS

2004-2005

530 million euro
EBITA

	EBITA	€ millions	USD millions*
04-05	<div></div>	530	674
03-04	<div></div>	515	621
02-03	<div></div>	514	549
01-02	<div></div>	528	481
00-01	<div></div>	586	518

* Calculated at the average exchange rate for fiscal 2004-2005:
1 euro = 1.272592 dollars.

EBITA totaled 530 million euro. The EBITA margin was 4.5%, slightly up on fiscal 2003-2004.

159 million euro
Group net income






	Group net income	€ millions	USD millions*
04-05	<div></div>	159	202
03-04	<div></div>	183	221
02-03	<div></div>	162	174
01-02	<div></div>	183	167
00-01	<div></div>	138	122

* Calculated at the average exchange rate for fiscal 2004-2005:
1 euro = 1.272592 dollars.

Group net income was 159 million euro, including a negative impact of 38 million euro resulting from the resolution of the litigation in the United States.

119 million euro
Dividends paid

Dividends paid

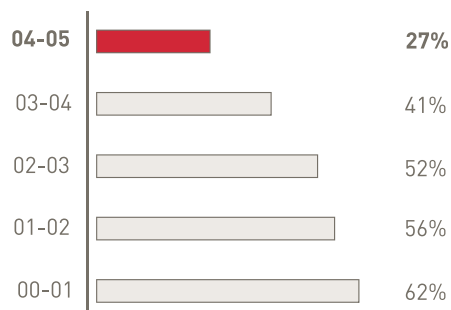
		€ millions	USD millions*
04-05		119**	145**
03-04		111	135
02-03		97	104
01-02		97	88
00-01		89	79

* Calculated at the average exchange rate for fiscal 2004-2005:
1 euro = 1.272592 dollars.

** Subject to approval at the Annual Shareholders' Meeting,
January 31, 2006.




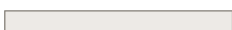

The Board of Directors has recommended the payment
to shareholders of a dividend per share
of 0.75 euro.

Net financial debt to shareholders' equity (includes minority interests)



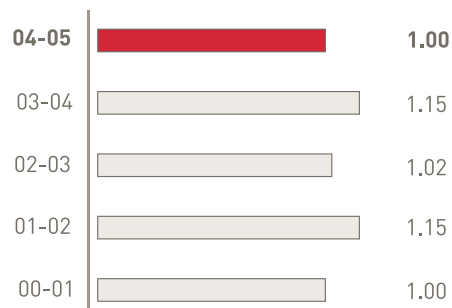
Net financial debt of 572 million euro decreased
by 335 million euro from the prior year.

Cash flow provided by operating activities

		€ millions	USD millions*
04-05		426	542
03-04		451	544
02-03		390	418
01-02		391	356
00-01		410	362

* Calculated at the average exchange rate for fiscal 2004-2005:
1 euro = 1.272592 dollars.

Earnings per share (in euro)





Michel Landel

Chief Executive Officer, Sodexo Alliance

EXECUTIVE COMMITTEE

AS OF SEPTEMBER 1, 2005

Led by Michel Landel, the Executive Committee plays a leading role in sharing the corporate vision, defining strategy, overseeing implementation and following operational performance. It puts in place the structures necessary for good governance practices and ensures that each senior manager has a clearly designated successor. The members of the Executive Committee are also “ambassadors” of the corporate brand and participate in promoting it worldwide.

1 Élisabeth Carpentier

Group Executive Vice President,
Human Resources

2 Pierre Henry

Group Chief Operating Officer
Chief Executive Officer, Service Vouchers and Cards

3 Siân Herbert-Jones

Group Chief Financial Officer

4 Vincent Hillenmeyer

Group Executive Vice President, Strategic Planning

5 Philip Jansen

Group Chief Operating Officer
Chief Executive, United Kingdom and Ireland
Food and Management Services

6 Nicolas Japy

Group Chief Operating Officer
Chief Executive Officer,
Universal Sodexo Remote Sites
Chief Executive Officer, Asia/Australia
Food and Management Services

7 Michel Landel

Chief Executive Officer, Sodexo Alliance
President, Executive Committee
President, Sodexo STOP Hunger Association

8 Richard Macedonia

Group Chief Operating Officer
Chief Executive Officer, North America
Food and Management Services

9 Jacques Pétry

Group Chief Operating Officer
Chief Executive Officer,
Continental Europe and South America
Food and Management Services

10 Clodine Pincemin

Group Executive Vice President,
Communications and Sustainable Development

11 Damien Verdier

Group Executive Vice President,
Marketing



1

2

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What are you doing to institute these changes?

I wanted to increase the participation of operational management on Sodexho's Executive Committee which we did through the addition of five chief operating officers. Furthermore, with the key role of innovation in our service offer and the increasing importance of purchasing throughout the company, we created a central marketing department.

Are you planning to change Sodexho's strategy?

Why change a strategy that has shown its effectiveness? We want to offer our clients and customers all the services that improve their Quality of their Daily Life. Given our considerable market potential, our expert and motivated employees, a unique worldwide network, highly competitive positions, particularly in the high growth markets of Healthcare, Seniors, Education and Defense, an excellent financial model and independence ensured through a stable shareholder base...we have all the strengths to be their long-term partner of choice.

What recent success stories make you particularly proud?

Foremost, the professionalism and enthusiasm of our teams have enabled us to win contracts in all of the countries where we are present. Let me cite just a few examples.

Our major accounts now include the hospitality contract for the Rugby World Cup 2007, which will be held in France and Great Britain. In addition, the New York City Health and Hospitals Corporation awarded us a contract for the management of 16 of their sites (approximately 9,000 beds), one of the largest contracts ever signed in Healthcare.

Sodexho Pass also set a new record in signing a significant contract with Poland's biggest mining company, Coal Mine Holding: gift vouchers, delivered last summer to more than 70,000 employees in recognition of their performance.

Concerning multiservice contracts, Goro Nickel in New Caledonia awarded Sodexho responsibility at its new plant for several different services, ranging from food to maintenance to mailroom to laundry. Some 394 Sodexho employees, serving 4,200 customers daily, are involved in the project. Over 95 percent of the value of this contract will benefit the local economy. Moreover, 300 people will be trained and 50 percent of management positions will eventually be filled by people from the regional population.

I take special pride in knowing that we contribute to the sustainable development of local economies. Indeed, we maintain numerous initiatives including, for example, supporting the development of micro-enterprises in Peru and in Laos. In parallel, STOP Hunger, our program in the fight against malnutrition, is now deployed in 17 countries, in cooperation with some 60 non-governmental organizations (NGOs). Last September, Sodexho came to the aid of people affected by the hurricane in Louisiana, distributing 528,000 meals. Our commitment, which

follows naturally from our ethical principles, was recognized by the listing of Sodexho Alliance in two social responsibility indices: the Dow Jones Sustainability World Index (DJSI World) and the DJSI Stoxx Europe index.

Do you have a dream for Sodexho?

"Making every day a better day" for our clients, customers, employees, shareholders and all of the local communities in the countries where we are present. It is the motivation, passion and talent of the 324,000 people who work for Sodexho that will make this dream come true.

« We want to offer our clients and customers all the services that improve their Quality of their Daily Life. »



1 Rick Brockland

President, Education, United States
Food and Management Services

2 John Bush

President, Canada and Mexico
President, Defense, and River and Harbor Cruises,
United States
Food and Management Services

3 Élisabeth Carpentier

Group Executive Vice President,
Human Resources

4 George Chavel

President, Health Care Services,
Seniors and Laundry, United States
Food and Management Services

5 Yann Coléou

President, France
Food and Management Services



6 Laurent Cousin

Group Senior Vice President,
Food Offer, Research and Development
Food and Management Services

7 Pierre Henry

Group Chief Operating Officer
Chief Executive Officer,
Service Vouchers and Cards

8 Siân Herbert-Jones

Group Chief Financial Officer

9 Vincent Hillenmeyer

Group Executive Vice President,
Strategic Planning

10 Philip Jansen

Group Chief Operating Officer
Chief Executive, United Kingdom and Ireland
Food and Management Services

11 Nicolas Japy

Group Chief Operating Officer
Chief Executive Officer,
Universal Sodexo Remote Sites
Chief Executive Officer, Asia/Australia
Food and Management Services

OPERATIONAL COMMITTEE

AS OF SEPTEMBER 1, 2005

The Operational Committee transforms strategic decisions into action plans and mobilizes the teams necessary for deployment. Each member also has a mission to share information, transfer best practices and strengthen adherence to group values.

12 Michel Landel

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

13 Richard Macedonia

Group Chief Operating Officer
Chief Executive Officer,
North America Food and Management Services

14 Michael Norris

President, Business and Industry,
Vending, United States
Food and Management Services

15 Steven Pangburn

Group Senior Vice President
Internal Audit

16 Jacques Pétry

Group Chief Operating Officer
Chief Executive Officer, Continental Europe
and South America
Food and Management Services



17 Clodine Pincemin

Group Executive Vice President,
Communications
and Sustainable Development

18 Patrick Poireau

President, Asia/Australia
Food and Management Services

19 Christophe Solas

President, China
Food and Management Services

20 Philippe Taillet

Group Senior Vice President,
Information Technology

21 Damien Verdier

Group Executive Vice President, Marketing

22 Philippe Voraz

President, South America and Turkey
Food and Management Services

Interview with Michel Landel (November 15, 2005)

As of September 1, 2005, Pierre Bellon continues as Chairman of Sodexho Alliance's Board, which has entrusted to you the position of CEO. In what spirit have you entered this next phase of the company's history?

I bring the same passion and enthusiasm that I have had throughout my more than twenty years with Sodexho. The challenge is inspiring and fully measures up to Pierre Bellon's ambitions for the company that he created and propelled to the status of world market leader in Food and Management Services. Today, we are indeed fortunate to be writing a new page in Sodexho's story, driven by a mission to Improve the Quality of Daily Life and strong values shared throughout our company. Team spirit, service spirit and spirit of progress remain the foundation on which we are building Sodexho's future.

Does that mean you believe in continuity?

If continuity means a willingness to act with boldness, creativity and a desire to progress, to question preconceptions and to sense the opportunities that have helped make Sodexho so successful... the answer is yes!

What is your analysis of fiscal year 2004-2005?

Our results are in line with our objectives, reflecting the healthy state of the company. The fiscal year saw significant investment in commercial development and for training and rollout for our client retention program, Clients for Life®. We achieved strong progress in Healthcare, continuing growth in Education, new multiservice business development and an excellent performance by our Service Vouchers and Cards business – results made possible through the daily commitment of our employees.

What do you see as your principal challenges?

To reinforce our leadership position and continue to accelerate organic growth, we face five challenges.

We have to refocus on putting our clients and customers at the center of everything we do, to deliver maximum added value with each of our actions.

We must develop a stronger, more proactive sales culture, relying on our innovative, profitable offerings to expand our range of services at existing sites as well as to attract new clients.

To make Sodexho the chosen partner of our clients and customers, we have to enhance our competitiveness at all levels by looking for every possible means of improvement and turning our size into a true competitive advantage.

Our fourth challenge involves improved control of risks through reinforcement of internal controls and the widespread deployment of best practices.

Finally it is critical that we increase our capacity to attract, train and retain the talent that will ensure our development, while integrating the numerous cultures that are a source of richness, strength and diversity for our company.

« Team spirit, service spirit and spirit of progress remain the foundation on which we are building Sodexho's future.

Our results are in line with our forecasts, reflecting the healthy state of the company, results made possible through the daily commitment of our employees.



VALUES for a sustainable quality of life

Sodexo lives by its core values (team spirit, service spirit and the spirit of progress) and its ethical principles (trust, respect for people, transparency and business integrity). Every employee in the Group is expected to share these values and principles, which reflect our commitments and guide us in the daily performance of our work.



SODEXHO FORMS

*a community
of progress*

WITH ITS CLIENTS,
ITS CUSTOMERS,
ITS EMPLOYEES,
ITS SUPPLIERS,
ITS SHAREHOLDERS,
IN ITS HOST COUNTRIES.

OUR PHILOSOPHY

Focuses and drives us toward our objectives.

Who we are

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

Our business strategy: organic growth

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

Our mission

Improve the Quality of Daily Life.

Our objectives

- Be recognized by our clients as the benchmark in the services that we provide.
- Be the market leader in each of the segments where we provide and develop our foodservice businesses.
- Grow our service businesses, beyond food, faster.

- Have “desired company” status for the group and its professions.
- Attract and retain talent.
- Make the Sodexo brand known worldwide.

OUR CORE VALUES

They are the bedrock of our history and sustain our progress.

Service spirit

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

Team spirit

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

Spirit of progress

It makes itself known through:

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

OUR ETHICAL PRINCIPLES

They guide us in all of our day-to-day activities.

Trust

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

Respect for people

Humanity is at the heart of our business.

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

Improving quality of life means according each person respect, dignity and consideration.

Transparency

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

Business integrity

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

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



The Sodexho Foundation was set up by Sodexho in 1999 to fight hunger and malnutrition in the United States. Since its creation, the Foundation has donated more than five

million dollars and received wide recognition for its leadership. Today, 17 countries are involved in four types of initiatives:

- **Encouraging volunteer work:** fostering Sodexho employee's service spirit in support of hunger and relief initiatives in their local communities.
- **Providing training in job and life skills for the chronically unemployed through sharing Sodexho knowledge:** in culinary skills training, nutrition and food safety.
- **Donating:** perishable and non-perishable food to relief organizations.
- **Soliciting financial donations:** sponsoring and supporting programs to fight hunger and malnutrition.

For more information: www.helpstophunger.org

17 Countries

CURRENTLY BENEFIT FROM STOP HUNGER INITIATIVES

Argentina, Australia, Belgium, Brazil, Canada, France, Finland, Germany, Ireland, Morocco, Norway, Netherlands, Poland, Romania, Spain, United Kingdom, United States.

AMONG OUR ACTIONS IN 2004-2005

The "Servathon", organized every year in April in the **United States**, enabled 30,000 employees to take part in distributing 25,000 meals and donating 100 tons of food. The "Feeding Our Future" operation served healthy meals during the summer vacation to 240,000 children in 17 cities in the United States and five cities in Canada.

In **France**, Sodexho and Sodexho Pass signed a partnership with "Restos du Cœur" to supply more than 200,000 meals for the disadvantaged.

In **Romania**, Sodexho Pass is working in partnership with **three charitable organizations** every month to provide food and basic necessities to families in need.



A COMMITMENT TO promoting sustainable development

Sodexho's sustainable development strategy continues to evolve. It is being extended progressively to all host countries while considering each country's specific culture and identity in a spirit of dialogue and consultation.

We work to translate our ethical principles into concrete practices, actions and innovations on a daily basis.

Our commitments range from improving nutrition, education and training to helping the development of local economies and protecting the environment. They are presented in the document "Ethical Principles and Sustainable Development Contract" on our website, www.sodexho.com). Indicators are used to monitor our progress and ensure ongoing improvement.

