# 2011 REGISTRATION DOCUMENT

Edenred

SUMMARY



The information required in the Annual Financial Report is identified in the Contents table by the AFR pictogram AFR

# 2011 REGISTRATION DOCUMENT

This document includes the annual financial report.

AUTORITÉ DES MARCHÉS FINANCIERS
AMF

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# 1 PRESENTATION OF THE GROUP

# 1.1 CORPORATE PROFILE

## 1.1.1 UNIQUE EXPERTISE AND POSITIONING

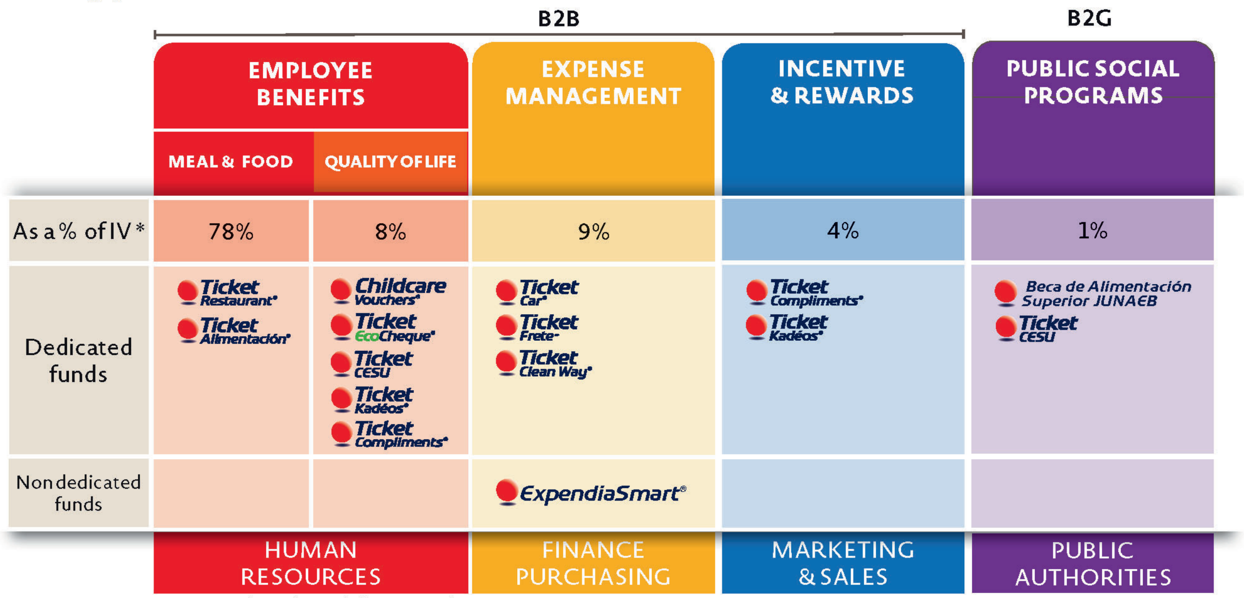
**Edenred**, which invented the *Ticket Restaurant*® meal voucher and is the world leader in prepaid corporate services, designs and delivers solutions that make employees' lives easier and improve the efficiency of organizations.

By ensuring that allocated funds are used specifically as intended, these solutions enable companies to more effectively manage their:

- **employee benefits** (*Ticket Restaurant*®, *Ticket Alimentación*®, *Ticket CESU, Childcare Vouchers*®, etc.);
- **expense management process** (*Ticket Car*®, *Ticket Clean way*®, *Ticket Frete*®, etc.);
- **incentive and rewards programs** (*Ticket Compliments*®, *Ticket Kadéos*®, etc.).

The Group also supports public institutions in managing their **social programs**.

### Four Types Of Solutions




*IV: Issue Volume (€15.2 billions in 2011)

Edenred is committed to forging and nurturing relationships with all of its stakeholders, based on dialogue, win-win benefits and mutual responsibility:

- **companies and public sector clients**, concerned with being an attractive employer, with motivating their teams and optimizing their performance;
- **beneficiaries**, who appreciate the simplicity and convenience of service cards and vouchers in making their lives easier;
- **affiliated merchants**, seeking to increase their revenue, retain their customers and secure their transactions;
- **public authorities**, looking to improve the effectiveness of their social and economic policies, to deliver benefits and to ensure the traceability of funds allocated to benefit programs.

Listed on the NYSE Euronext Paris stock exchange (1), Edenred operates in 38 countries, with nearly 6,000 employees, close to 580,000 companies and public sector clients, 1.3 million affiliated merchants and 36.2 million beneficiaries. In 2011, total issue volume amounted to €15.2 billion, of which 58% was generated in emerging markets.

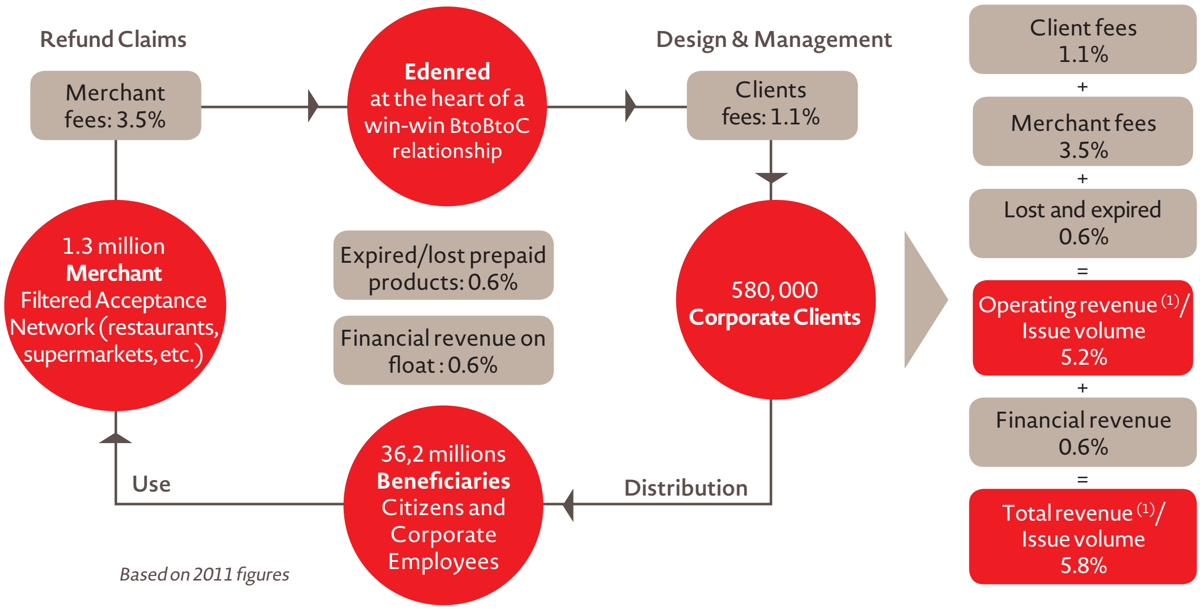
*(1) Listed on NYSE Euronext Paris in Compartment A (ISIN: FR0010908533).*