SODEXHO'S COMMITMENTS AND THE TEN PRINCIPLES OF THE UN GLOBAL COMPACT

	Objectives	Commitments	The 10 principles of Global Compact
Sodexo's Ethical principles	Trust	A foundation of loyalty between Sodexo and its clients, employees, and shareholders	1. Human rights – Businesses should support and respect internationally proclaimed human rights
	Respect for people	Humanity is at the heart of our company	2. Human rights – Make sure businesses are not complicit in human rights abuses.
	Transparency	A major principle and a constant attitude	5. Labor standards – Effective abolition of child labor
	Business integrity	We do not tolerate any practice that is not born of honesty, integrity and fairness, anywhere in the world where we do business	10. Anti-corruption – Businesses should work against all forms of corruption, including extortion and bribery
Stakeholders	Objectives	Commitments	The 10 principles of Global Compact
Clients	Create strong, long-term partnerships	Create value for our clients over the long term, forming the basis for strong, lasting partnerships	
Customers	Improve the Quality of Daily Life	Deliver a range of services that help to improve the quality of life for all whose well-being is entrusted to us Lead in reducing food safety risks Educate children and young adults about the importance of eating right and learning good nutritional habits	
Employees	Encourage a fulfilling professional life	Provide employees with a springboard for personal growth Promote diversity and inclusion	4. Labor standards – Elimination of all forms of forced and compulsory labor 3. Labor standards – Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining 6. Labor standards – Elimination of discrimination in respect of employment and occupation
Suppliers	Build balanced, long-term relationships	Pursue a procurement process that guarantees the origins of the products we use Strongly encourage suppliers and subcontractors to respect our sustainable development values	
Shareholders	Ensure that all shareholders receive the same information at the same time	Provide all shareholders with the same accurate, clear, transparent information, simultaneously, on a regular basis	
Host countries	Contribute to the economic and social development of our host countries	Support the development of local economies, promoting local hiring, purchasing local products and, in some of the world's most disadvantaged countries, supporting initiatives to stimulate local economic growth Extend the STOP Hunger program to fight hunger and malnutrition Help protect the environment	7. Environment – Businesses should promote a precautionary approach to environmental challenges 8. Environment – Undertake initiatives to promote greater environmental responsibility 9. Environment – Encourage the development and diffusion of environmentally friendly technologies

A CLEAR COMMITMENT TO SOLIDARITY



Sodexo is a member of the Global Compact, a sustainable development initiative launched by the United Nations in 2000. The Compact invites companies around the world to join together in advancing sustainable development principles and collective action in the areas of human rights, labor and the environment.

Sodexo Alliance is listed in four indices specializing in responsible investment:

- The Dow Jones Sustainability World Index (DJSI World) and the Dow Jones Stoxx Sustainability Index (DJSI Stoxx – Europe) since September 2005. Sodexo Alliance is listed as “Supersector leader” in the Travel and Leisure category.

- FTSE4Good Europe since its creation in 2001. The companies in this index are recognized leaders in corporate responsibility.
- ASPI Eurozone created in 2001 by the Arese agency, made up of 120 companies listed in the euro zone. These companies are recognized for top performance and best practices in keeping with criteria laid down by international institutions.

Sodexo and its commitments

- www.sodexo.com
- www.sodexhousa.com
- www.sodexhodiversity.com
- www.sodexhostophunger.org

Global Compact

- www.unglobalcompact.org

Global Sullivan Principles

- www.globalsullivanprinciples.org

Observatoire sur la Responsabilité Sociétale des Entreprises

- (Corporate Responsibility Watch)
- www.orse.org

Business in the Community

- www.bitc.org.uk

Creating strong, long-term partnerships with our clients

Our client-centered philosophy is the key to the Group's organic growth.

It is therefore essential to create strong, enduring ties with our clients. They are the focus of all our business processes, decisions and initiatives. Our aim is to ensure ongoing improvement in the quality of our services to help them enhance their performance.



forging strong
BY CONSTANTLY IMPROVING
enduring ties
THE QUALITY OF OUR SERVICES

2004-2005 AWARDS

- **Poland**

The Hermes Prize was given to Sodexo by the professional catering magazine *Poradnik Restauratora* for creativity, offer adaptivity, dynamic development and service quality.

- **Scotland**

Universal Sodexo was nominated for the British Safety Council safety performance prize for the sixth consecutive year. It received the Royal Society for the Prevention of Accidents (RoSPA) for the third time and the Health Safety Environment Award from 2005 Scottish Offshore Achievement.

- **United States**

Sodexo received the VHA Service Excellence Award and the VHA Supplier Excellence Award from the healthcare alliance VHA, Inc. for helping to improve patient comfort.

SODEXHO IS COMMITTED

**TO CREATE VALUE FOR OUR CLIENTS OVER THE LONG TERM,
FORMING THE BASIS FOR STRONG, ENDURING PARTNERSHIPS.**

Clients for Life®, initiated in the United States, is critical to Sodexo's client retention efforts and marks an important cultural evolution for our company. It is a systematic, daily approach to continually managing client expectations in the field. The program relies on focused feedback from clients and customers to identify improvement needs, assess actions taken and ensure adoption of best practices. The process is highly dependent upon the involvement of both client and Sodexo management teams.

Clients for Life® was successfully deployed throughout all business areas in the United States. In the United Kingdom and Ireland, the program was launched in healthcare, then introduced in the other business segments with initial results this year.

In Continental Europe, Belgium, France, Italy, Spain and Sweden have allocated full time resources

to retention activities and other European countries are beginning to implement action plans.

Listening to our clients every day plays a major role in forming sustainable partner relationships. In-depth surveys and polls, often conducted by independent agencies, are regularly used to measure client satisfaction. The findings are analyzed to adapt our service offers to our clients' changing needs.

Our ongoing commitment to improving the quality of life in client organizations and contributing to their success has been recognized through numerous awards.

Indicator

2004
2005



A client retention rate objective of **95%**

RETENTION RATE

2004-2005: **93.3%**

2003-2004: **93.2%**

2002-2003: **92.8%**



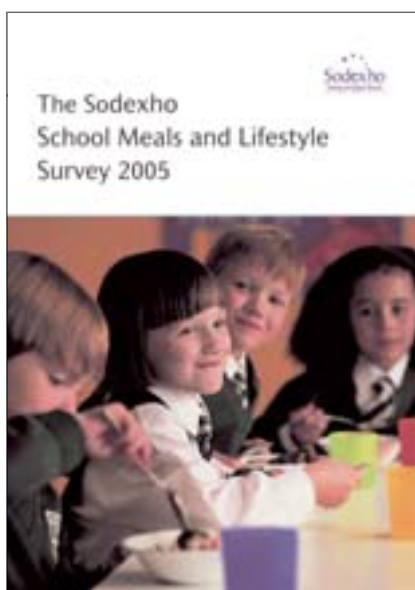
Improving the Quality of Daily Life with our customers

To satisfy our clients, we have to satisfy their clients: our customers.

Every day, it is our job to provide the services needed to improve the well-being and protect the health of our customers, while taking into account their lifestyle, tastes, age, culture and country.

To meet these responsibilities, Sodexho conducts surveys to determine customer requirements so we can adapt our services to their specific needs.

Finally, our fundamental mission is to educate children and young people about healthy, well-balanced nutrition.



offering all the services

HELPING THE YOUNG TO ACQUIRE

for daily well-being

HEALTHY EATING HABITS

2004-2005 AWARDS

Prizewinning remote sites

- **in Peru**

Sodexho won the Empresa Peruana del Año 2004 award in the Multiservices category.

- **in Scotland**

Universal Sodexho received a National Customer Service Award for innovative customer service.

SCHOOL MEALS AND LIFESTYLE SURVEY UNITED KINGDOM

Anticipating expectations

The eighth Sodexho School Meals and Lifestyle Survey was launched in March 2005 among 1,424 schoolchildren between the ages of five and 16 and 1,351 parents. The study brings out the changes in eating habits and in the perceived impact of food and lifestyle on health. It shows that concerted efforts to educate the public on proper nutrition can have a decisive effect on our children's future.

www.sodexho.co.uk



◉ SODEXHO IS COMMITTED

TO DELIVERING A RANGE OF SERVICES THAT HELP TO IMPROVE THE QUALITY OF LIFE FOR ALL WHOSE WELL-BEING IS ENTRUSTED TO US.

Understanding the changing tastes and behaviors of our customers.

All of our customers have specific needs and behavior patterns that are constantly changing.

Sodexho carries out national surveys and international studies to identify and understand new trends and to adapt our offers accordingly:

- The International Observatory of the Quality of Daily Life enables us to anticipate emerging needs in our various activities.

- "Personix" analyzes customer expectations in the workplace worldwide. The approach has already been adopted by 20 European countries and the United States, and is being reviewed in Australia and Canada. Training has been implemented to ensure the smooth rollout of the research methodology, designed to ensure widespread development of our offer (See "Our Activities" p. 54).

- The Lifestyling and Map method examines lifestyle and behavior trends as well as the eating habits of thousands of American students, helping us create new solutions to meet the needs of our campus customers.

Proposing customized solutions.

Sodexho combines pleasure with healthy nutrition through partnerships with renowned chefs such as Marc Veyrat, Michel Bras and Antoine Edelman.

To improve our customers' Quality of Life on a daily basis, we are constantly expanding our range of services including on-site deliveries, dry-cleaning and daycare facilities on office premises, stretcher services and television management in hospitals, educational activities in schools, cleaning military uniforms and environmental cleanups at remote sites.

◉ SODEXHO IS COMMITTED

TO LEAD IN REDUCING FOOD SAFETY RISKS.

A policy of risk prevention...

For Sodexho food safety is an absolute priority. High-quality products and supply traceability are the mainstays of our risk prevention policy (See "Our Suppliers" p. 28). Nearly 90% of our units rely on HACCP (Hazard Analysis and Critical Control Points) standards to control the entire restaurant operation, from the moment products are delivered to the time they are served. Our policy includes training employees in the fundamentals of microbiology, hygiene and clear communication.

...and rapid response to alerts.

Sodexho set up a Scientific Council to track food safety issues, in partnership with the Pasteur Institute in France and the CINS in Italy. These bodies guide and support our initiatives in the areas of human nutrition and food safety. All host countries have units to manage health warnings. An immediate information procedure is used to notify clients and customers to block suspect products.

Indicators 2004 2005

PERCENTAGE OF REVENUES FROM NON-FOOD SERVICES

2004-2005:	21%
2003-2004:	20%
2002-2003:	19%

PUBLICATION OF STUDIES ON CONSUMER BEHAVIOUR

International: Personix

USA: Lifestyling and Map

UK: School Meal and Lifestyle Survey
(See related articles)

ANNUAL PUBLICATION BY MAJOR REGION OF THE NUMBER OF BACTERIOLOGICAL TESTS CONDUCTED AT SODEXHO-MANAGED ESTABLISHMENTS

2004-2005: **46,723**

For example during the fiscal year, 46,723 tests were conducted in France at Sodexho sites, and 217 audits at supplier sites.

APPLICATION OF SAFETY STANDARDS ON SODEXHO SITES

89% of our business units have adopted a system based on the HACCP method. In the United States, the safety standards of each site are audited every year. Sodexho gives a Gold 100 Award to all site managers who achieve 100% HACCP compliance.

BALANCE MIND, BODY AND SOUL UNITED STATES

“Congratulations on an extremely successful program this last academic year. Balance Mind, Body and Soul put an incredible emphasis on making healthy choices. The banners, the nutrition information and the options available all made the program very successful. This program helps to eliminate some of the stereotypes about all college dining service food being fatty foods covered in sauces and oils. I believe it helped to prove the fact that Dining Services is concerned about the health of our entire community. Thank you for looking out for us. I appreciate you and your staff always looking at ways to be innovative and creative. You are an important part of our family.”

Jim Brock | Director of Housing –
Pepperdine University (California)

Indicator

2004
2005

PUBLICATION OF INFORMATION ON BALANCED NUTRITION FOR CUSTOMERS

97% of our Food and Management Services business units provide information and training to their consumers on healthy eating habits.

Among the new tools:

- **Websites**, www.BeSmart-EatSmart-LiveSmart.com and www.balancemindbodysoul.com in the United States provide information to schoolchildren and students on how to maintain a balanced diet and a healthy lifestyle.
- **A multimedia CD** for teachers has been added to the “School Stars” educational program in the United States.
- **A call-center** offers the advice of nutritionists and dietitians to French customers.
- **Educational materials support initiatives in a number of countries:**
 - In France, a guide called *A la rencontre des familles* (Meeting with families) fosters dialogue with parents.
 - In Italy, a guide for parents supplements the program *A tavola insieme con gusto*.
 - In the United Kingdom, a “Fit & Ness Passport” helps children compose a well-balanced menu every day.



SODEXHO IS COMMITTED

TO EDUCATE CHILDREN AND YOUNG ADULTS ABOUT THE IMPORTANCE OF EATING RIGHT AND LEARNING GOOD NUTRITIONAL HABITS.



A policy of regularly informing and training clients and customers.

In keeping with its role as food service leader, Sodexho has made sound nutrition a top educational objective and works closely with the educational community.

In France: a national program sponsors festive activities in restaurants to introduce customers to flavors and products and give them tips on how to improve their daily diet.

In the United States: The “Balance Mind, Body and Soul” program helps students on more than 900 campuses take a more active role in their own health and wellness. The program includes recipes, teaching aids

and a website offering advice from a dietitian. (See testimonial).

In Chile: “Knowing how to feed is also knowing how to educate.” Sodexho has signed an agreement with the *Instituto de Nutricion y Tecnologia de los alimentos de la Universidad de Chile* to ensure that our preparations are suitable for normal childhood development and growth. In keeping with our mission, the initiative educates children and their parents in proper nutrition. (See “Education” p. 70).

2004-2005 AWARD

- **In the United Kingdom**, Sodexho received the Big Tick Standard at the 2005 Business in the Community Awards for Excellence for its educational program, “Healthier Eating”, to promote well-balanced diets among disadvantaged pupils.

Encouraging a fulfilling professional life with our employees

"The profitable growth of a company is made possible through the courage, energy and skill of its people." (Pierre Bellon).

Through Sodexho's commitment to training, internal promotion and good working conditions, we seek to provide employees with opportunities to achieve recognition, assume responsibility, enhance their skills and achieve personal fulfillment. By promoting equal opportunity and diversity, the Group is enriched by the variety of experiences and backgrounds of its employees.



recognizing and
THROUGH TRAINING
enhancing
AND INTERNAL PROMOTION
skills

2004-2005 AWARDS

- **In Ireland**, Sodexho has been rated one of the country's 50 best employers by The Great Place to Work Institute and cited as a model employer by the Ministry of Business, Commerce and Employment.
- **In Poland**, Sodexho was named one of the most dynamic employers by two major business journals.
- **In the United Kingdom and Ireland**, for the past five years, Sodexho UK/ Ireland has achieved certification under the prestigious Investors in People Standard, created in 1990 to help firms improve performance through the management and development of its employees.
- **In the United States**, the US Department of Defense recognized Sodexho USA as a Patriotic Employer for allowing employees to retain their jobs while on active military duty.



“I know that all individuals can develop... If you are goal-oriented, structured and want to go further... [at] Sodexho, you have all the chances in the world to succeed.”

Azita Shariati, a native of Iran, came to Sweden in 1989, learned the language and obtained a degree in economics. She joined Sodexho as a substitute site manager in 1998. Her energy and abilities were soon noticed and she was promoted to District Manager, Large accounts. Azita's success provides a positive model and she has been appointed to mentor other employees who show management potential.

Indicator

2004
2005

NUMBER OF INTERNAL PROMOTIONS AS A PERCENTAGE OF TOTAL JOB VACANCIES*

In 2004-2005: employee promotions filled **25%** of unit manager positions and **38%** of management openings were filled through the promotion of unit managers or their equivalents.

In 2003-2004: employee promotions filled **13%** of unit manager positions and **28%** of management openings were filled through the promotion of unit managers or their equivalents.

* Based on: 96% of Group employees.

SODEXHO HAS A STRONG COMMITMENT

**TO PROVIDE OUR EMPLOYEES WITH A SPRINGBOARD
FOR PERSONAL GROWTH.**



Every employee enjoys the opportunity to move up in the company, regardless of qualifications, place of work or where they began their career.

On-the-job training is the favored form of training. In 2005, Sodexho signed a charter in France, under the aegis of the *Institut de l'Entreprise* to promote on-the-job training. Every year, more than 200 on-the-job trainees are hired under on-the-job training contracts in France and Italy.

Partnerships with vocational schools and universities are fostered on a wide scale. For eight years, Sodexho Chile has been involved in a governmental technical and professional dual training program, and has been honored by the Education Ministry and the Chamber of Commerce and Industry for its role.

Internal promotions require the identification of high-potential candidates and internal or external training. “The right man/woman at the right place” offers Dutch employees career development opportunities. In France, Sodexho employees can rise from technician to unit manager under a five-step professional training program, currently enrolling 250 employees and supervisors.

This year, 1,869 Group employees were promoted to a higher status and 186,610 took part in training.

Sodexho also ensures personal development and the sharing of knowledge. In the United States and Canada, Sodexho University offers classroom and on-line programs in personal development and skills acquisition. Inter-regional exchanges between managers are promoted in Latin America, while Canada encourages transfers and promotions between units. The Sodexho Management Institute holds seminars for senior managers to share best practices.

◉ SODEXHO IS COMMITTED

TO DIVERSITY AND INCLUSION.

Promoting equal opportunity and cultural diversity are high priorities.

Sodexo promotes the integration of employees from varied national and cultural backgrounds through English language training in Denmark, Singapore, Thailand and the United States for non-English speakers, recruitment and training indigenous people in Australia and Canada and diversity awareness training in Belgium, Canada, the United States and France.

Help maintain a balance between family and professional life. Various initiatives are designed to balance family responsibilities with careers: flexible hours, in-house daycare and lactation rooms, and specific programs to facilitate the return to work after an interruption for family reasons.

Integrating people with disabilities.

Sodexo employs 500 people with disabilities in France and 200 in Italy, for example, where a website has been launched for the visually impaired.

... and people in difficulty.

In France, Sodexo works with the French National Employment Agency to combat exclusion and discrimination in the workplace. In Italy, 500 long-term unemployed people have been hired. In Peru, 30% of employees come from very poor communities. Belgium and Colombia are setting up reinsertion programs for the underprivileged.



Indicator

2004
2005

EMPLOYEE SATISFACTION SURVEY, CONDUCTED EVERY TWO YEARS

The 2003-2004 survey was conducted in eight European countries. (Findings published in last year's annual report, p. 20).

2004-2005 AWARDS

In the United States, Sodexo was:

- named among the top 10 in the International Innovation in Diversity Award,
- recognized by DiversityInc. as one of the 25 companies most involved in promoting diversity,
- selected as one of the top 10 employers of Asian-Americans by Asian Enterprise Magazine,
- presented by Latina Style Magazine among the top 50 companies offering Hispanics genuine career opportunities,
- ranked 6th among the top 10 employers for African-Americans by Black Collegian Magazine,
- listed among the top 25 employers for African-Americans by Black Professionals Magazine,
- identified as one of the top 10 employers for people with disabilities by DiversityInc.,
- named Employer of the Year by the Autism Services Association.

Building balanced long-term relationships with our suppliers

Sodexo places a premium on maintaining balanced, long-term relationships with our suppliers, who are chosen according to rigorous qualitative and quantitative criteria. They must adopt a similar quality and traceability approach, respect the same ethical values and comply with our specification regulations. Our partnerships are also based on a shared commitment to sustainable development.



sharing
TO PURSUE
the same determination
THE SAME OBJECTIVES

GALAXY PROGRAM – AFRICA

Universal Sodexo has adopted a management and forecasting application called Galaxy to ensure high-quality procurement services for our clients in Africa. The program is currently used at a dozen Remote Sites. Deliveries to 600 units are now made from Galaxy-managed warehouses. The database includes 12,000 references and 450 suppliers, among them, the Dutch company MAAS Trading, which specializes in the supply of perishable commodities and logistics. According to George M. Broeders, MAAS Purchase/Export Manager and Logistics Supervisor, *"The high level of demand by Universal Sodexo drives our continuous improvement process."*

◉ SODEXHO IS COMMITTED

TO A PROCUREMENT PROCESS THAT GUARANTEES THE ORIGINS OF THE PRODUCTS WE USE.

We apply a total quality and traceability policy worldwide in every channel of the food industry. In France, this policy is stipulated in the terms of our supplier contracts. All ingredients are specified, production methods audited and deliveries inspected, allowing us to track every product served to our customers.

Numerous countries have acknowledged and awarded our outstanding procedures. Universal

Sodexo in Scotland obtained “Standard of Excellence” certification from the CIPS (Chartered Institute of Purchasing & Supply), in recognition of best practices, procedures and policies in the area of purchasing and supply. Sodexo in the USA received the 2005 “Keeper of the Vision for a Sustainable Future” prize from the Food Alliance’s Midwest Affiliate, an association of professionals and customers working to ensure the “quality food for a healthy future.” The award was given in recognition of the US team’s innovative efforts in recent years to use seasonal fruits, vegetables and other sustainable products in campus food service programs. Products are supplied by certified farmers that agree not to use genetically modified foods, hormones or antibiotic additives.



◉ SODEXHO IS COMMITTED

TO STRONGLY ENCOURAGE SUPPLIERS TO RESPECT OUR SUSTAINABLE DEVELOPMENT VALUES.

Sodexo’s ethical principles, particularly respect for people, are based on those defined by the International Labor Organization. We call upon our suppliers to honor these principles and work with us to ensure full compliance with our food safety policy.

Our rigor and careful monitoring have been recognized. In May 2005, DiversityInc. named Sodexo one of the top 10 companies in the

United States demonstrating the greatest commitment to promoting diversity in partnerships with suppliers (May 2005). The number of partnerships with minorities and businesses headed by women has risen to 2,000, and now account for 14% of our total suppliers in the US. The company policy also earned recognition from Hispanic Magazine/Hispanic Trends (December 2004).

Indicators

2004
2005

Our Purchasing indicators are in the process of being redefined.



PERCENTAGE OF PURCHASING FROM CERTIFIED SUPPLIERS

In the United States, between 2000 and 2005, the percentage of purchases from referenced suppliers rose from **74%** to **83%**.



Ensuring all shareholders receive the same information at the same time

Indicator

2004
2005

ANNUAL SURVEY OF OUR SHAREHOLDERS ON THE QUALITY OF INVESTOR INFORMATION

For the financial year 2004-2005, a poll was taken among

23,684

holders of registered shares of more than 50 shares. The 4.7% response rate was on a par with the prior year. These survey respondents represent loyal shareholders, as 70% of them have owned Sodexho Alliance stock for more than three years.

The poor performance of Sodexho Alliance shares on the stock exchange during the year 2003-2004 was one of the reasons for the lower ratings in the shareholder survey (average opinions: success: 46.8%, financial health: 45%, market position: 41.5%, innovative ability: 40%; appropriate strategy: 38.9%). Our shareholders gave high marks for the regularity and clarity of Sodexho corporate and financial information (59.7% and 55.5%), but were less sure of its accuracy (45.5%) and transparency (42.8% gave no reply).

Nevertheless 63% of shareholders continue to express confidence in the Group's expertise.

Sodexho respects the principles of good corporate governance (see p. 82), and we are particularly vigilant as to the accuracy, relevance and regularity of our financial communications.

◉ SODEXHO IS COMMITTED

TO PROVIDE ALL SHAREHOLDERS WITH THE SAME ACCURATE, CLEAR, TRANSPARENT INFORMATION, SIMULTANEOUSLY, ON A REGULAR BASIS.

In order to provide complete transparency Sodexho Alliance is committed to providing equal treatment for all shareholders. We are attuned to the needs of our shareholders and the financial community, seeking constantly to improve the efficiency of our investor relations process. Regularly we survey our shareholders to provide them with an opportunity to express their opinions and ask questions and to poll them concerning the quality of investor information.

Our goal is to ensure that all shareholders have the information they need to understand our company's strategic choices and objectives. This information is also available on the Sodexho Alliance website www.sodexho.com, which enables users to check on the company's share price in real time, and to participate in meetings including those with financial analysts.

2004-2005 AWARD

The 2004 Sodexho Alliance annual report was awarded the **TOP COM d'Argent** Corporate Business 2005, in the category "Annual Reports for Listed Companies".



Contributing to the economic and social development of our host countries

In keeping with our dedication to improving the Quality of Life, Sodexho plays an active role in the economic and social development of communities in the countries where we operate. Throughout the world, we sponsor and support development initiatives, including local recruitment and procurement, training and promoting the creation of small businesses. We are also directing our efforts to fight against malnutrition, whether in the form of hunger or obesity, both worldwide problems of particular concern that threaten our children's future. Finally, we are engaged in environmental protection actions to preserve the world for future generations.



fostering the development TO BUILD A BETTER FUTURE of the local economy

In June 2000, Sodexho in Peru and its client, Minera Antamina founded the San Marcos Training Institute to provide people with training in the catering and hotel professions. The school has enrolled 513 students, and 75% of them have already earned their diplomas. They graduate ready to join the company or enter the Peruvian job market with a solid base of preparation.

“I have always wanted to work in the culinary field. With the help of Sodexho, someday I could set up my own business. That is my dream. My training at the San Marcos Institute will allow me to make it come true.”

Rodolfo Condori | age 27, a student at the San Marcos Training Institute in Peru

Indicators

2004
2005

PERCENTAGE OF EMPLOYEES HIRED LOCALLY

2004-2005:	98%
2003-2004:	98%
2002-2003:	97%

PERCENTAGE OF LOCAL PURCHASING IN EMERGING COUNTRIES

In 2004-2005, in **Brazil**, for example, **91%** of procurement was provided locally.



NUMBER OF GROUP PROGRAMS AND INITIATIVES IN THE FIGHT AGAINST HUNGER AND MALNUTRITION

In 2004-2005, **17** countries (Argentina, Australia, Belgium, Brazil, Canada, France, Finland, Germany, Ireland, Morocco, Netherlands, Norway, Poland, Romania, Spain, United Kingdom, United States) are now participating in STOP Hunger with **80** major programs and partnerships with more than **60** Non-Governmental Organizations.

◉ SODEXHO IS COMMITTED

**TO SUPPORTING THE DEVELOPMENT OF LOCAL ECONOMIES,
PROMOTING LOCAL HIRING, PURCHASING LOCAL PRODUCTS AND,
IN SOME OF THE WORLD'S MOST DISADVANTAGED COUNTRIES,
SUPPORTING INITIATIVES TO STIMULATE LOCAL ECONOMIC GROWTH.**

Sodexo gives concrete form to this commitment through partnerships with governments and local players. We encourage local hiring everywhere we operate. In Canada and Australia, for example, Sodexo has set up recruitment and training programs for members of the indigenous populations. We also give priority to local procurement and helping our suppliers achieve higher quality

standards. In Peru, Sodexo contributes technical expertise to a yogurt production plant, a honey production company and a trout farm.

Finally, we promote the creation of local businesses. In Laos, for example, Universal Sodexo is working alongside its client to help with the construction and expansion of a textile factory and a pig farm.

2004-2005 AWARDS

- In **Mexico**, the *Centro Mexicano Para La Filantropía* (CEMEFI) honored Sodexo as a Socially Responsible Enterprise.
- In **Peru**, the Sodexo Association for Sustainable Development was awarded the 2004 prize for Entrepreneurial Creativity in the category of philanthropy.

◉ SODEXHO IS COMMITTED

TO EXPAND ITS STOP HUNGER PROGRAM.

To fight hunger and malnutrition in all the countries in which it operates.

Sodexo is mobilizing to make a positive impact for the 840 million people around the world, including 149 million children, who suffer from malnutrition. The Group expanded the STOP Hunger program, which was launched ten years ago in the United States.

Today, the program operates in 17 countries through four types of initiatives:

- **encouraging employee volunteer work** in local communities,
- **organizing nutrition information and training** in job and lifeskills for the unemployed and the homeless,

- **collecting donations of perishable and non-perishable food** for associations,
- **soliciting financial contributions.**

www.helpstophunger.org

Stopping obesity: Sodexo's other fight.

Obesity, considered a "pandemic disease" by the World Health Organization, has increased by 75% among adolescents over the last 30 years. As the world leader in food services, Sodexo is a prominent actor in teaching the basics of good nutrition to children (See "Our Customers" p. 22) as well as to all of our customers. A founding member of the Institute on the Costs and Health Effects of Obesity, set up

in the US in June 2004 within the National Business Group on Health (NGBH), Sodexho takes part in numerous initiatives throughout the world aimed at reconciling healthy eating with pleasure.

Various initiatives in cooperation with nutrition experts:

- **in France:** a call center (32 23 Sodexho) provides advice by Group nutritionists and dietitians.
- **In Brazil:** the *Nutrimania* information campaign has generated awareness among adults in the workplace and schoolchildren.

- **United States and Canada:** to celebrate "Nutrition Month", Sodexho launched a website called "Your Health, Your Way™", designed to enable client companies and their employees to achieve a well-balanced diet (www.yourhealthyourwayonline.com).
- **Australia:** Sodexho has rolled out its "SmartFuel" program in the Defense segment to promote the benefits of healthy, well-balanced nutrition.



SODEXHO, HAND-IN-HAND WITH RESTOS DU CŒUR - FRANCE

Sharing an interest in developing a nationwide partnership,

Sodexho and Restos du Cœur have established a national partnership to distribute 202,500 meals to the destitute during the winter of 2005, and to train 550 volunteers in dietary principles and food hygiene. To help foster reintegration through employment, Sodexho hired ten people. For Olivier Berthe, President of Restos du Cœur: *"The idea of a partnership with Sodexho made sense from the start. Since we share the same attitude and the same determination to do something to help the destitute, we worked together to achieve a common end. It was an enriching experience for us both."*

◉ SODEXHO IS COMMITTED

TO HELP PROTECT THE ENVIRONMENT IN THE COUNTRIES IN WHICH IT IS PRESENT.

While Sodexho's business is considered non-polluting, the Group actively seeks to improve Quality of Life while protecting the environment in four main areas: pollution prevention, waste treatment, energy control and water consumption. Several environmental initiatives were taken during the year. The Group's efforts bore fruit in Scotland, Hong Kong and Peru. Universal Sodexho in Scotland, which recycles 80% of its waste, obtained 14001 environmental certification. In Hong Kong and Peru, Sodexho is the first catering

provider in Asia and Latin America to be certified to this standard. During the World Championships in Athletics in Helsinki in August 2005, Sodexho served meals to 3,000 people for ten days in accordance with the Ecomass standards of ISO 14001 certification, specific to major sports events. In Kosovo, Universal Sodexho has begun environmental cleanup efforts at sites formerly occupied by French and Finnish troops. Sodexho Pass is gradually replacing checks with recyclable smart cards; in Brazil for example, monthly savings of ten tons of paper are expected.



Indicator

2004
2005

NUMBER OF ASSISTANCE PACKAGES OFFERED TO LOCAL INITIATIVES

In 2004-2005, 76% of our business units had initiatives in environmental protection.



Experience
Sodexo

BUILDING BETTER HEALTH

UNITED KINGDOM

The "Fit & Ness" program developed in British elementary schools helps teach children good eating habits and to understand the importance of a well-balanced diet for their health. Wherever we operate, Sodexo is working side-by-side with parents and teachers in the fight against obesity.







Experience Sodexo

PROMOTING INTEGRATION INTO SOCIETY

FRANCE

The *Café Signes*, which opened in Paris in 2003, is run and frequented by the hearing impaired as well as those with normal hearing. To supervise the restaurant staff, the Sodexo manager learned sign language, an illustration of our continuing commitment to ensure that people with physical disabilities are fully integrated into society.



Experience Sodexho

GROWING UP AND GROWING OLD TOGETHER

SPAIN

In Madrid, schoolchildren and seniors in retirement facilities share festive afternoons, that include stories, songs and poems full of humor and warmth. Throughout the world, our teams emphasize the human dimension by reducing social and emotional loneliness and bringing a ray of sunshine into the lives of the elderly.