## 1.1.2 A LOW-CAPITAL INTENSIVE BUSINESS MODEL THAT DELIVERS STRONG, PROFITABLE AND SUSTAINABLE GROWTH

### 1.1.2.1 Description of the business model

The Group's business model, illustrated below, is based on win-win relationships with stakeholders.

BASED ON 2011 FIGURES




(1) *Avec volume d'émission*

One of the Group's key indicators is issue volume, corresponding to the total face value of the prepaid service vouchers and cards issued by Edenred to its corporate and public sector clients.

Revenue comprises operating revenue generated directly by the supply of prepaid service vouchers and cards and financial revenue generated by investing the float [1] (or negative working capital requirement) which corresponds to the business's negative working capital requirement.

**Operating revenue** corresponds to revenue from the sale of solutions and services. It includes operating revenue linked to issue volume that is generated by prepaid vouchers (€782 million in 2011) and operating revenue without issue volume (€158 million in 2011), mainly consisting of billings for services such as the management of incentive and rewards programs for Group clients.

Operating revenue linked to issue volume represented 5.2% of issue volume in 2011, breaking down as follows:

- commissions received from clients on the sale of prepaid vouchers and cards and all related amounts billed to clients such as delivery costs, card sales and voucher customization costs, representing an average of 1.1% of issue volume in 2011;
- commissions received from affiliated merchants (restaurants, supermarkets, retail chains, etc.), representing an average of 3.5% of 2011 issue volume. When beneficiaries have spent their prepaid vouchers with affiliated merchants, the merchants present the vouchers to Edenred for reimbursement of their face value, net of a commission. This is Edenred's second source of revenue. Affiliated merchants generally join the program by signing a contract drawn up individually that specifies the commission rate as well as the basis for reimbursing vouchers. The commission rate generally depends on the type and size of the merchant network and the reimbursement period selected by the merchant when a choice is offered. Depending on the solution offered by Edenred, certain merchants do not sign an affiliate contract on an individual basis;
- profits on vouchers that are lost or expire without being reimbursed, representing 0.6% of 2011 issue volume.

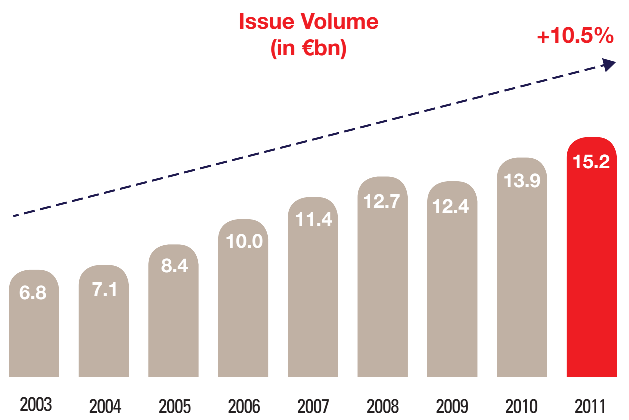
The float, corresponding to the cash received from clients for prepaid services that has not yet been reimbursed to affiliated merchants, is invested to generate **financial revenue** that is added to operating revenue to calculate the Group's total revenue. In 2011, financial revenue represented 0.6% of issue volume.

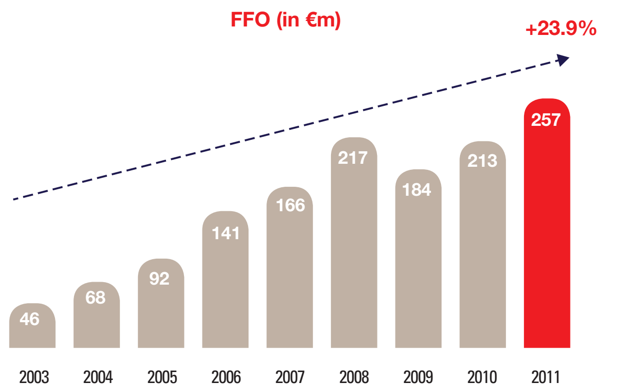
*(1) Refer to the glossary in section 9.11 at the end of the document.*

Total 2011 revenue, including operating revenue with and without issue volume as well as financial revenue, represented €1,032 million, or 6.8% of issue volume. Over the period from 2003 to 2011, the Group reported average revenue growth of 10.7% per year.

### 1.1.2.2 A profitable, sustainable, low-capital intensive business model

Edenred's performance is underpinned by a business model that is profitable over the long term because it delivers sustained growth, generates a negative working capital requirement and requires little capital investment. Since 2003, reported voucher issue volume has grown by an average 10.5% per year, and funds from operations before non-recurring items (FFO) [(1)] have increased by 23.9%. Maintenance capital expenditure by the Group is in the region of €30 million to €40 million per year. In 2011, issue volume increased by 9.7% like-for-like and 9.5% as reported, while operating revenue grew 9.2% like-for-like.




Issue volume growth in recent years has been broadly in line with market growth.

This sustainable business model is also based on extensive diversification in terms of geographies, solutions, client portfolios and media. Diversification plays a critical role in maintaining consistent performance by spreading risks more widely. The model is also remarkably effective in creating economic wealth and jobs, and in promoting consumer spending, as well as in tracing payment flows, representing a further guarantee of sustainability.