Experience
Sodexho

WORKING WITHOUT WORRY

UNITED STATES

For our client Allstate Insurance Company, in Northbrook (Illinois), Sodexho has set up a daycare facility for the children of personnel. Having their children close by is reassuring for the parents and allows them to save time. An example of our determination to offer services to make daily life easier for employees in their workplace.



Experience Sodexho

LIVING THE EVENT

FRANCE, UNITED KINGDOM

Sodexho will take charge of hospitality services and ticket sales for the next World Rugby Cup scheduled to take place in France and the United Kingdom in 2007. At the Olympic Games in Calgary, Albertville and Barcelona, as well as the World Youth Days in Paris, Rome and Cologne, Sodexho is the preferred partner for major events.







Experience
Sodexho

CONTROLLING CONTAMINATION RISK

FRANCE

At the Union Clinic in Toulouse, specially trained personnel ensure biocleaning of operating rooms. With approved, audited cleaning protocols and technical and behavioral training, we take all the necessary steps to control the risks of contamination and ensure a healthy environment for our clients and their patients.





Experience
Sodexho

PRESERVING THE ENVIRONMENT

KOSOVO

After the departure of the Finnish and French forces in the KFOR, Universal Sodexho employs a bacterial treatment method to clean up the camp sites and virtually eliminate hydrocarbon concentration. A highly advanced technique that demonstrates the Group's multiservice expertise.





Experience Sodexo

ENJOYING LEISURE ACTIVITIES

CHINA

How can one see 30 films for 9 euros? With the Sunshine Card launched by Sodexo Pass and the city of Shanghai for low-income families. Sodexo is the first foreign company to offer this type of service in China, confirming its expertise in supporting social policies and its ability to make life simpler and more pleasant for everyone.



Sodexho: Quality of Life services

Sodexho's potential is considerable, in measure with the creativity of its teams. Strengthened by the diversity of its employees and united around a common culture of shared values, Sodexho commits itself to improve the Quality of Life for its clients and consumers everywhere in the world.



FOOD AND MANAGEMENT SERVICES

Business and Industry

Prestige

SERVICE VOUCHERS AND CARDS

Businesses

Public Authorities

Our mission is to “Improve the Quality of Daily Life” for all those who benefit from our services: young people in elementary and middle schools, and in universities, patients in hospitals, employees in the workplace, seniors in specialized residences, and even inmates in correctional institutions.

Sodexho takes a segmented approach to its activities in order to be a recognized specialist in the world of education, corporate life, healthcare, defense, and remote sites on land and at sea. By carefully listening to our clients and consumers, we are constantly able to adapt our multiservice offerings to their expectations.

However, understanding our marketplaces only adds value when blended with the motivation of our teams and their diverse skills. Kitchen chefs, dietitians, bursars, landscape gardeners, heating engineers, logistics specialists, ecology consultants, bio-hygienists, training staff, hospitality specialists, computer programmers, and buyers – these are just a few of the employees who combine their talents every day to deliver a myriad of services that enhance the quality of life.



Defense

Correctional Services

Healthcare

Seniors

Education

Remote Sites

FOOD AND MANAGEMENT SERVICES

98% of Group revenues
11,392 billion euro in consolidated revenues
14,498 billion US dollars in consolidated revenues

Source: Sodexho.

SERVICE VOUCHERS AND CARDS

2% of Group revenues
5.3 billion euro in issue volume
280 million euro in consolidated revenues
356 million US dollars in consolidated revenues
320,000 clients
14 million beneficiaries
821,000 affiliates

Business and Industry

Sodexo customizes its service offers to meet specific needs, **creating value for our clients as well as our customers**. We analyze customer expectations to provide a customized, healthy and well-balanced food offering. We also provide a wide variety of support services, including reception services, mail and distribution service facility management and other services – **all designed to make daily life easier for people within their workplace**.



Achievements

Australia: Sodexo awarded a contract for multiservices at 1,700 Westpac Banking Corporation sites.

New Zealand: Sodexo signed its first three contracts in this market.

Russia: Sodexo established in the Siberian region with signing of a contract with Russian Aluminium.

United Kingdom:

- Sodexo signed significant multiservices contracts with BAE Systems (6 sites) and BAE North (3 sites).
- The well-known chef Alan Shipman chosen by his peers for the prestigious 2005 “Craft Guild of Chefs Award”.
- David Hunt won the “Catering in Scotland” Contract Catering Chef of the Year 2005.

Events

In 2005, Sodexo was the partner for:

- The 20th World Youth Day event in Cologne, Germany from August 15-20.
- The 15th Mediterranean Games in Almeria, Spain from June 20 to July 15.
- The 10th IAAF World Championships in Athletics in Helsinki, Finland from August 6-14.





market KEY FIGURES

No.2 worldwide
4,524 revenues in euro millions
5,757 revenues in USD millions
39% share of Group revenues
137,296 employees
14,081 sites

Source: Sodexho.

Among our Clients

AXA Group: 1 site (Australia), 5 sites (Belgium), 13 sites (France), 8 sites (Germany), 6 sites (UK), national contract (USA).

BAT: 1 site (Malaysia), 1 site (Russia), 26 sites (UK), 2 sites (Venezuela).

Ford Motor Company: 4 sites (Australia), 2 sites (Belgium), 2 sites (France), 1 site (Italy), 1 site (Poland), 2 sites (Russia), 1 site (Spain), 1 site (Sweden), 14 sites (UK), 17 sites including headquarters, Dearborn, MI (USA).

GlaxoSmithKline: 1 site (Belgium), 3 sites (Canada), 1 site (Chile), 1 site (China), 1 site (Colombia), 1 site (France), 1 site (Germany), 2 sites (Netherlands), 19 sites (UK).

Hewlett-Packard: 2 sites (Belgium), 2 sites (Brazil), 1 site (Czech Republic), 2 sites (Finland), 1 site (India), 2 sites (Italy),

1 site (Poland), 1 site (Russia), national contract in Catering and Automatic Vending Machines at more than 120 sites (USA).

HSBC: 3 sites (France), 4 sites (Hong Kong), 32 sites (UK).

ING Group: 2 sites (Belgium), 20 sites (Netherlands), 1 site (Poland), 1 site (UK).

Merrill Lynch: national contract (USA).

Nokia: 3 sites (Germany), 1 site (China), 5 sites (Finland), 7 sites (USA).

Pfizer: 2 sites (Belgium), 1 site (Brazil), 1 site (Chile), 1 site (Colombia), 1 site (Finland), 1 site (France), 2 sites (Ireland), 1 site (Italy), 1 site (Norway), 2 sites (Spain), 1 site (Sweden), 3 sites (UK), 1 site (USA).

PSA Peugeot Citroën: 1 site (Argentina), 2 sites (Belgium), 1 site (Brazil), 1 site (Chile), 12 sites (France), 2 sites (Germany),

1 site (Italy), 1 site (Netherlands), 1 site (Spain).

Renault: 7 sites (France), 4 sites (Italy), 1 site (Spain).

Siemens: 1 site (Belgium), 3 sites (Brazil), 1 site (Chile), 3 sites (China), 2 sites (Czech Republic), 4 sites (France), 4 sites (Germany), 1 site (Italy), 1 site (Netherlands), 1 site (Poland), 1 site (Singapore), 4 sites (Sweden), 2 sites (UK), 2 sites (USA).

Thalès: 18 sites (France), 4 sites (UK).

Toyota: 3 sites (Belgium), 1 site (Brazil), 1 site (Chile), 1 site (Colombia), 1 site (Czech Republic), 3 sites (Finland), 2 sites (France), 1 site (Italy), 3 sites (UK), 1 site, CA (USA), 2 sites (Venezuela).

Business and Industry

Our teams work side by side with businesses to help improve their performance and profitability **through sustainable employee satisfaction throughout the world.**



Sodexo

Richard Macedonia

Worldwide Market Champion,
Business and Industry



Mergers are taking place again, along with stepped up plant relocations, following the period of uncertainty after September 11, 2001 and the burst of the Internet bubble. Today our clients are looking for a reliable strategic partner, capable of ensuring high service quality standards worldwide and delivering cost-effective solutions to increasingly complex requirements. We rely on “*Personix*”, our proprietary customer research method that enables us to analyze customer expectations within the workplace and make more comprehensive and targeted offers, adapted to the specific, local needs at each site. Our partnership with Dell illustrates how this approach



benefits our clients by satisfying our customers.

Over

250

**billion euro in estimated
total market value***, including

90

billion euro in foodservice:

- Outsourcing rate: 75% (highest rate: USA 97%; among the lowest rates: Mexico 24%).
- Outsourced market average annual growth rate: between 1% and 2% over the next three years.

*** Market for non-food services
about 2 times that of foodservice.**

Source: Sodexo.



Client

Dell

USA, UK, Ireland, India.

The Dell
representative

Tailor-made offers

In the US, Dell, Inc. is located in Round Rock, Texas, and employs over 20,000 people at their headquarters campus. The food service model was designed to provide the same offer and to maintain consistency in the menu selection throughout the ten foodservice facilities. After analyzing customer expectations at each site, the Sodexho team began to tailor the selection based on the types of customers and the workplace organization. Sodexho has partnered with its client to renovate the restaurants. Four of the foodservice facilities have been completed with highly successful results: a 17 percent increase in lunch sales and a seven percent increase in breakfast sales.

In Ireland, the Dell management team asked Sodexho to make recommendations to help successfully integrate two buildings in Dublin to an extended new facility in Cherrywood. Sodexho in Ireland used its proprietary customer research method, which highlighted significant key behavioral differences between the employees of the two locations. The results allowed Sodexho to focus on the food offer, method of delivery and range of services within the new restaurant and café, which proved to be invaluable to the architects commissioned by Dell. The recommendations were further validated by the success of a similar approach in the US.

***We have an excellent working relationship with Sodexho.** The approach they recently used in Round Rock has proven to be very beneficial in helping us understand the unique needs of our employees in each and every location. Together with Sodexho, we have developed and delivered targeted food solutions that meet our employees' expectations and deliver a safe, productive and pleasurable dining experience.*



Dell-Sodexho: An exemplary partnership

A multiservice contract in India.

In February 2005, Sodexho was awarded multiple services at Dell's Bangalore site including office cleaning, maintenance, engineering, mail room management and help desk. This is in addition to the foodservice contract that Sodexho was already managing.

Ethical coffee in Ireland.

Our triple certified offer (fair trade, organic, eco friendly) "Coffee with Principles" has been introduced following extensive customer blind testing to identify the best cup of coffee. This also demonstrates Dell's commitment to sustainable development.

Customers

Dell employees in Round Rock are very happy with the changes that have taken place. On-line and in-person surveys show that customer satisfaction has increased by 15 percent at the locations that have been completed. Customers enjoy the *Your Health, Your Way™* menu program, which allows them to combine pleasure and health by balancing their meals. Above all, they applaud the quality of the food and customer service, noting it is as good as the neighborhood restaurants.

Prestige

Sodexho creates **exceptional moments**, putting its expertise **at the service of the art of living**. Directors' tables, executive dining rooms, clubs and conference centers, noted cultural locations and prestigious events -- all enjoy the refined, imaginative service of our teams and the talent and passion of our Chefs. Our partnerships with renowned Chefs also enable us to develop cuisine everywhere, for everyone, every day.



Achievements

Three awards in the United Kingdom:

The Corporate Events Association awarded three prizes to Sodexho Prestige:

- Best Caterer 2004.
- Best Sporting Hospitality Event for Royal Ascot 2004.
- Best Cultural Hospitality Event for the Blenheim Palace Music Festival 2004.

A memorable evening in the Netherlands:

Sodexho Prestige served superb food to 1,400 guests at a recital by Luciano Pavarotti during his worldwide farewell tour.





Clients

France Galop:

Auteuil, Chantilly,
Longchamp,
Maisons-Laffitte

Le Cheval Français:

Enghien, Vincennes

Nathalie Desaix

Communications
Director
at France Galop

Isabelle Coltier

Communications
Director
at Le Cheval Français

L'Affiche: the race to excellence

The Grand Steeple Chase at Auteuil, the *Prix de Diane Hermès* at Chantilly, the *Prix de l'Arc de Triomphe Lucien Barrière* at Longchamp and the *Prix d'Amérique Marionnaud* at Vincennes... for these prestigious events, L'Affiche, a subsidiary of Sodexho, created outstanding gastronomy that combined with the passion for horseracing for a memorable total experience.

"For each major event, we select a different culinary theme", explains Michel Bertheau, Racecourse Operations Director at L'Affiche. "It must bring spectacular taste while attending to the most minute detail."

Three hundred cooks and maitre d's join in the feat of serving customized gourmet menus in panoramic restaurants or quick bites at track-side to 2,500 patrons simultaneously.

In addition to these special events, L'Affiche caters at horse races year round, making the exceptional a part of daily life!

"The cuisine is paced to the rhythm of each race, and adapted to each patron, from owners to bettors, enhancing the image of international horseracing events."

3 prestigious business lines

Clubs, associations and conference centers

For conventions, seminars and receptions, Sodexho Prestige matches hospitality with innovative cuisine and attentive service in elegant surroundings.

Directors' tables and executive dining rooms

Sodexho Prestige offers clients distinctive culinary creations and customized service. With refined decor and discreet, efficient service, the relaxed atmosphere is conducive to quiet discussion.

Prestige restaurants and events

At Parisian restaurants such as *Les Arts* and *L'Atelier Renault*, Sodexho performs gourmet magic inspired by the talent of leading chefs. It also partners world-class events such as Royal Ascot and the French Open at Roland Garros.

Among our Clients

Prestige restaurants and events

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

Ascot Racecourse, Berkshire (UK).

Blenheim Palace, Oxfordshire (UK).

Children's Museum of Indianapolis, IN (USA).

Huntington Library Gardens Café, Pasadena, CA (USA).

L'Atelier Renault, Paris (France).

Le Roland Garros, Paris (France).

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

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

The John G. Shedd Aquarium, Chicago, IL (USA).

Private clubs, associations and conference centers

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

La Maison des Polytechniciens, Paris (France).

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

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

The World Bank, Washington, DC (USA).

Directors tables and Executive dining rooms

Alcatel (Headquarters), Paris (France).

BAT, London (UK).

BNP Paribas (Headquarters), Paris (France).

EADS (Headquarters), Paris (France).

MBNA, Ottawa (Canada).

West LB, London (UK).



market KEY FIGURES

353 revenues
in euro millions

450 revenues
in USD millions

3% share of Group
revenues

12,165 employees

755 sites

Source: Sodexo.

Achievements

New openings in the Defense segment in Czech Republic, Finland, Slovakia and Sweden.

Australia: Serco Sodexo Defence Services won a five-year contract to deliver catering, security and cleaning to HMAS Albatross, HMAS Creswell and Holsworthy Barracks.

United Kingdom: Sodexo won its bid to supply Catterick Garrison. It also obtained ISO 9001 – V.2000 certification for multiservice provision to the Colchester PFI.

United States: Sodexo's Defense Services Division received the President's Award for its policies from NISH (a nonprofit organization that creates jobs for the severely disabled).

19 billion euro in estimated
total market value*, including
5.5 billion euro in foodservice:

- Outsourcing rate: 30% (highest rate: Italy 56%; among the lowest rates: Netherlands 4%).
- Outsourced market average annual growth rate: between 6% and 8% over the next three years.

* Market for non-food services about 2.5 times that of foodservice.

Source: Sodexo.



Defense

Sodexo has developed a broad spectrum of innovative services to meet the changing requirements of the Defense segment, ranging from simple mess hall service to complex deployment tasks and a host of services to enhance the quality of daily life of military personnel and their families at home and abroad. Solutions that include domestic services, logistical support, transport, technical maintenance and medical care helped the armed forces to **optimize resources, boost recruitment and strengthen manpower retention.**

Sodexo

Andrew Leach

Director of the Defense segment in the United Kingdom and Ireland

Client

Australian Defence Force

Teresa Gambaro

Parliamentary Secretary to the Minister for Defence in Australia



Professional military forces, like all employers, are seeking to rationalize their cost base while ensuring that sufficient resources are made available to optimize personnel retention. These requirements have led to the outsourcing of non-core services, which includes everything from food and retail services to total logistics solutions. This enables resources to be focused on improving the quality of life for soldiers and their families, both in garrisons and on operations. Sodexo's ability to meet client expectations, create innovative solutions and provide skilled, efficient operational teams has made the Group an international partner, appreciated for its flexible, reliable service as our new contract with the Australian armed forces clearly shows.



Trust reconfirmed

Serco Sodexo Defence Services was selected to provide Garrison Support Services (GSS) and Comprehensive Maintenance Services (CMS) at the military garrison in the Sydney West South Region. Services include hospitality, security, waste treatment and cleaning. The five year contract's total expenditure on base support services, including facilities maintenance, will exceed AUD 300 million, making Serco Sodexo Defence Services the leading service provider for the Australian army. This is the first renewal of a service contract by an incumbent prime contractor in more than ten years.



***The multiservice contract** with Serco Sodexo Defence Services will deliver an increase in the quality of base support services to the Australian Defence Force and will be a significant boon to the economy in the Sydney West South Region.*



Among our Clients

Australian Defence Force, 6 bases (Australia).

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

British Ministry of Defence, Riyadh (Saudi Arabia).

Cercle National des Armées, Paris (France).

Garrisons of Aldershot, Catterick, Colchester and York, (United Kingdom).

Izmir Garrison, (Turkey).

Naval Hospital in Concepcion and Vina, (Chile).

US Marine Corps, 55 bases (USA).

US Merchant Marine Academy, Kings Point, NY (USA).

In-theater military forces

Finnish, French and Swedish armies, (Kosovo).

KFOR, (Kosovo Force).

NATO Headquarters, Kabul (Afghanistan).

US Defense Logistics Agency, (South Korea, Iraq).



Achievements

France:

- Opening of the Lille-Séquedin prison with an inmate population of 645.
- All SIGES activities have received ISO 9001 – V.2000 certification.

United Kingdom:

- Opening of the HMP Peterborough prison with an operating capacity of 480 men and 360 women.

Among our Clients

Australia (*specialist services*)

Department of Justice

Acacia Prison,
Western Australia.

Chile (*multiservice*)

Ministry of Justice

Five prisons (opening
in 2005-2006): La Serena,
Alto Hospicio, Rancagua,
Concepción and Antofagasta.

Spain (*foodservice*)

Catalonian Government

Eight prisons.

France (*multiservice*)

Ministry of Justice

- Six prisons in the South:
Aix-en-Provence, Avignon,
Grasse, Salon-de-Provence,
Tarascon and Toulon-La
Farède.
- Six prisons in the North:
Bapaume, Liancourt,
Lille-Séquedin,
Longuenesse,
Maubeuge and
Saint-Mihiel.

Italy (*foodservice*)

Ministry of Justice

36 prisons.

Netherlands (*foodservice*)

Ministry of Justice

24 prisons.

Portugal (*foodservice*)

Ministry of Justice

Nine prison centers.

United Kingdom (*specialist services*)

Home Office

- Three prisons: Forest
Bank, Bronzefield and
Peterborough.
- One detention center:
Harmondsworth.
- Two resettlement hostels
for ex-prisoners in Bristol.

market KEY FIGURES

189 revenues
in euro millions

241 revenues
in USD millions

2% share of Group
revenues

2,895 employees

118 sites

Source: Sodexho.

Correctional Services

Correctional facilities aim not only to protect the public but also to reduce recidivism by helping inmates return to mainstream society. Sodexo works closely with government agencies to design, build and manage prisons, young offender institutions, immigration detention centers and post-release rehabilitation hostels. We strive to **improve the living conditions of inmates, provide training and assistance in finding jobs and housing upon release**. Ensuring fair, humane and respectful treatment is at the heart of our mission.

Sodexo

Herb Nahapiet

Worldwide Market Champion,
Global Correctional Services



This is a very special market. Correctional services are primarily a social business. While culture, customs and laws differ across the world, more countries are turning to the private sector for this important activity. The United Kingdom is moving toward a purchaser provider system that concentrates on defining outcomes. Other governments are increasingly looking to the private sector to improve service standards and innovate, as recent opportunities in Hungary and Germany show. Sodexo's social and ethical approach, as well as our experience and reputation for delivering what we promise, are key advantages in this market. We provide correctional services only in countries that do not have the death penalty, where our staff is not required to carry firearms and where the ultimate aim of incarceration is prisoner rehabilitation.



Client

HMP Bronzefield

United Kingdom

A flagship facility

HMP Bronzefield, a prison created and run by the Sodexo subsidiary UKDS, has a capacity of 450 inmates in individual cells. *"Bronzefield is the most modern women's prison in the world, with a state-of-the-art mother and infant unit. The facility was designed to create a warm, pleasant environment for women and their children. Our approach, based on mutual respect between prisoners and the primarily female staff, makes prison life easier for inmates and allows them to prepare for their future,"* says Mike Goodwin, UKDS Director of Operations.

The focus is on resettlement through socio-educational programs, job training, workshops, maintaining family contact, and assistance in finding housing and jobs.



To facilitate prisoner resettlement, UKDS set up a Contacts Center, bringing together a wide variety of associations. *This innovative approach, emphasizing respect for people, offers an ideal environment for solving the many problems that prisoners face."*



Healthcare

The **Hospitality offer** is developed around the specific medical mission of each healthcare facility, **providing comfort and well-being to patients and those around them.** Each offer is adapted to the expectations of patients, staff, families and visitors. Services are provided in five main areas: foodservice, reception and information, hygiene and environmental management, free-time activity and equipment maintenance.



Achievements

France: Sodexho won a contract to become the sole foodservice provider for seven hospitals (3,250 beds) and five staff restaurants for Assistance Publique - Hôpitaux de Paris.

Italy: A ten-year contract, renewable for 24 years, was signed with the Mestre Hospital in Venice, scheduled to open in 2008.

United Kingdom:

- Sodexho is one of the first support services companies licensed to deliver the Institution of Occupational Health and Safety's (IOSH) healthcare risk and safety management course.
- Sodexho launched an information campaign on the importance of washing hands in hospital environments in support of the NHS (National Healthcare Service) fight against nosocomial infections.

United States: Sodexho had a record year winning new contracts with revenues over the contract life of more than 800 million US dollars, including two multiservice contracts with Stanford Hospital & Clinics (613 beds) and Lucile Packard Children's Hospital (264 beds) in Palo Alto, California, and a catering and nutrition contract with Memorial Hermann Healthcare System (12 sites, 3,155 beds) in Houston, Texas.



market KEY FIGURES

No. 1 worldwide

2,149 revenues in euro millions

2,735 revenues in USD millions

18% share of Group revenues

46,355 employees

3,882 sites

Source: Sodexho.

Among our Clients

AP-HP, (Paris public hospitals), 12 sites, including the Hôpital Européen Georges Pompidou (France).

Beirut Governmental University Hospital, (Lebanon).

Clinica Alemana, Santiago (Chile).

Clinica la Moraleja - Sanitas Group (Spain).

Clinique Claude Bernard, Ermont - Groupe Arvita (France).

Cliniques Saint-Grégoire et Saint-Gatien, Tours (France).

Cliniques Universitaires de Bruxelles, 4 sites (Belgium).

Hospital Albert Einstein, São Paulo (Brazil).

Johns Hopkins Hospital, Baltimore, MD (USA).

Karolinska University Hospital, (Sweden).

Klinikum der Universität Regensburg, (Germany).

McGill University Health Centre, Montreal (Canada).

Northern Devon Healthcare NHS Trust, (UK).

Orton Invalid Foundation Hospital, Helsinki (Finland).

Ospedale Casa Sollievo della Sofferenza, Foggia (Italy).

Ramsay Health, (Australia).

Samitivej Sukhumvit Hospital, Bangkok (Thailand).

Stanford University Hospital, CA (USA).

Zuwe Hofpoort Ziekenhuis, Woerden (Netherlands).

Healthcare

Our Hospitality offer delivers value for our clients, provides a sense of security to patients, reassurance for their families and an incentive for staff in a healthy, controlled environment.



Sodexo

Jean-Michel Dhenain
Worldwide Market Champion,
Healthcare

« **Three major trends** characterize this market: investment in rapidly improving technologies is leading to shorter stays, reductions in the number of beds and facilities, development of alternative solutions to hospitalization, and pressure on pricing; longer life expectancy means greater spending on healthcare. Changing attitudes are resulting in greater demand for security and information, at a time when it is becoming difficult to recruit nursing and facilities staff. All of these factors have contributed to the success of our Hospitality offer, as illustrated by our partnership with the Claude Bernard Clinic in France. »

Over
150 billion euro in estimated
total market value*, including

40 billion euro in foodservice:

- Outsourcing rate: 30% (highest rate: Spain 65%; among the lowest rates: Brazil 8%).
- Outsourced market average annual growth rate: 4% over the next three years.

* Market for non-food services
about 3 times that of foodservice.

Source: Sodexo.



Client

Claude Bernard Clinic

Ermont – France
(Arvita Group)

Azar Raffoul

Chief Executive Officer,
Arvita Group

Hospitality serving the needs of everyone

The Claude Bernard Clinic outside Paris, offers medical, surgical and maternal care at its 271-bed facility, including 31 outpatient beds. In 1995, Sodexho won the contract to provide patient and staff foodservice. In 2001, services were extended to include automatic vending machines and TV rental. A new contract in late 2002 added bio cleaning and reception services. Our Hospitality partnership developed further in 2005 with "Stand Up" (see box) and a new catering offer. The expertise of our team and innovative products have enabled our client to achieve substantial savings and enhance their reputation by improving the quality of life for employees, patients and families.

Through the Hospitality ensured by Sodexho for the Arvita Group, we were able to improve the comfort of our patients and their loved ones, as well as of teams, achieve greater cost-control, and focus entirely on our profession: patient care.



"Stand Up": a friendly meeting place

The Hospitality offer is intended for patients, visitors and staff. *Résa Services* centralizes information and reservation services such as television, telephone and toiletries. Beverages and snacks are offered throughout the day in the relaxed, friendly atmosphere of *Café Nescafé*. Finally, the *Boutique* provides sundry products and gifts to satisfy patient wants and needs. "Stand Up" offers a place for living for everyone in a place of care.

Customers

Patient boredom is a quality of care issue. Ninety-five percent of patient time is unoccupied. "Stand Up" provides a warm setting where patients can spend a pleasant moment during the day. They appreciate being able to buy basic necessities and visitors can stop in to pick up last-minute gifts. It is also a comfortable spot for staff members to relax and take a break. With the new foodservice offer, "1. 2. 3. flavors", the number of meals served has already increased by nearly 12 percent.



Achievements

International: Sodexho became a Platinum Sponsor of the International Association of Homes and Services for the Aging (IAHSA), a United Nations accredited NGO that represents 12,000 long-term care facilities with a purpose to create innovative solutions in the senior services segment.

Australia and Italy: Opening of the segment with a Hospitality offer.

France: Signing of framework agreements with Fondation des Caisses d'Epargne (50 sites) and the SUREN group (80 sites).

United States: Major contracts with Mariner Health (Atlanta, Georgia, 13 sites), American Baptist Homes of the West (Pleasanton, California, 10 sites), George M. Leader Family Corporation (Hershey, Pennsylvania, 12 sites), Methodist Homes of Alabama and Northwest Florida (4 sites).



Seniors

Sodexo senior services are designed to foster dignity, pleasure and social contact in the lives of the elderly. Our mission **is to create the conditions that allow seniors to grow old gracefully**, at home or in specialized facilities, with innovative foodservice and services adapted to their age and degree of dependence. Our teams are specially trained to make mealtime a pleasure while ensuring a healthy diet. They provide attention and assistance, as well as a pleasant environment for friendly interaction. By listening to seniors and giving them the support they need, we help them get the most out of their lives. At Sodexo, that is how we honor our elders.

market KEY FIGURES

No.1 worldwide

691 revenues in euro millions

879 revenues in USD millions

6% share of Group revenues

10,929 employees

1,796 sites

Source: Sodexo.

Among our Clients

American Baptist Homes of the West, CA (USA).

Appalachian Christian Village, TN (USA).

Aurinkomaki Service Center, Pornainen municipality (Finland).

Baptist Housing, Vancouver, BC (Canada).

Diakonie Neuendettelsau, (Germany).

Fondation des Caisses d'Epargne, 50 sites (France).

Fondazione Maria Ausiliatrice Onlus, Bergamo (Italy).

Groupe ADAVIR, (Spain).

Groupement GVA Gasthuiszuster van Antwerpen, 2 sites (Belgium).

Hogar de Cristo, Santiago (Chile).

Maison des Augustines de Meaux, (France).

Pension Schloss Kahlsparg in Oberalm, Salzburg (Austria).

Pilträdet Nursing Home, Stockholm (Sweden).

Stockholm County Council, (Sweden).

Uniting Care Ageing, NSW, Ku Ring Gai Region (Australia).

Wellwood House, Newport (UK).

Zuwe Zorg, Maarssen, Vinkeveen and Woerden (Netherlands).

Sodexo

Jean-Michel Dhenain

Worldwide Market Champion,
Seniors



In every country where Sodexo operates, increased life expectancy is giving seniors greater demographic, economic and political weight. Advanced senior care, requiring medical and personal assistance in specialized facilities, is the fastest growing segment of senior services and accounts for an ever-increasing portion of overall healthcare expenditures. Recruiting skilled personnel is an ongoing challenge and establishments are faced with problems of malnutrition, dependence and loneliness among residents. The expansion of home care services, on the other hand, requires pro-active government involvement. Whether we participate in the lifestyle projects of retirement communities or in the implementation of regional home care policies, ensuring Quality of Life for



seniors is our profession.

Growing old gracefully - United States

Seniors want to stay healthy, maintain their independence and interact with family and friends. The “HealthAbility” program has identified eight components of wellness: nutrition, physical, spiritual and intellectual health, social ties, safety, environment and community. Sodexo has incorporated these eight factors into a pilot program, based on a holistic approach to promote the well-being of retirement home residents. A host of services, from balanced catering options to social activities, help combat the isolation of seniors, while promoting their independence and helping them stay healthy. The program exemplifies Sodexo’s commitment to creating the conditions that allow seniors to live well.

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

- Outsourcing rate: 21% (highest rate: Japan 50%; among the lowest rates: Netherlands 8%).
- Outsourced market average annual growth rate: 4% over the next three years.

* Market for non-food services
about 2.5 times that of foodservice.

Source: Sodexo.

Client

Stockholm County
Council

Sweden

Lena-Maj Anding

Stockholm County Council



Homecare equipment and services

In Sweden, a County is a public institution financed by taxes. Stockholm County has a population of 1.8 million and devotes 75 percent of its budget to healthcare. Equipment is purchased by the municipalities in the County and provided free of charge to users on prescription.

100 Sodexo employees ensure storage, transportation, installation and maintenance of 12,000 products and 35,000 bulky objects such as mobility equipment, special beds and food-service equipment, to make life easier for nearly 600 people with temporary or permanent disabilities.



Sodexo’s entrance on the market for this equipment has signaled a turning point in Sweden. It is a win-win approach and is enabling regions to achieve planned savings.

Customers

Seniors and dependent persons, the primary recipients of this service on a long-term basis, overwhelmingly support solutions allowing them to remain at home as long as possible under optimum conditions. The equipment provided by Sodexho makes daily life easier for them and for their families and caregivers. They can also count on the assistance of well-trained personnel attentive to their needs. Thanks to these services, they feel more fully integrated into society.

People with Disabilities

Improving quality of life for the disabled means, first and foremost, **promoting their integration into society**. From business activities to job training to public awareness campaigns, all of Sodexho's initiatives in this area are directed toward this goal.