*(1) Funds from operations before non-recurring items corresponds to EBITDA less net financial expense, income tax expense, non-cash revenue and expenses included in EBITDA, provision movements included in net financial expense, income tax expense and non-recurring taxes. For more information, see section 2.1.1.5 "Management Ratios", page 29.*

## 1.1.3 THE GLOBAL LEADER IN PREPAID CORPORATE SERVICES

### 1.1.3.1 Overview of the prepaid services market

In a market representing an estimated €121 billion, Edenred is today positioned as the **world leader in B2B prepaid services**, with issue volume of €15.2 billion (1) in 2011. Its solutions cover three segments:

- employee Benefits (86% of issue volume);
- expense Management (9% of issue volume);
- incentive and Rewards (4% of issue volume).

In this extremely fragmented market, Edenred faces competition from a large number of local players in all of its host countries. There are also several international competitors, including Sodexo, Chèque Déjeuner, FleetCor, Wright Express and Carlson Marketing, operating in one or more of the three segments. In its three main markets – France, Italy and Brazil – Edenred is the market leader (2).

Apart from its direct competitors, Edenred sometimes faces indirect competition from a diverse range of companies in each of its operating segments. For example, its prepaid services may be challenged by international and local banks, financial service providers such as American Express, service station operators, travel agencies such as Carlson Wagonlit Travel, software solution providers such as Concur, marketing firms, incentive agencies, gift package providers and incentive travel companies.

Globally, Edenred also develops **solutions for public social programs** ("B2G solutions", 1% of issue volume). This €116 billion market is served by local and multinational companies that offer prepaid solutions or software solutions for the implementation of public policies in the areas of social protection, culture, education, sport and professional training.

In addition to competitors in the prepaid corporate services and public social programs markets, many companies already offer **prepaid services for end consumers**. For example, the mature North American prepaid services market has seen strong growth in the BtoC segment. Financial institutions such as Citi Prepaid Services, Western Union and Moneygram, and payment services such as PayPal, Green Dot and NetSpend offer prepaid cards through their own networks (mainly in the case of banks) or through large retailers. Edenred, which is not currently present in these adjacent markets, nevertheless strategically monitors their development through a partnership signed with venture capital firm Partech International in December 2011.

Lastly, prepaid services for businesses, public institutions and consumers are a component of a much larger **prepaid services ecosystem** comprising a wide variety of players with which Edenred sometimes has occasion to interact, particularly in order to effect the transition from paper vouchers to digital solutions. Indeed, one or more links in the digital solutions value chain tend to involve service providers such as banks or merchant acquirers (Redecard, Cielo, Atos), payment system operators (Visa, MasterCard, GIE bank cards), major retailers (Carrefour, Wal-Mart, Tesco), payroll management companies (Ceridian, ADP, Paychex), card manufacturers (VeriFone, Ingenico, Gemalto), payment processors (Citi Prepaid Services, Comdata, Tsys, First Data) and loyalty plan managers (Airplus, Aeroplan, Affinion Loyalty Partner).

Our position as the leading expert in managing dedicated funds is a core strength that will drive our growth strategy, thanks in particular to:

- the resulting economies of scale, which allow us to fully leverage growth in our issue volume;
- our credibility among public authorities, who turn to us for support in the areas of employee benefits and public social programs;
- our broad client base and our marketing expertise;
- our network of affiliated merchants and the skill-sets we use to create and deploy new solutions that will further boost their revenues.

*(1) Source: Edenred (see November 2011 Investor Day presentation on the Company's website).*

*(2) Source: Edenred.*

### 1.1.3.2 A solutions offer that makes employees' lives easier and organizations more efficient

The following table shows the breakdown of issue volume by solution category and each category's like-for-like growth in 2011:

## Issue Volume by Category of Solutions

| | B2B | | | | B2G | |
|---|---|---|---|---|---|---|
| | EMPLOYEES BENEFITS | | EXPENSE MANAGEMENT | INCENTIVE AND REWARDS | PUBLIC SOCIAL PROGRAMS | TOTAL |
| | MEAL AND FOOD | QUALITY OF LIFE | | | | |
| Issue Volume (in € millions) | 11,858 | 1,236 | 1,318 | 628 | 148 | 15,188 |
| As a % of IV | 78% | 8% | 9% | 4% | 1% | 100% |
| Like-for-like Change (2011/2010) | +9% | +11% | +21% | +4% (1) | +1% | +9.7% |

(1) Excluding French BtoC gift activity

- **Employee benefits.** The vast majority of our solutions are developed in response to public policies, for example to improve nutrition or to promote social cohesion and economic activity.

  Employee benefits are a win-win proposition for all stakeholders:

  - **public institutions:** our employee benefits solutions represent an efficient method of enhancing the effectiveness of governments' social or economic policies, delivering benefits and ensuring the traceability of funds allocated to social programs. Their social usefulness qualifies them for income tax and/or payroll tax exemptions. For governments, the lost tax revenue is generally offset by the direct and indirect effects of employee benefit programs, which help to boost the revenues of local trades people, creating jobs and boosting tax revenues, particularly corporate income tax and value-added tax. These solutions are an efficient tool for combatting development of the informal economy (particularly in the food and human services sectors). From a public health perspective, a key attraction of employee benefits solutions (particularly meal and food vouchers) is that they help beneficiaries and their families to enjoy a healthier diet. They also benefit the economy by boosting workers' motivation and raising productivity levels, reducing absenteeism, workplace accidents and cases of food poisoning. In addition, they represent a simple alternative to corporate catering structures for small and medium-sized enterprises, allowing them to compete more effectively against large companies in the employment market;
  - **companies and public sector clients:** given that all or part of the employer's contribution to financing the benefits is tax-exempt, employee benefits are a cost-effective way for employers to boost employee compensation and thereby enhance their attractiveness as part of a broader Human Resources strategy. In France, for example, the portion of meal vouchers' face value paid by the employer is exempt from social security contributions and payroll tax, within the limits prescribed by law (€5.29 per voucher in 2011). In a survey of employers [1], 73% of respondents said that the meal voucher system helped to improve their image as a good place to work, while 61% said that it was a strong argument in their favor when hiring employees. With 580,000 clients at December 31, 2011, Edenred has an extremely diversified client portfolio;
  - **beneficiaries:** employee benefits solutions increase beneficiaries' purchasing power, as the employer's contribution to financing these solutions is exempt or partially exempt from personal income tax. In a survey of employees conducted in France [1], 94% of respondents said that they valued their meal vouchers and 81% considered that offering meal vouchers made companies more attractive employers;

*(1) IPSOS survey carried out in July 2010 among 400 employers, 800 employees and 400 restaurant owners using meal vouchers.*

- **affiliated merchants:** employee benefit solutions are also a highly effective method of boosting the businesses of affiliated merchants (restaurants, grocery stores, etc.), because they help these merchants to attract and retain a new category of "employee-consumer" customers who represent a totally secure source of revenue. In France, around 15% of revenues in the foodservices sector are generated by meal vouchers. In a survey of restaurants [(1)], 57% of respondents said that meal vouchers generated a significant proportion of their revenues and 81% considered that meal vouchers represented a means of retaining customers. At year-end 2011, Edenred's worldwide affiliate network comprised 1.3 million service providers of every type, including restaurants, supermarkets, retailers, grocery stores and service stations.

There are several types of employee benefit solutions:

- **Food-related employee benefits.** The Group offers two types of solutions: *Ticket Restaurant*® meal vouchers and *Ticket Alimentación*® food vouchers, currently offered in 30 countries.
  - The first solution invented by the Group in France, back in 1962, *Ticket Restaurant*® allows employees to buy lunch outside their workplace, in an affiliated restaurant or other foodservice outlet of their choice. It is a simple alternative to corporate catering structures, particularly for small and medium-sized enterprises, that helps to foster employee loyalty. The employer's contribution to the cost of the meal, corresponding to all or part of the vouchers' face value, is generally deductible from its taxable profit. It is also generally exempt from personal income tax in the hands of the employee. In addition, all or part of the vouchers' face value is exempt from employer and employee payroll taxes.
  - *Ticket Alimentación*® increases beneficiaries' purchasing power by allowing them to pay for groceries in neighborhood stores and supermarkets not only for themselves but for their entire family. Launched by Edenred in 1983 in Mexico, under the name **Vale Despensas**®, the product has since been rolled out to other Latin American countries, including Brazil in 1990, and more recently to certain countries in Central Europe.
- **Employee benefits to improve quality of life.** Building on the outstanding success of *Ticket Restaurant*® and *Ticket Alimentación*®, the Group has developed a range of solutions that allow employers to help finance the cost of essential services that make employees' lives easier. Examples include childcare (with *Childcare Vouchers*® in the United Kingdom and *Ticket Guardería*® in Spain), human services (with the *Ticket CESU* in France) and commuting costs (with *Ticket Transport*® in Brazil and *Commuter Check*® in the United States). More recently, 2009 saw the development in Belgium of *Ticket EcoCheque*®, which allows employees to shop with affiliated merchants that specialize in environmentally friendly products. In some countries, companies can also award tax-exempt gift vouchers to employees in connection with certain events (a wedding, birth of a child, Christmas, etc.). Among these various solutions, *Childcare Vouchers*® represent one of our flagship programs. By allowing companies that don't have workplace daycare facilities to help finance their employees' childcare costs, this product responds to the needs of all the players concerned. For the State, the total or partial exemption from payroll taxes and income tax of the employer's contribution is the most cost-effective solution to the acute needs created by recent social trends, particularly the growing number of working mothers. For companies too, *Childcare Vouchers*® represent a simpler and far more cost-effective solution than the alternatives, such as setting up a workplace daycare center. As a result, even medium, small and very small businesses can include them in the benefits package offered to employees. Moreover, the vouchers don't just increase beneficiaries' purchasing power, they also ensure that the funds are effectively spent on childcare. For beneficiaries, they represent a flexible solution as they can be used to pay for all types of childcare, provided by centers or individuals that are affiliated with accredited voucher issuers.

- **Expense management solutions.** Edenred offers solutions to companies to help them control their employees' business expenses and optimize expense reporting processes, while at the same time generating cost savings. For employees, these solutions mean not having to pay expenses out of their own pockets and claim reimbursements. Although based on the same model as employee benefits, they do not qualify for any exemption from income tax or payroll taxes. They can be accepted in filtered, open and closed loop networks [(2)] and commission rates vary according to the type of network.
  - Solution that accounts for the most issue volume in this category is *Ticket Car*®, which was launched in Brazil in 1990 for use by employees to fill up their car for business trips. Today, *Ticket Car*® also covers vehicle maintenance, allowing companies to track and better manage this type of expense thanks to pre-configured user profiles covering, for example, mileage, telemetry parameters, type of fuel, authorized service stations visited and service outlays. It has become a valuable corporate fleet management tool, not only for company cars but also for truck fleets. *Ticket Car*® is now marketed in Chile, Argentina and Mexico, positioning Edenred as the market leader in Latin America.
  - *Ticket Frete*® is a business expense management solution launched in Brazil in November 2011. It was introduced in response to regulatory restrictions imposed on road transport professionals and independent truck drivers as part of a government policy to increase tax collection. While enabling clients to meet their regulatory obligations, *Ticket Frete*® also gives users access to convenient purchasing options through various partners. These include Itau, one of the country's largest banking networks, the MasterCard acceptance network, and motorway toll operators thanks to the interoperability of *Ticket Frete*® with their electronic payment systems. The pre-paid card can be used to pay for fuel, hotel stays and motorway tolls, and can also serve as a form of truck driver compensation. The new regulations in Brazil have opened up a potential market estimated at €23 billion.
  - *Ticket Clean way*® is used by employees to pay for the cleaning of their work clothes. The Company issues the employee a smartcard or paper voucher-based cleaning allowance that can be used in a network of affiliated service providers. Launched in France in 1995, *Ticket Clean way*® has recently been introduced in other European countries. In late 2011, *Ticket Clean way*® introduced the "EPI card", a personal protective equipment cleaning solution for clients in France. The card enables employers to ensure that

*(1) IPSOS survey carried out in July 2010 among 400 employers, 800 employees and 400 restaurant owners using meal vouchers.*