Achievements

France:

- Sodexho and the *Fédération Française Handisport* (French Handisport Federation) renewed their partnership to promote sports for people with disabilities.
- Signing of a draft agreement with the *Association pour adultes et jeunes handicapés* (Association for Disabled Youth and Adults).

Spain: Opening of the segment with the signing of two major contracts.

United States:

- Sodexho was named one of DiversityInc.'s Top 10 companies offering genuine career opportunities for people with disabilities.
- Sodexho was chosen "Employer of the Year" by the Autism Services Association.

All for one, one for all France

Sodexho organized a culinary competition aimed at **integrating the disabled and gaining recognition for their abilities**. People with disabilities are invited to participate and perform roles geared to their capabilities. Seventy establishments managed by Sodexho took part in this year's convivial event, involving meetings and discussions among residents, educators and Group teams. Sodexho is the only foodservice company in France with a division specializing in services to institutions for people with disabilities.

Education

Sodexo provides schools with **solutions to enhance Quality of Life for students, teachers and parents** through a wide range of specialized services. These cover everything from building organization to cost-effective facilities management.



market KEY FIGURES

No. 1 worldwide

2,831 revenues in euro millions

3,603 revenues in USD millions

24% share of Group revenues

84,303 employees

4,386 sites

Source: Sodexo.



Among our Clients

Atlanta Public School District, Atlanta, GA (USA).

Collège Anatole France, Casablanca (Morocco).

Emory University, Atlanta, GA (USA).

ENAC, Toulouse (France).

Florence Public Schools, Florence (Italy).

Huddersfield University, (UK).

International School of Sotogrande, (Spain).

Loyola Marymount, Los Angeles, CA (USA)

Nice Public Schools, (France).

Northwestern University, Evanston, IL (USA).

Pontificia Universidade Católica, Rio de Janeiro (Brazil).

St. Louis Public School District, MO (USA).

Salem-Keizer School District, Salem, OR (USA).

The English International School, Prague (Czech Republic).

United World College of South East Asia, (Singapore).

University of Hong Kong, (China).

Achievements

Germany: To meet the rising demand in schools and kindergartens, 32 school kitchens obtained Organic certification.

Russia: Sodexho entered the Public Education segment with an initial contract at a secondary school.

United Kingdom: Sodexho was awarded the “Big Tick Standard” by Business in the Community for its Healthier Eating program, which promotes the value of healthy eating among underprivileged youngsters.

United States: In response to increasing obesity among young people, Sodexho launched a two-day “Coalition for Culinary and Nutrition” (CCN), bringing together dietitians and chefs to plan tasty, nutritious school menus.



Education

Young people must acquire good eating habits to be healthy for life. Giving future generations a taste for varied, wholesome foods is one of our priorities. From kindergarten to university, Sodexho's nutrition experts work with educators and parents to **develop programs that teach the importance of sound nutrition and promote a balanced diet** as an indispensable part of daily life.



Sodexho

Rick Brockland

Worldwide Market Champion,
Education

« **In this market**, our clients are concerned about the alarming rate of obesity among young people. Childhood obesity, which is becoming a serious public health problem, calls for a comprehensive approach. As the world's leading employer of skilled dietitians, Sodexho has the expertise to help clients implement programs to educate young people about nutrition and encourage healthy eating. Schools face complex management challenges and increasing service demands with limited budgets. Sodexho tailors its multiservice offering to the specific requirements of their core business, optimizing facility operation and contributing to community improvement, as our successful partnership with the St. Louis Public School District demonstrates. »



Over
150 billion euro in estimated
total market value*, including
50 billion euro in foodservice:

- Outsourcing rate: 32% (highest rate: Canada 66%; among the lowest rates: Japan 24%).
- Outsourced market average annual growth rate: 3% over the next three years.

* Market for non-food services
about 2.5 times that of foodservice.

Source: Sodexho.

Client

St. Louis Public School District

St. Louis, Missouri, United States

Lt. General Gary Hughey

Chief Operating Officer
and Building Commissioner -
St. Louis Public Schools

Building a better Quality of Life

A **multiservice management** contract for 59 elementary, 21 middle and 12 high schools was awarded to Sodexo by the St. Louis Public School District in 2003, aimed at improving service quality and the educational environment while efficiently managing costs.

Sodexo oversees custodial equipment and grounds management as well as building cleaning and maintenance. In just one year, the program achieved a savings of 5.5 million US dollars, as well as significantly enhanced service quality. This was accomplished by optimizing human and material resources, which included reorganizing and training personnel and investing in new equipment.

Sodexo is also improving Quality of Life in the community through partnerships with local minority and women-owned businesses.



We had a summer break – shortened by two weeks, a district-imposed hiring freeze resulting in 45 of 329 unfilled custodial positions and six weeks of summer school scheduled in more than 75 percent of our buildings. – Despite having to overcome these numerous obstacles, all of our schools were clean and ready for opening day. Sodexo did a great job.



The Cafet'Evasion – France

Fighting obesity becomes a priority

Nutrition and health issues are of growing concern to parents, teachers and high school students. When automatic vending machines were banned from schools in France, Sodexo launched a new offer on the theme: "Less fat, less sugar, less salt. Eating well is easy!". The concept of appealing, well-balanced fast food in a friendly, relaxing environment designed for high school students is now being rolled out in 64 cafeterias.

"At the Cafet'Evasion, I can watch what I eat, even when I'm in a rush. The food is tasty and there's plenty of choice. It's good for my figure and good for my health. The cafeteria has a new look, too. The atmosphere is young and fun. We like to go there".

Marie, a high school student in Paris.

Customers

Students, teachers and administrative staff are pleased to be working in a safe, healthy school environment that is comfortable and attractive. There is widespread appreciation of Sodexo's integral role in all 92 district schools. We have introduced a data-driven process that focuses resources on prevention and maintenance rather than emergency response. The administration receives a monthly report that allows district leaders to make decisions based on reliable data in a timely fashion.



Achievements

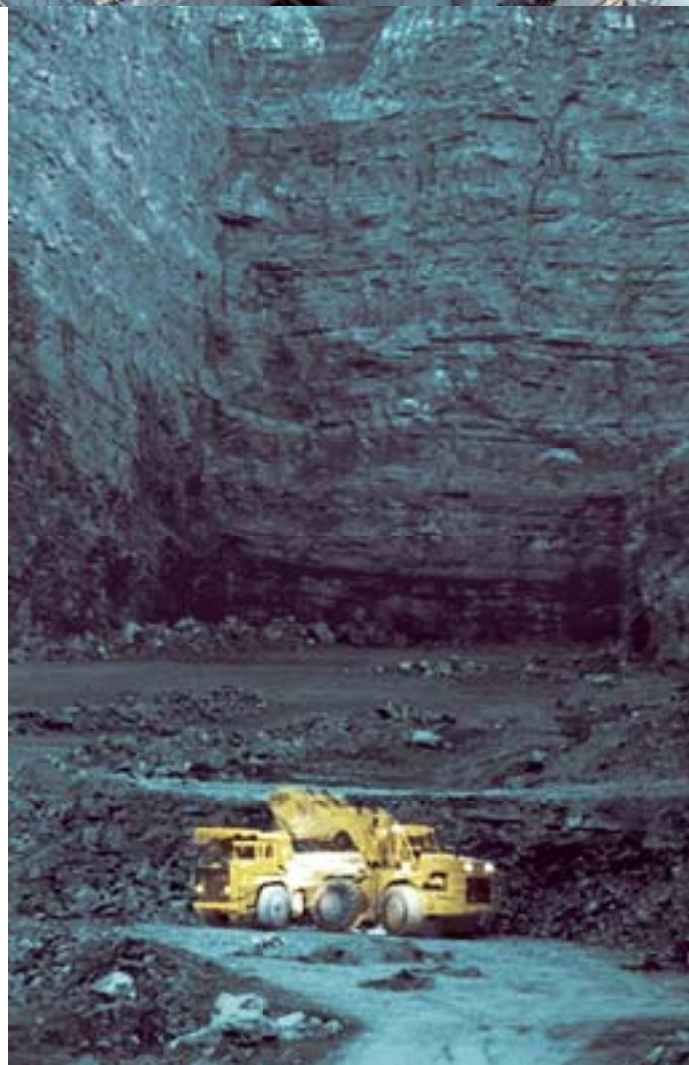
Remote site opening in Colombia, with the signing of four contracts.

Safety achievements in Scotland receive awards:

- For the sixth year in row, the Safety Prize from the British Safety Council;
- For the third time, the Outstanding Performance prize from the Royal Society for the Prevention of Accidents (RoSPA);
- And the HSE Prize (Health, Safety, Environment), one of the Scottish Offshore Achievement Awards, known as the “Oil Oscars”, presented by the International Association of Drilling Contractors (IADC).

In Peru:

- Sodexho won the *Empresa Peruana del Año* 2004 competition in the Multiservices category, making Sodexho the country’s leading company for management, product and services quality.
- After receiving ISO 9001 and HACCP certification, Sodexho obtained ISO 14001 and OHSAS 18001 certification for its operations at the Antamina mining company site as well as its offices in Lima. As a result, it is the first company in its segment in Latin America to be certified to four international standards for management quality. Sodexho also received HACCP certification for its process at the Alto Chicama Operation (Barrick Misquichilca Mining Company).





Remote Sites

Living and working environments at remote sites present special challenges to oil and gas, mining and construction companies. Universal Sodexho offers a **comprehensive service solution** to meet these challenges, from setting up camps to environmental restorations following operations. We develop tailor-made technical solutions suited to extreme or unusual conditions. Our goal: **to improve the quality of daily life and safety of the thousands of people** working on these sites.

market KEY FIGURES

No.2 worldwide

655 revenues in euro millions

833 revenues in USD millions

6% share of Group revenues

21,784 employees

1,616 sites

Source: Sodexho.

Among our Clients

Oil and Gas

AP Moller-Maersk Group, Congo, Denmark, Nigeria.

BP, Alaska, Algeria, Argentina, Indonesia, Netherlands, Norway, United Kingdom.

ConocoPhillips, Alaska, United States (on-shore) and the Gulf of Mexico (offshore), Syria, United Kingdom.

ExxonMobil, Canada, Netherlands, Norway, Russia, Saudi Arabia, United States (onshore) and Gulf of Mexico (offshore), Venezuela.

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

Qatargas, Qatar.

Saudi Aramco, Saudi Arabia.

Shell, Gabon, Gulf of Mexico, Netherlands, Nigeria, Russia, Saudi Arabia, Sultanate of Oman, United Kingdom, Venezuela.

Sinopec, Saudi Arabia.

Total, Angola, Cameroon, Congo, Gabon, Gulf of Mexico, Nigeria, Netherlands, Norway, United Kingdom.

Transocean, Inc., Cambodia, Cameroon, Congo, Equatorial Guinea, Gabon, Gulf of Mexico, India, Indonesia, Ivory Coast, Nigeria, Norway, Thailand, United Kingdom.

Mining

Alcan Inc., Australia.

BHP Billiton, Canada, Peru.

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

Rio Tinto, Australia.

Engineering and Construction

Bechtel, Equatorial Guinea, Qatar, Romania.

Chiyoda, Russia.

Fluor Daniel, Russia, Saudi Arabia.

Kellogg Brown & Root, Iraq.

Louis Berger Group, Afghanistan.

SNC Lavalin, Peru, Venezuela.

Remote Sites

In all our operations, we are committed to working with our clients to ensure **the sustainable development of the local economies.**



Sodexo

Nicolas Japy

Worldwide Market Champion,
Remote Sites



Remote Site market growth reflects the accelerating demand worldwide for energy and mining, and consequently, for higher production levels. There are opportunities for development with our major clients as well as with independent producers. With increasingly sophisticated technologies at inhospitable sites, our clients are turning to single-source providers capable of providing comprehensive multiservice, multi-technical solutions. Their primary concerns are controlling costs, ensuring the safety and comfort of their teams, and supporting local economic and social development. A great example of our goals in action is the work we are doing for



Total E&P in Angola.



10

**billion euro in estimated
total market value
(multiservice)**

Source: Sodexo.

Client

Total E&P
Angola

Jean-Louis Boyer
General Services Manager -
TOTAL E&P Angola

Reliability, Safety and Quality of Life

This three-year multi-technical, multiservice contract covers the maintenance of the industrial site and office premises, housing and social and leisure facilities, as well as a wide range of services. Universal Sodexho has hired and trained more than 200 local people to fulfill this assignment.



***We chose Universal Sodexho** for its knowledge of the local context as well as its proven record of technical maintenance skill. After one year, we are very satisfied with our choice. Universal Sodexho provides high quality services in keeping with Total standards and our expectations, and has succeeded in developing a network of local businesses to participate in contract performance. Regular reporting has been introduced to improve the management of our facilities and properties in Luanda and create a more pleasant living environment for our employees.*

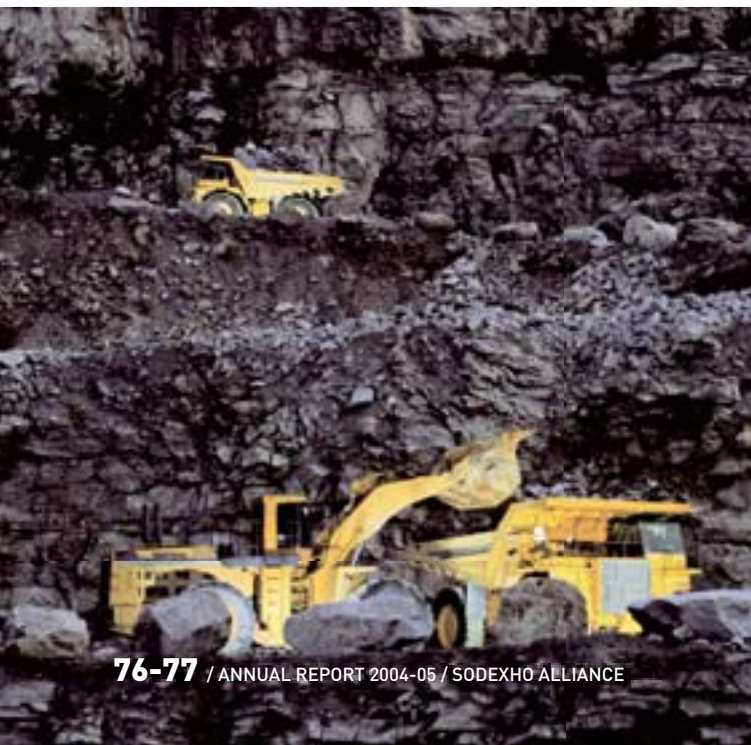


Customers

Round-the-clock services, are provided every day to Total E&P personnel by Universal Sodexho on a 150,000-square-meter site. As the number of failures requiring repair operations steadily decreases, preventive maintenance now accounts for 75 percent of team interventions. Specialists from Universal Sodexho also contribute their expertise to eliminate hazardous practices and ensure optimum safety in high-risk areas. Improved technical performance and rigorous worksite standards translate into a better quality of life and increased safety for those who live and work at the site.

Universal Sodexho fosters local businesses in Laos

For its client LXML, an Australian mining company, Universal Sodexho is involved in projects to develop the local Laotian economy. It will purchase supplies for the Oxiana Sepon Gold and Copper Project from a textile factory financed by the client in the center of the country. Universal Sodexho is also giving technical and material support to develop a farming cooperative to provide fresh produce to the site, and is planning the construction of a pork processing plant. By generating opportunities for skills acquisition and stable jobs, these production projects help the local people build their own future.



Service Vouchers and Cards

Sodexo Pass has developed **a wide variety of secure, flexible and innovative methods** to help companies enhance employee motivation and enable public sector clients to implement effective social policies. From e-vouchers, swipe cards, smart cards and contactless cards to completely virtual transaction systems, the most suitable medium is selected to offer customized solutions that **make life simpler and more pleasant for people at work and in their daily lives.**

Achievements

Belgium: Sodexo Pass acquired a majority stake in Chèque-List and expands its “Motivation” offerings.