*(2) See section 9.11 glossary at the end of the Document.*

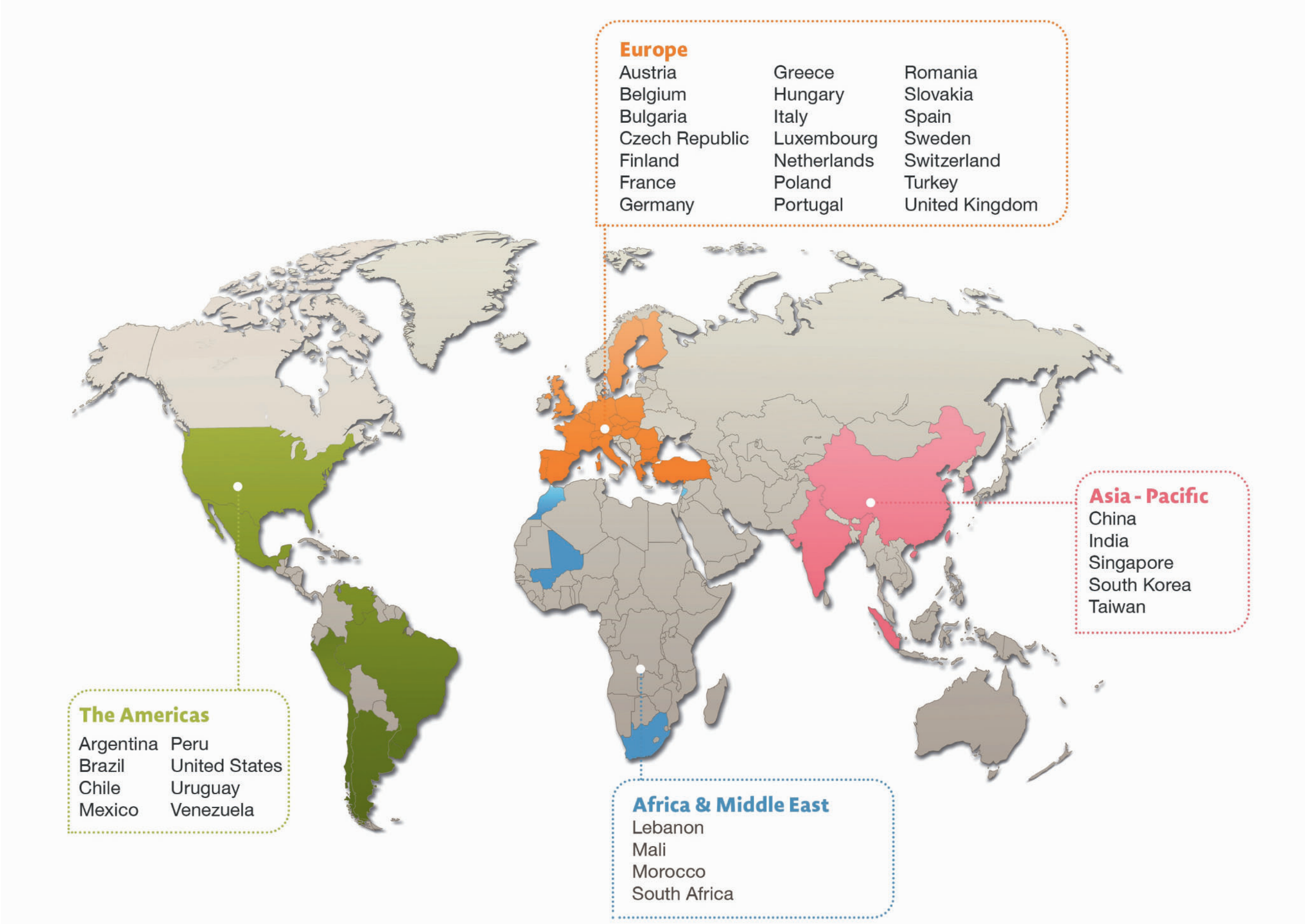
the protective equipment worn by their employees is of optimal quality by tracking the number of times it has been cleaned. In this way, it addresses an everyday safety concern shared by four million professionals in France's construction, manufacturing, defense and transportation industries. This differentiating solution illustrates the Group's capacity for innovation and opens up a €128 million potential market.

- **Incentive and rewards programs.** Our incentive and rewards solutions are designed to be used by companies to motivate sales teams, provide incentive for distribution networks, and retain employees. Although based on the same model as employee benefits, like expense management solutions they do not qualify for any exemption from income tax or payroll taxes. They can be accepted in filtered, open and closed loop networks and commission rates vary according to the type of network. Examples of incentive and rewards solutions include gift vouchers and cards that clients distribute to beneficiaries who purchase products in affiliated stores.
  - The Group's two main incentive and rewards brands are *Ticket Kadéos®*, a range of closed-loop and open-loop gift vouchers and cards mainly for businesses (since they stopped being issued to consumers in France on January 1, 2012), and *Ticket Compliments®*, an open-loop gift voucher and card solution for companies, Works Councils (for distribution to employees) and public sector clients (for their social programs).
  - The Group also provides incentive and rewards services through its *Accentiv'®* brand, which offers companies, Works Councils and public sector clients its expertise in the areas of rewards, loyalty programs and gifts. *Accentiv'®* has developed a comprehensive service offer extending from the essential first step of developing a business's marketing strategy (targeting their distribution networks, resellers and employees) to the distribution of rewards (gift vouchers, gift cards, gift packs, incentive travel, etc.).
- **Public social programs**. Public authorities and institutions also use our services for the management and distribution of social benefits, in order to enhance the effectiveness of their policies in this area, in particular by improving the traceability of the funds allocated to the programs. Our public social program solutions help public authorities and institutions to keep better track of funds earmarked to improve the purchasing power of certain categories of the population. For example, the *Ticket Service®* solution distributed in France (*Ticket CESU*), Belgium (*Ticket S*), Italy, the Czech Republic, Turkey, Chile and South Africa, allows financial assistance to be distributed in accordance with local or regional social policies, to meet specific needs. Most of the programs are designed to help people buy food or clothing, to meet their personal hygiene needs, or provide access to cultural or sporting facilities or transport. For public authorities and institutions, our solutions represent an alternative to the distribution of assistance in the form of cash payments, allowing them to target a specific need, track the use of the funds and ensure that they are used by beneficiaries for their intended purpose. Flexible and easy to set up and to use, they have the added benefit of avoiding problems of embezzlement and corruption. Recently, Edenred and a number of local partners were selected through a tender process to manage a food subsidy program for disadvantaged populations in the State of Madhya Pradesh, India. This innovative community support program concerns 5 million families, or 25 million people. In addition, Chile and Italy have introduced cards designed to assist students with food expenses and tuition while at university.

### 1.1.3.3 Operations in 38 countries, balanced between developed and emerging markets

Since its formation, Edenred has steadily expanded its geographic presence and it now has operations in 38 countries on five continents. In most of these countries, Edenred created the market by impelling the passage of legislation enabling the introduction of employee benefits solutions. The Group's broad geographic footprint and expertise in supporting public authorities in creating a favorable legislative framework represent solid foundations for developing its capabilities and implementing its growth strategy.

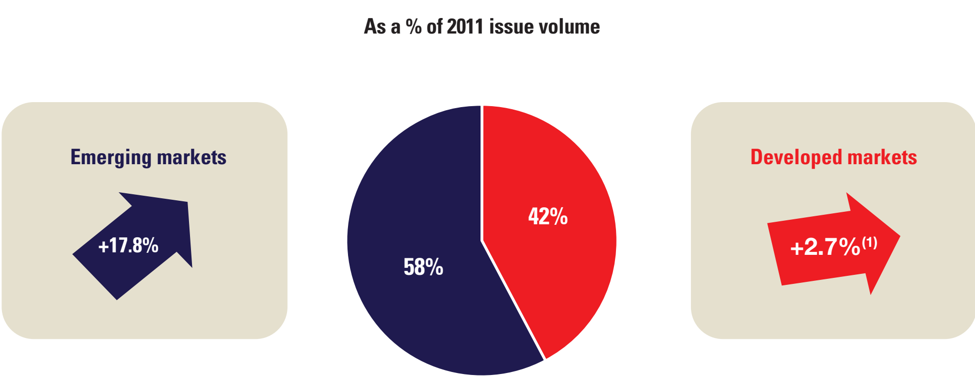
The map below shows Edenred's global presence at the end of 2011.




Edenred has a balanced presence in developed markets, which accounted for 42% of issue volume in 2011, as well as in fast growing emerging markets, which represented 58% of the total. The Group's robust presence in emerging markets gives it access to important future growth drivers.

## GROWING WEIGHT OF EMERGING MARKETS

*Like-for-like growth.*




*(1) Excluding (i) the €132 million impact of the lost Consip contract in Italy, and (ii) the BtoC gift voucher business in France (€33 million).*

# 1.2 MILESTONES

## 1.2.1 FROM AN ORIGINAL IDEA TO AN EFFECTIVE BUSINESS MODEL

The original luncheon voucher concept was launched in the United Kingdom in 1954. In 1962, the Jacques Borel International Group set up a new company, Crédit-Repas, and created *Ticket Restaurant®*, France's first meal voucher. Five years later, legislation was adopted creating a legal regime for meal vouchers in France (government order no. 67-830 dated September 27, 1967).

In the 1970s, the *Ticket Restaurant®* formula was exported to Brazil, Italy, Belgium, Germany and Spain.

## 1.2.2 GEOGRAPHIC DIVERSIFICATION OF THE EMPLOYEE BENEFITS OFFER

In 1982, Jacques Borel International – already the world's leading meal voucher issuer with 165 million *Ticket Restaurant®* vouchers distributed per year in eight countries – was acquired by Novotel SIEH. The following year, Novotel SIEH-Jacques Borel International was renamed Accor. In 1984, the daily number of voucher users worldwide topped one million.

In the 1980s and 1990s, the Group embarked on a strategy to diversify the employee benefits offer for businesses, starting in Mexico with the creation of the *Ticket Alimentación®* food voucher in 1983. The period also saw the launch of *Childcare Vouchers®* in the United Kingdom in 1989 and the *Eldercare Voucher®* in Sweden in 1993. In 1995, the *Ticket Service®* (for people in financial difficulty) and *Ticket Culture®* vouchers were introduced in France.

During this period, the Group also continued to expand internationally, setting up operations in Argentina in 1988, Venezuela in 1990, Turkey in 1992, the Czech Republic, Austria and Luxembourg in 1993, Hungary, Slovakia and Uruguay in 1994, Greece in 1996, the Netherlands, Poland and India in 1997 and Romania in 1998.

## 1.2.3 DIVERSIFICATION OF SOLUTIONS AND MEDIA

In the period 2000 to 2010, the Group kept up the pace of organic growth, entering the Chinese market with the launch of a restaurant smart card in 2000, and the Peruvian market. In Brazil, the Group expanded its presence in 2006 by buying out its 50% partner in Ticket Serviços, one of the leading players in the local market representing some 4 million users per day.

Edenred also pursued a strategy of acquiring local employee benefit providers and companies positioned in the expense management or incentive and rewards segments.

**Acquisitions in the employee benefits segment:**

- 2003: Dicasa (Mexico);
- 2005: Hungastro (Romania) and WiredCommute (United States);
- 2006: Serial (Italy);
- 2009: Exit Group, the Czech Republic's fourth largest meal voucher issuer.

**Acquisition in the expense management segment:**

- 2007: Autocupón, Mexico's second largest fuel card issuer.

**Acquisitions in the incentive and rewards segment:**

- 2006: Calicado (Germany) and RID (India)
- 2007: Kadéos, France's leading provider of closed-loop and open-loop gift solutions for businesses and consumers;
- 2007: Surfgold, Asia's leading marketing services company, giving the Group access to a client portfolio that includes some of the region's largest companies and to incentive and loyalty program management platforms.

At the same time, the Group completed acquisitions in the technology sector to support its transition to digital solutions:

- 2007: PrePay Technologies Ltd, the UK leader in prepaid cards. Following an agreement with MasterCard Europe in February 2009, the company was renamed Prepay Solutions (67% owned by Edenred);
- 2008: a 62% interest in Motivano UK, the country's leading online employee benefit management company.

### 1.2.4 ACCOR SERVICES BECOMES EDENRED

On June 29, 2010, the Extraordinary General Meeting of Accor shareholders approved the demerger of the Hotels and Services businesses, leading to the creation of Edenred, a pure player in prepaid services that is now listed on the Paris stock exchange.