Chile: *Fondo Solidario de Inversion Social* (social investment solidarity fund) chooses Sodexo Pass to manage grants allocated to local businesses.

China: In addition to the sales office opened in Shanghai in 1999, a sales office has been opened in Suzhou.

France: Sodexo Pass won five new contracts: Cinema-Reading vouchers for Regional Councils (Provence - Alpes - Côte d’Azur region), Equipment vouchers for on-the-job trainees (Nord - Pas-de-Calais region), Book cards (Picardy), Regional Book vouchers (Auvergne) and Book vouchers (Brittany) for high school students.

Poland: The mining company Weglowa SA decided to thank its 71,195 employees by offering them Sodexo Pass gift certificates.

Launch of the Training Pass in Spain, the Web Pass in Hungary, the Flexi Pass in the Czech Republic, and the Childcare Pass in the United Kingdom.





market KEY FIGURES

No.2 worldwide

280 revenues in euro millions

356 revenues in USD millions

2% share of Group revenues

2,776 employees

320,000 clients

5.3 billion euro issue volume

Source: Sodexho.

Among our Clients

Banking and Insurance

ABN AMRO Bank, Argentina, Belgium, Colombia, Czech Republic, India, Luxembourg, Turkey.

Allianz, Czech Republic, Germany, Mexico.

BNP Paribas, Belgium, China, Czech Republic, Germany, Poland, Tunisia, Turkey.

Citigroup, Belgium, Colombia, Czech Republic, Poland, Slovakia.

Computer technology and Electronics

Hewlett-Packard, Belgium, Colombia, Czech Republic, India, Italy, Poland.

Microsoft, Austria, China, Colombia, Czech Republic, India, Poland, Slovakia.

Samsung Electronic, Argentina, Austria, Colombia, Poland, Slovakia.

Food Industry

Coca-Cola, Argentina, Belgium, China, Colombia, Czech Republic, Luxembourg, Poland, Slovakia.

PepsiCo, Argentina, Brazil, Hungary, Mexico, Poland, Romania, Venezuela.

Unilever, Argentina, Belgium, Colombia, Poland, Tunisia, Turkey, Venezuela.

Industrial equipment

Alstom, Argentina, Austria, Czech Republic, Hungary, Mexico, Poland, Spain, Tunisia.

Michelin, Czech Republic, Hungary, Mexico, Romania, Slovakia, UK.

Renault Group, Argentina, Austria, Belgium, Czech Republic, Italy, Poland, Romania.

Siemens, Austria, Belgium, China, Colombia, Czech Republic, France, Germany, Poland, Romania, Slovakia, Tunisia.

Public services

Ministries, Ministry of the Flemish Community and Ministry of the Walloon Region (Belgium), Home Office (Czech Republic), Department of Health and Safety (Venezuela).

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

National Railways Services, SNCB, (Belgium).

Service Vouchers and Cards

Today, **14 million people in 27 countries** have meals, engage in professional training, practice their favorite sport or benefit from childcare services thanks to 821,000 Sodexo Pass affiliated partners.



Sodexo

Pierre Henry
Chief Executive Officer,
Service Vouchers and Cards



The growing number of contracts with Regional Councils in France and the recent introduction of new services in Latin America and China demonstrate that public authorities are continuing to turn to the private sector to help manage their social programs to assure effective control, tracking and transparency. In turn, companies are paying closer attention to the expectations of their employees. Firms increasingly recognize that improving the quality of life of their employees is one of the most effective ways to leverage performance. Innovative thinking and responsiveness are key factors in the success of Sodexo Pass in this market, instrumental in helping us develop lasting, constructive partnerships with our clients, such as TIM in Brazil.



30 billion euro issue volume
in the global market

14 million beneficiaries

12.1 million employees
enjoy Daily Life solutions to improve
Quality of Life in the workplace.

1.2 million employees
use Motivation and Loyalty solutions.

700,000 citizens
benefit from public aid through
Sodexo Pass solutions.

Source : Sodexo.



Client

TIM

Brazil

**Marcos Aurélio
Fernandes**

Human Resources Manager
TIM

Confidence across the board

TIM was set up in 1998, when Brazilian telecommunications went private, with the clear-cut objective of becoming number one in its market. When TIM acquired Maxitel, a client of Sodexo Pass, we were awarded the contracts for Meal, Food and Mobility voucher management. By developing a relationship based on trust and a shared determination to deliver results, we have achieved remarkable success together. In the last eight years, the number of Sodexo Pass service users has grown from 450 in the North-East region to a total of 6,000 in 17 regions of Brazil. Today, as smart cards gradually replace paper vouchers, TIM is benefiting from simplified management, greater employee satisfaction and a strong image as a leader in technology.

Sodexo Pass is constantly innovating and adapting new technologies for the benefit of Brazilian employees. TIM and Sodexo Pass clearly share the same objective.

Beneficiaries

From the point of view of TIM employees, the smart card system offers increased efficiency and greater user facility, and reflects the image they have of their company.

"I received my Sodexo Pass card nearly two years ago, in place of paper vouchers. It really is an improvement. It is handier, easier to use, and safer, too... you get used to it very quickly!"

Easier, faster, services enter the electronic age

More and more of our clients are turning to Sodexo Pass for e-services and paper-free systems. Everyone stands to gain from this mini-revolution. Companies and public services can control and monitor allocations more efficiently, while employees and citizens can access innovative, practical and secure services.

New swipe cards and smart cards are activated every day, while e-vouchers are becoming increasingly popular. They have been adopted by the Flemish region of Belgium as a way to encourage continuing education. Another virtual product, the Childcare Pass in the United Kingdom, enables savings in family expenditures.



CORPORATE Governance

As a result of Sodexo Alliance's activity in two different stock exchanges, the Group's corporate governance structure includes the mandatory provisions of French corporate governance law and the securities laws and regulations of both France and the US, as well as the rules that are promulgated by both public markets.

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.

The Board of Directors establishes corporate strategy, appoints corporate officers to run the business, supervises the management of the business, reviews internal control procedures, and oversees the quality of information provided to shareholders and to the financial markets in the

financial statements and in connection with major financial transactions. As required by law, the Board of Directors finalizes the financial statements, proposes dividends, and makes decisions on investments and financial policy. The Board of Directors performs periodic in-depth reviews of the financial statements at meetings attended, as necessary, by members of the Group's operational and financial management teams and by the internal and external auditors.

The Board of Directors met eight times during fiscal 2005, fulfilling the minimum requirement of four meetings per year as stated in the Internal Rules. The average attendance rate was 87%.

I Board Committees

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

Audit Committee

3 members, all independent

4 meetings in fiscal 2005

Average attendance rate of 67 %

Issues addressed by the Committee included:

- approval of the Internal Audit plan for fiscal 2005;
- review of the principal accounting policies applied by the Group;
- impact of IFRS on the consolidated financial statements;
- organization of the Group finance function;
- reports issued by the Internal Audit department, and progress reports on the implementation of internal audit recommendations;
- progress reports on the “CLEAR” project (internal control assessment);
- reappointment of one of the firms currently acting as joint external auditor.

The Audit Committee reviewed the annual consolidated financial statements for fiscal 2004, and the interim consolidated financial statements for the six months ended February 2005. It also approved the terms of engagement and fees of the auditors of Sodexo Alliance and its subsidiaries in connection with the audit of the consolidated financial statements for fiscal 2005.

Finally, the Audit Committee approved in advance all other engagements performed by the Group’s auditors and by member firms of their international networks.

Nominating Committee

5 members, 2 independent

1 meeting in fiscal 2005

Average attendance rate of 60 %

This Committee examines proposals made by the Chairman of the Board, and advises the Board, on:

- the appointment of:
 - Directors;
 - the Chief Executive Officer and, as appropriate, Chief Operating Officer(s);
 - members of the Group Executive Committee;
- succession plans for key executives.

It also keeps an up-to-date, confidential list of potential replacements in case a position suddenly becomes vacant. For compliance reasons, the Committee also provides the Board of Directors from time to time with a list of Directors qualifying as independent.

Compensation Committee

4 members, 1 independent

3 meetings in fiscal 2005

Average attendance rate of 85 %

The Committee met to make recommendations to the Board on issues such as the advisability of introducing a new International Employee Stock Ownership Plan, the implementation and plan rules of a new stock option plan, and compensation packages for the Chairman and Chief Executive Officer and the Chief Operating Officers.

The Board of Directors 2004-2005



PIERRE BELLON

Born January 24, 1930
First appointment: November 14th, 1974
Term expires: 2007
Number of Sodexho Alliance shares held: 12,900
Pierre Bellon holds jointly with his children 68.5% of the shares of Bellon SA, which holds 36.83% of the share capital of Sodexho Alliance.

- Pierre Bellon is currently Chairman of the Board of Directors of Sodexho Alliance and Chairman of the Supervisory Board of Bellon SA.



ROBERT BACONNIER

Born April 15, 1940 in Lyon (France)
First appointment: February 8th, 2005
Term expires: 2008
Number of Sodexho Alliance shares held: 410

- Robert Baconnier is currently President of ANSA, the French National Association of Joint Stock Companies.



RÉMI BAUDIN

Born October 19, 1930
First appointment: February 25th, 1983
Term expires 2007
Number of Sodexho Alliance shares held: 4,016

- Rémi Baudin is currently Vice-Chairman of Sodexho Alliance and Vice-Chairman of the Supervisory Board of Bellon SA.



PATRICIA BELLINGER

Born March 24, 1961
First appointment: February 8th, 2005
Term expires 2008
Number of Sodexho Alliance shares held: (shares currently being acquired)

- Patricia Bellinger is currently the head of diversity and inclusion and also the head of the Leadership Education function for British Petroleum in London.



ASTRID BELLON

Born April 16, 1969
First appointment: July 26th, 1989
Term expires 2007
Number of Sodexho Alliance shares held: 37,683

- Astrid Bellon is a shareholder of *Les Films d'à Côté*, a company she created in 2001. She is also a member of the Management Board of Bellon SA.



BERNARD BELLON

Born August 11, 1935
First appointment: February 26th, 1975
Term expires 2006
Number of Sodexho Alliance shares held: 323,732

- Bernard Bellon founded Finadvance SA, a venture capital company of which he has been Chairman since its creation. He is also a member of the Supervisory Board of Bellon SA.



FRANÇOIS-XAVIER BELLON

Born September 10, 1965
First appointment: July 26th, 1989
Term expires 2007
Number of Sodexho Alliance shares held: 37,343

- François-Xavier Bellon is the Sales and Marketing Director of the Temporary Work Division of the Adecco Group. He is also a member of the Management Board of Bellon SA.



SOPHIE CLAMENS

Born August 19, 1961
First appointment: July 26th, 1989
Term expires 2007
Number of Sodexho Alliance shares held: 7,964

- Sophie Clamens is the Group Vice President Client retention, responsible for worldwide implementation of the Group's client retention strategy. She is also the Chairman of the Management Board of Bellon SA.



PAUL JEANBART

Born August 23, 1939
First appointment: February 13th, 1996
Term expires 2008
Number of Sodexho Alliance shares held: 400

- Co-founder, partner and Chief Executive Officer of the Rolaco group since 1967, Paul Jeanbart is Executive Director of Rolaco Holding SA.



CHARLES MILHAUD

Born February 20, 1943
First appointment: February 4th, 2003
Term expires 2006
Number of Sodexho Alliance shares held: 400

- Charles Milhaud is Chairman of the Management Board of the Caisse Nationale des Caisses d'Épargne (CNCE) as well as Chief Executive Officer of the Groupement Européen des Caisses d'Épargne.



FRANÇOIS PÉRIGOT

Born May 12, 1926
First appointment: February 13th, 1996
Term expires 2008
Number of Sodexho Alliance shares held: 400

- François Périgot is Honorary President of Medef and Medef International.



NATHALIE SZABO

Born January 26, 1964
First appointment: July 26th, 1989
Term expires 2007
Number of Sodexho Alliance shares held: 1,147

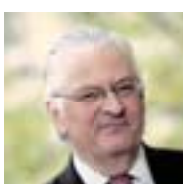
- Nathalie Szabo is Managing Director for L'Affiche and Sodexho Prestige as well as a member of the Management Board of Bellon SA.



PETER THOMPSON

Born September 15, 1946
First appointment: February 8th, 2005
Term expires 2008
Number of Sodexho Alliance shares held: (shares currently being acquired)

- Peter Thompson is currently Chairman of the Board of Trustees of the Stanwich School and a Director and member of the Audit Committee of Syngenta AG.



H.J. MARK TOMPKINS

Born November 2, 1940
First appointment: February 5th, 2002
Term expires 2008
Number of Sodexho Alliance shares held: 400

- Mark Tompkins is on the Board of Directors of several companies.

ASSESSMENT OF BOARD OPERATING PROCEDURES

Following an assessment of Board operating procedures conducted by one of the Directors during fiscal 2004, a number of improvements were made to the Board's Internal Rules during fiscal 2005. In particular, Board members proposed changes in the way meetings are held, and also expressed an interest in meetings on specific topics as well as periodic meetings with Group management.

Board members also supported improvements in the composition of the Board in order to better reflect the Group's international profile and to bring in new skills and expertise. As a result, the Nominating Committee and the Board recommended three new candidates – Patricia Bellinger, Robert Baconnier and Peter Thompson – for election as Directors at the shareholders' general meeting of February 8, 2005. All three were duly elected by the shareholders.

CHAIRMAN'S REPORT

The Chairman's report on the operating procedures of the Board of Directors and on Internal Control procedures is contained in the Reference document filed with the AMF on December 12, 2005.

This report contains a description of the Group's activities and the composition of the Board of Directors. It also describes the general organization of the internal control system implemented by the Group, which is based on the Group's values and policies as defined by Sodexho Alliance's senior management and as implemented by each subsidiary after taking into account local factors.

In addition, the report describes the internal control procedures related to the preparation of accounting and financial information and the assessment of those internal control procedures (Project CLEAR) which mobilized more than 500 people in the different subsidiaries and departments of the Group.

COMPENSATION OF BOARD DIRECTORS

The information concerning Director's fees as well as all forms of compensation paid to the Directors is contained on p. 50 of the Reference document and on the Group's website: www.sodexho.com.

" Sodexho has the business model and leadership talent necessary to win. "

" Everyone effectively leverages the diversity of each other's knowledge and experience. "



Interview

Patricia Bellinger

Independent Director

What motivated you to accept a directorship on the Sodexho Board?

P. Bellinger: Sodexho is a successful global corporation in an industry with which we all interface, in some cases, frequently. I find Sodexho's values, aspirations and ethos not only compelling, but also well aligned with my own. Ultimately, I was inclined to join the Board because I believe Sodexho has the business model and leadership talent necessary to win in today's intensely competitive markets.

One year after, what are your impressions?

P. Bellinger: Challenging discussions and superior decision-making characterize our board meetings. I have found my fellow board members to be warm, engaging and open-minded. Everyone effectively leverages the diversity of each other's knowledge and experience. I also greatly enjoy the opportunities we have to meet the Sodexho leadership team through their presentations to the Board. For me, it has thus far been a very rewarding experience.

I Risk Management

Sodexo has a pro-active approach to risk management, with the aim of protecting its employees and clients and safeguarding the interests of the company and its shareholders.

Sodexo has specific policies in place designed to ensure that risks are properly evaluated and managed at the appropriate level within the organization. A risk-mapping exercise is conducted each year by the Executive Committee, and presented to the Audit Committee and the Board of Directors.