The Group has since pursued a targeted acquisition strategy in its core prepaid BtoB services business, and has completed the following acquisitions:

- in December 2010, Euroticket, Romania's fourth largest meal and gift voucher issuer joined the Group;
- in January 2011, Edenred acquired RistoChef, ranked seventh in Italy's meal voucher market;
- in October 2011, the Group acquired the fuel card business of CGI, Mexico's sixth largest fuel card issuer.

Following a strategic review of its portfolio of businesses, Edenred decided to dispose of certain employee assistance program (EAP) assets in 2011:

- in April 2011, Edenred sold 100% of EAP France and its stake in BEA (a provider of corporate concierge services) to Europ Assistance France (51%) and Malakoff Médéric (49%);
- in May 2011, Edenred sold its stake in US-based WorkPlace Benefits and its subsidiaries to the majority shareholder (an individual);
- in August 2011, Edenred sold its Australian subsidiary Davidson Trahaire, a Human Resources consultancy specialized in employee assistance programs and other corporate psychology services.

## 1.3 STRATEGIC VISION, INVESTMENT STRATEGY AND OUTLOOK

### 1.3.1 ROBUST GROWTH FUNDAMENTALS

The markets where Edenred is a benchmark player offer strong potential for increased sales of all solutions. The changes that are rapidly transforming daily life for consumers in today's societies have created new needs that are driving the markets' present and future growth. Socio-demographic trends – including population shifts to urban areas, ageing populations and longer life expectancies in Western countries, improved living standards, the growing contribution of the service sector to the global economy and the increasing proportion of women in the workforce – are palpable in both developed and emerging markets. Companies are increasingly looking for low-cost solutions to boost purchasing power, retain their employees and offer them more attractive, more personalized benefits that foster a healthy work life balance and well-being in general. At the same time, governments and local authorities are trying to limit the informal economy, better control the distribution of assistance to improve constituents' purchasing power, and promote balanced and healthy diets.

### 1.3.2 A STRONG AND SUSTAINABLE GROWTH STRATEGY

#### 1.3.2.1 2010, the launch year

On June 29, 2010, the Extraordinary General Meeting of Accor shareholders approved the demerger of the Hotels and Services businesses, leading to the creation of Edenred, a pure player in prepaid services that is now listed on the Paris stock exchange.

In its launch year, Edenred laid the foundations of a strong, sustainable growth strategy to be fulfilled through a three-step process to 1) set up the necessary resources to thrive as a standalone company ("Win 2010"); 2) strengthen the Group's foundations to drive future growth ("Conquer 2012"); and 3) expand into new growth territories ("Invent 2016").

The membership of the Board of Directors reflects Edenred's international profile and enhances its expertise in new technologies, Human Resources management and innovation. A new management team has been appointed with a focus on networked processes and local engagement and empowerment. At the same time, the pioneering spirit of Edenred's 6,000 employees has been embodied in the EDEN corporate project and its expression in the Customer Inside management approach. The name "EDEN" comes from the initials of the project's French slogan "Entreprendre Différemment ENsemble" – which has been translated as "Moving Forward Differently Together". It is the basis of the Edenred corporate brand, which symbolizes the creation of a specific, federating corporate identity.

The new strategy has led to the redefinition of Edenred's corporate offering around three types of solutions for managing *employee benefits, expense management processes* and *incentive and rewards* programs. Edenred also offers a range of solutions for public sector clients, to help them manage their *social programs*.

### 1.3.2.2 A strong and sustainable growth strategy

After setting up the necessary resources to thrive as a standalone company, Edenred reinforced its foundations in 2011, in order to sustainably generate strong organic growth. All employees are fired by the same **ambition, to be the referent for customers, affiliated merchants and beneficiaries**. The Group is fulfilling this ambition by **developing differentiated solutions backed by unrivalled service quality.**

To strengthen the Group's foundations to drive robust, sustainable growth ("Conquer 2012"), we've developed a two-pronged strategy that is 1) focused on growing issue volume in the core business by systematically deploying our expertise, while 2) accelerating the digital transition to increase long-term growth potential.

#### Speed issue volume growth in our core business

As part of the three-step strategy described in section 1.3.2.1 above, Edenred is maintaining its normalized [(1)] organic growth objective of 6% to 14% per year, focusing on four organic growth drivers. The Company also plans to implement a selective acquisition strategy, representing the fifth driver.

##### Increasing penetration rates in existing markets: 2% to 5% per year

The penetration rate is defined as the ratio between the number of beneficiaries of a service voucher and the eligible active population, which depends on the applicable regulations in the country concerned. Penetration rates are still low in most of our key host countries, at around 20% to 25%, indicating that there is still plenty of room for growth.

Edenred will seek to increase penetration rates throughout its markets, by a variety of methods: adapting sales and marketing networks to the size of our clients; diversifying media to suit solutions and client needs; creating differentiating solutions; and organizing the sales force on a multi-solution basis.

In 2011, this lever contributed 5.3% of issue volume growth. The Group attracted 1.7 million new beneficiaries, including 88,256 new *Ticket Restaurant*® users in Brazil and 52,553 in France, along with 25,583 new *Childcare Vouchers*® users in the United Kingdom. Edenred also obtained the first positive results from cross-selling initiatives in pilot markets such as Mexico. In addition, new distribution channels were set up, such as the distribution of solutions through Carrefour, a Group client, in Brazil. In 2012, the Group expects to reap the benefits of strong demand in Latin America while growth in Europe should remain moderate due to the economic environment.

##### Creating new solutions and more broadly deploying existing solutions: 2% to 4% per year

Since the introduction of *Ticket Restaurant*® in France in 1962, we have developed many *employee benefits* solutions as well as *expense management, incentive and rewards* and *public social program* solutions. As of December 31, 2010, a total of 132 solutions (country/solution pairs) had been developed by the Group.

Given that innovation is one of the pillars of Edenred's issue volume growth strategy, the Group has set up the organization and resources needed to launch and deploy innovative solutions, with the aim of gradually ramping up to 2% to 4% annual growth after 2012 (versus 0.8% in 2011). An innovation pipeline was set up in August 2011 to enable employees to share their current projects and also to effectively manage innovation processes within the Group and have a global vision of initiatives undertaken in the 38 host countries. The pipeline currently comprises over 120 projects, which are being tracked from creation to implementation based on a three-step methodology, extending from exploration to feasibility to execution.