Our policy on risk management and insurance involves working closely with our subsidiaries to:

- identify and evaluate the key risk exposures faced by Sodexo, with particular attention focused on the emergence of new risk factors associated with the new activities, especially in the area of multiservices;
- develop a policy of contractual risk reduction;
- achieve the right balance between risk retention (self-insurance) and transfer to the insurance market.

I IFRS Transition

Under European regulations, the Sodexo Group will prepare its consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) effective for the 2006 fiscal year.

Comparative information using the same standards will also be provided for the prior fiscal year. In order to comply with these requirements, the Group has put into place an IAS/IFRS standards transition project.

IFRS Impact

Based on work performed to date, the main differences identified having an impact on future results or on consolidated shareholders' equity as of September 1, 2004 are the following:

• Income Statement

As permitted by IAS 1, Sodexo has elected to present its income statement by function, separating direct operating expenses (cost of sales) from indirect operating expenses

(primarily selling and administrative expenses). Because IAS 1 does not recognize the concepts of exceptional or extraordinary items, certain transactions currently classified as exceptional items will be reclassified as operating or financial expenses.

• Balance sheet

Our balance sheet will be presented using the classification of current and non-current items, which differs slightly from our current presentation.

The treatments available under IFRS 1 elected by Sodexo are described in the Reference document filed with the AMF on December 12, 2005.

The impact of the adoption of IFRS principles on shareholders' equity as of September 1, 2004 should be less than 10%.

FINANCIAL Information

Information

INVESTOR DIARY DATES

First-quarter revenues	January 11, 2006
Annual Shareholders' Meeting	January 31, 2006
Payment of dividend	March 7, 2006
First-half revenues	April 5, 2006
Interim results	May 11, 2006
Nine-month revenues	July 5, 2006
Full-year revenues	October 4, 2006
Full-year results	November 16, 2006
Annual Shareholders' Meeting	January 30, 2007

Regular updates are available on our website:
www.sodexho.com

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On the Sodexho Alliance website

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By mail

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PUBLICATIONS

Sodexho Alliance issues an English-language version of the *Document de référence* filed with the *Autorité des marchés financiers* (AMF) in accordance with French stock market regulations. The French-language *Document de référence* can be consulted on the AMF website (www.amf-france.org). It is also available, along with the English-language Reference document, at www.sodexho.com.

Because Sodexho Alliance is listed on the New York Stock Exchange, we also publish an English-language Form 20-F under section 13 of the Securities Exchange Act of 1934, which is filed with the Securities and Exchange Commission (SEC). The Form 20-F, which includes supplemental disclosures, is intended for American shareholders. The full text of the Form 20-F is accessible via the EDGAR section of the SEC website (www.sec.gov).

Fiscal 2005 Highlights

In accordance with the Board's decision of September 14, 2004, Pierre Bellon resigned from his role as Chief Executive Officer on September 1, 2005, but remained as Chairman of the Board. On the same date, Jean-Michel Dhenain and Michel Landel resigned as Chief Operating Officers, and **Michel Landel became the new Chief Executive Officer of Sodexho Alliance**. The transition to Michel Landel proceeded smoothly, and was well received by the media.

In April 2005 **Sodexho, Inc. agreed to settle the U.S. class action lawsuit** in order to avoid protracted legal proceedings and without admitting any liability.

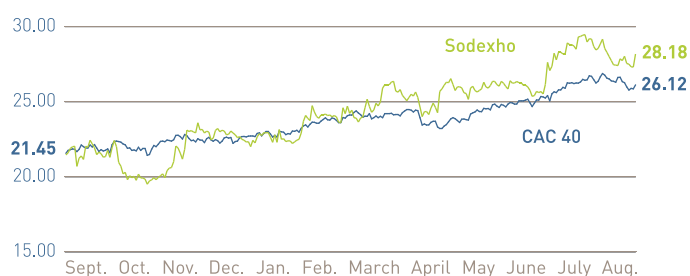
The Judge subsequently approved the settlement in August 2005. Under the terms of the settlement Sodexho, Inc. committed to make monetary payments to eligible class members and to the class' attorneys for a total amount of up to \$80 million, as well as to continue to promote its diversity programs. Exceptional items for fiscal 2005 include a charge of EUR 62 million (EUR 38 million after tax) relating to the settlement of this case, net of insurance and provisions recognized in prior periods.

Sodexho Alliance Shares

Sodexho Alliance shares are listed on Eurolist by Euronext Paris (Euronext code: FR 0000121220), and are included in the Next 20 Index. Since April 3, 2002, Sodexho Alliance has also been listed on the New York Stock Exchange (NYSE), ticker SDX.

After three tough years in the financial markets, the Sodexho Alliance share price returned to growth in fiscal 2005, advancing by 31.4% compared with a 21.8% rise in the CAC 40 over the same period.

ADJUSTED SODEXHO ALLIANCE SHARE PRICE TRENDS SEPT. 1, 2004 - AUG. 31, 2005 (IN EURO)



Source: Sodexo.

Since the initial listing in 1983, Sodexo Alliance shares have achieved average annual growth of 14.1% excluding dividends. In other words, Sodexo Alliance shares have outperformed the CAC 40 by 1.5 times.

EARNINGS PER SHARE ⁽¹⁾

NET DIVIDEND PER SHARE ⁽²⁾

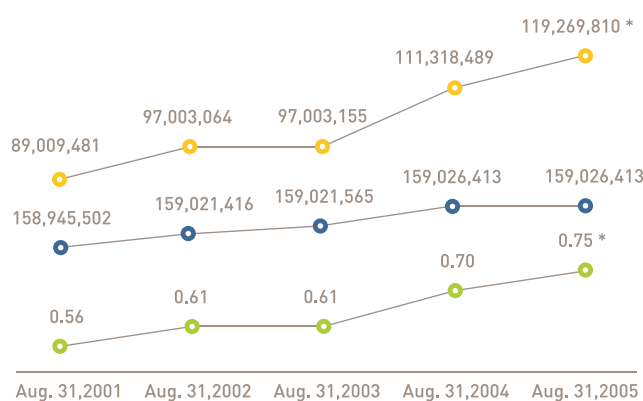


(1) Based on monthly average number of shares outstanding.

(2) Based on the number of shares outstanding at August 31.

(3) Earnings per share and net dividend per share adjusted for the March 7, 2001 four-for-one stock split.

DIVIDEND PER SHARE (IN EURO) FIVE-YEAR SUMMARY



● Total payout

● Number of shares entitled to dividend

● Net dividend per share

* Subject to the approval at the shareholders meeting on January 31, 2006.

BENEFITS OF BEING A REGISTERED SHAREHOLDER

Registered shareholders do not have to pay custody fees, are automatically invited to shareholders' meetings, and receive regular news updates about Sodexo.

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

CONTACTS

For further information call:

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Sodexo: an independent Group

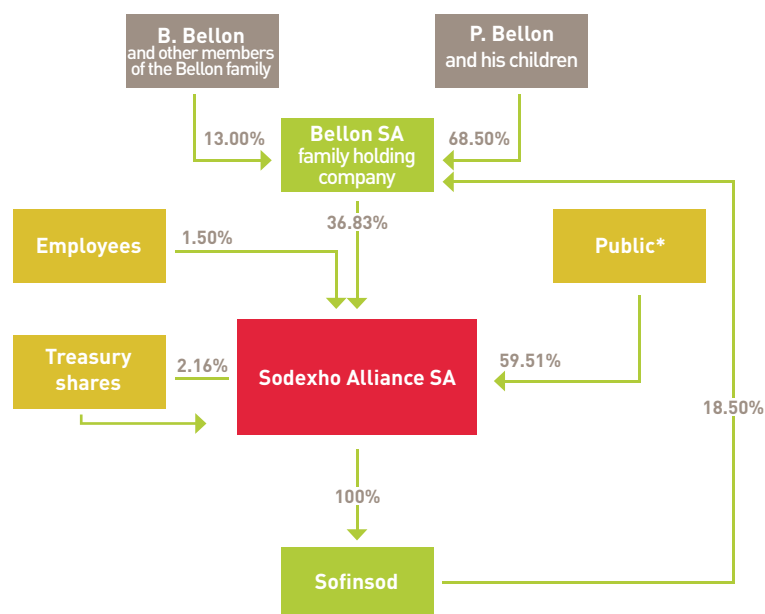
Sodexo remains an independent Group.

On August 31, 2005, Sodexo Alliance had 56,935 shareholders.

Of these, 28,270 participated in our employee stock plans.

Our shares are owned by:

CONTROLLING INTERESTS AS OF AUGUST 31, 2005



* 27.24% are French shareholders (including 4.20% held by Caisse des Dépôts et Consignations). 32.27% are Non-French shareholders (including 10.35% held by Arnhold and S. Bleichroeder Advisers).

Financial Summary

Consolidated revenues for the year ended August 31, 2005 were EUR 11.7 billion. Excluding the effects of acquisitions and disposals and exchange rates, organic growth was 4.3%, in line with the guidance issued at the beginning of the fiscal year. At EUR 530 million, EBITA was up by 3%, or by 5% at constant exchange rates. These performances were in line with the targets established by the Board at the start of fiscal 2005.

5-year consolidated financial summary

	Fiscal 2005		Fiscal 2004	Fiscal 2003	Fiscal 2002	Fiscal 2001
	(In million US Dollar)	(EUR million*)	(EUR million*)			
Revenues	14,854	11,672	11,494	11,687	12,612	11 943
Year-on-year growth at current exchange rates		1.5%	(1.6)%	(7.3)%	5.6%	13.7%
at constant exchange rates		3.9%	4.2%	2.7%	8.1%	8.6%
Percentage of revenues generated outside France		84.0%	84.2%	85.2%	86.7%	88.7%
Net income before minorities	215	169	197	171	196	205
- Group net income	202	159	183	162	183	138
- Minority interests	13	10	14	9	13	67
Cash provided by operating activities ⁽³⁾	542	426	451	390	391	410
Dividend payout	152	119	111	97	97	89

	Fiscal 2005	Fiscal 2004	Fiscal 2003	Fiscal 2002	Fiscal 2001
Number of employees at August 31	324,446	312,975	308,385	315,141	313,469
Number of sites	26,634	24,866	23,873	24,681	24,325
Average number of shares outstanding ⁽¹⁾	159,026,413	159 022,697	159,021,546	158,814,504	138,180,536
Earnings per share ⁽²⁾	1.00	1.15	1.02	1.15	1.00
Dividend per share ⁽²⁾	0.75	0.70	0.61	0.61	0.56
Share price at August 31 ⁽²⁾	28.18	21.58	26.68	29.90	53.00

* Except per share data, which are stated in euros.

(1) Arithmetical average of the average number of shares outstanding for each month.

Figures for the fiscal 2001 have been restated for the March 7, 2001 four-for-one stock split.

(2) Amounts restated as per note (1).

(3) Includes dividends received from equity method investees.

Consolidated income statement

	Fiscal 2005	Fiscal 2005	Fiscal 2004	Fiscal 2003
	(in millions of dollar)	(in millions of euro)	(in millions of euro)	
Revenues	14,854	11,672	11,494	11,687
Other income	61	48	40	37
Purchases	(5,069)	(3,983)	(3,942)	(3,955)
Employee costs	(6,865)	(5,395)	(5,277)	(5,519)
Other external charges	(1,954)	(1,535)	(1,505)	(1,482)
Taxes other than income taxes	(119)	(93)	(82)	(79)
Depreciation and changes in provisions	(234)	(184)	(213)	(175)
Earnings before interest, exceptional items, income taxes, income from equity method investees, goodwill amortization and minority interests (EBITA)	674	530	515	514
Financial expense, net	(131)	(103)	(118)	(152)
Income before exceptional items, income taxes, income from equity method investees, goodwill amortization and minority interests	543	427	397	362
Exceptional income/(expense), net	(121)	(95)	(33)	1
Income taxes	(130)	(103)	(109)	(134)
Net income before income from equity method investees, goodwill amortization and minority interests	292	229	255	229
Net income/(loss) from equity method investees	-	-	1	4
Goodwill amortization	(77)	(60)	(59)	(62)
Net income before minority interests	215	169	197	171
Minority interests	13	10	14	9
GROUP NET INCOME	202	159	183	162
Earnings per share (in euros or U.S. dollars)	1.27	1.00	1.15	1.02
Diluted earnings per share (in euros or U.S. dollars)	1.27	1.00	1.15	1.00

Euro amounts are translated into US dollars at a rate of USD 1.272592 = EUR 1 (average rate for fiscal 2005).

Organic revenue growth accelerated to 4.3%. Foreign currency translation had a negative effect on revenues of 2.4%.

Excluding currency effects, EBITA rose by 5.0%.

Group net income, excluding the exceptional charge related to the resolution of the U.S. litigation, increased by 7.6%, or by 9.9% if currency effects are excluded.

Consolidated balance sheet

	August 31, 2005	August 31, 2005	August 31, 2004	August 31, 2003
	(in millions of dollar)	(in millions of euro)	(in millions of euro)	
Fixed and intangible assets, net				
Goodwill	1,632	1,338	1,394	1,492
Intangible assets	3,020	2,476	2,519	2,686
Property, plant and equipment	445	365	362	379
Financial investments	94	77	66	64
Equity method investees	31	25	14	19
Total fixed and intangible assets, net	5,222	4,281	4,355	4,640
Current and other assets				
Inventories	216	177	163	170
Accounts receivable, net	1,840	1,508	1,368	1,383
Prepaid expenses, other receivables and other assets	766	627	552	637
Marketable securities	789	647	536	542
Restricted cash	251	206	168	166
Cash	625	513	505	570
Total current and other assets	4,487	3,678	3,292	3,468
TOTAL ASSETS	9,709	7,959	7,647	8,108
Group shareholders' equity				
Common stock	776	636	636	636
Additional paid in capital	1,446	1,186	1,186	1,186
Consolidated reserves	383	314	370	427
Total Group shareholders' equity	2,605	2,136	2,192	2,249
Minority interests	24	20	25	66
Provisions for contingencies and losses	210	172	93	89
Liabilities				
Borrowings	2,367	1,940	2,128	2,488
Accounts payable	1,366	1,120	1,035	1,128
Vouchers payable	1,220	1,000	843	794
Other liabilities	1,917	1,571	1,331	1,294
Total liabilities	6,870	5,631	5,337	5,704
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	9,709	7,959	7,647	8,108

Euro amounts are translated into US dollars at a rate of USD 1.2198 = EUR 1 (closing rate as of August 31, 2005).

Net debt (borrowings net of marketable securities, restricted cash and cash) represents 26.7% of shareholders' equity.

Consolidated cash flow statement

	Fiscal 2005	Fiscal 2005	Fiscal 2004	Fiscal 2003
	(In million US Dollar)	(EUR million)	(EUR million)	
Cash provided by operating activities ⁽¹⁾	542	426	451	390
Change in working capital from operating activities	292	229	163	100
Net cash flow from operating activities	834	655	614	490
Acquisitions of fixed assets	(261)	(205)	(181)	(241)
Disposals of fixed assets	19	15	19	15
Acquisitions/disposals of consolidated entities	(9)	(7)	(74)	(33)
Change in working capital from investing activities	(7)	(6)	(9)	(19)
Net cash used in investing activities	(258)	(203)	(245)	(278)
Dividends paid	(148)	(116)	(103)	(105)
Increase in shareholders' equity	0	0	1	0
Proceeds from borrowings	607	477	271	104
Repayment of borrowings	(835)	(656)	(541)	(178)
Change in working capital from financing activities	(47)	(37)	(29)	(23)
Net cash used in financing activities	(423)	(332)	(401)	(202)
INCREASE/(DECREASE) IN CASH AND EQUIVALENTS (CASH, RESTRICTED CASH AND MARKETABLE SECURITIES)	153	120	(32)	10

Euro amounts are translated into US dollars at a rate of 1.272592 US Dollar = EUR 1 (average rate for fiscal 2005).

(1) Includes dividends received from equity method investees.

SODEXHO in the world

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