Twenty-six new solutions have been or will be marketed between the second half of 2011 and the end of 2012, representing a 20% increase in the number of existing solutions since end-2010. Little additional expenditure is needed to create the solutions, which are being deployed *via* existing in-house platforms. However, these innovative initiatives involve extra development and launch costs estimated at approximately €3 million in 2011 and €4 million in 2012.

The strategy for developing the Group's offer in the years ahead will focus on B2B and B2G solutions and will target four key priorities:

***A. Strengthening the Group's leadership in Employee Benefits***

This priority concerns not only emerging markets, where governments are developing social policies that more effectively share the benefits of growth, but also developed countries, where businesses and governments are looking to meet more specific needs in such areas as childcare, transportation, cultural and sports activities and the environment.

To increase the pace of growth in Employee Benefits, the launch of 11 new solutions was planned for second-half 2011 and 2012, building on the 69 solutions that existed at year-end 2010. Among the new solutions, *Ticket Restaurant*® meal vouchers were introduced in Mexico following the January 2011 Law on Food Aid for Workers, giving Edenred access to a market that could potentially represent 750,000 to 1 million beneficiaries by 2016. The Group is already ranked no. 1 in Mexico's food voucher market thanks to *Ticket Alimentación*®, with a 22% share. By end-2011, 46,000 beneficiaries were already using this solution. In Spain, the *Ticket Transporte*® launched in the second half of the year, which allows employers to finance part of their employees' commuting costs, is already being used by 5,000 beneficiaries. Lastly, a new employee benefits solution called *Ticket Plus*® will be launched in Germany in March 2012, enabling employees to purchase essential goods such as food and fuel for up to €44 per month.

*(1) Normalized growth is the objective that the Group considers to be attainable in a context in which unemployment does not rise. It is calculated on a constant scope of consolidation and exchange rate basis.*

*B. Accelerating the deployment of Expense Management solutions in new growth markets*

Edenred has recognized expertise and leadership in Latin America in this segment thanks to *Ticket Car*®, which has been deployed in the market for more than ten years.

Issue volume for Expense Management solutions was up 21% like-for-like in 2011 compared with 2010.

The Group intends to step up the deployment of integrated, high value-added offers in the market's two main segments: fuel and fleet management (1) and travel and entertainment expense management (2). These solutions are intended to meet the needs of companies looking to more effectively control their business expenses and streamline procedures.

Nine solutions were launched in 2011 or are currently being developed, joining the Group's 16 existing solutions. One of them is *Ticket Frete*® (3), introduced in Brazil in November 2011, which represents a potential market worth €23 billion. Targeting a very broad customer base of independent truck drivers, this solution will be an important driver of issue volume growth in Brazil, beginning in 2012. In Europe, the launch of competitively differentiating solutions like *Ticket Clean way*® EPI (4) in France (creating a foothold in a niche market potentially worth €128 million) illustrates the Group's capacity for innovation and program customization.

*C. Deploying Incentive and Rewards solutions*

New incentive, motivation, loyalty and promotion services, which may be combined with rewards programs, have extended the range of existing solutions in Edenred's main countries and enabled the Group to propose an integrated, differentiated offer for all stakeholders. This segment grew by 4% in 2011 on a like-for-like basis, excluding B2C operations in France, where the related cards stopped being issued on January 1, 2012.

*D. Developing a Public Social Programs offer*

This priority concerns countries in which Edenred already operates and where the Group can leverage existing solutions, platforms and networks. The programs are designed to meet the needs of public institutions looking to improve the control and traceability of allocated funds.

### Extending geographical coverage: 1% to 2% growth per year

Geographic expansion increases issue volume while at the same time spreading country risk, thereby limiting our exposure to local economic cycles and political events.

Edenred intends to implement its growth strategy by entering new geographic markets, either starting from scratch or acquiring local companies that have already built up a similar business. To that end, we have created a pre-development research unit to explore countries where opportunities are likely to emerge. A total of 15 countries have been looked at thus far.

Following the late-2011 launch of an employee benefits solution in Finland, the Group intends to expand into one or two new countries in 2012 to reach its objective of six to eight new countries by the end of 2016. This growth driver is expected to gradually increase its contribution to issue volume, to between 1% and 2% after 2014.

The choice of new host countries is based on the following criteria:

- growth and development potential in line with our objectives;
- a stable political and social environment;
- an expanding economy;
- clear evidence of a potential market for each solution.

### Increasing face values: 1% to 3% growth per year

The tax ceiling on employee benefits solutions tends to increase as prices and incomes rise, either automatically through the application of an indexation formula, or by decision of the public authorities.

Edenred lobbies clients and the public authorities to raise voucher face values to keep pace with inflation and salaries, particularly in Latin America and other emerging markets that together account for over 50% of issue volume. In some of our markets, the average face value of vouchers ordered by customers is significantly below the maximum face value that is tax deductible. This represents a substantial source of potential growth.

In 2011, this lever contributed 3.6% of issue volume growth. In the main host countries, face values increased by 7.0% in Brazil, 2.3% in Italy and 1.1% in France.

### Making targeted acquisitions

Edenred intends to pursue a selective acquisitions strategy in order to speed growth in issue volume and expand its market share, particularly in Latin America, Europe and the Asia-Pacific region. Targets are primarily selected based on their exclusive focus on the B2B market, their presence in markets offering potential for strong growth in cash flows and their ability to contribute to the Group's growth without diluting it.

The acquisitions will be financed in strict compliance with our aim of maintaining a robust financial position.

In line with this targeted acquisitions strategy, Edenred has recently made two acquisitions – one in late 2010 and the other in early 2011 – that will quickly make a positive contribution to consolidated operating profit and enable us to consolidate our leadership in existing markets.

With the €5.5 million purchase of Euroticket, Romania's fourth-largest issuer of meal and gift vouchers, in January 2011, we firmed up our leadership in the country, where we now hold a nearly 40% market share.

(1) *Fuel and maintenance costs incurred in connection with the business use of a car or truck. In this case, the affiliated merchant network consists mainly of gas stations.*

(2) *Expenses incurred during business travel (train or plane tickets, hotel bills, etc.). In this case, the acceptance network may comprise all types of merchants.*

(3) *Business expense management system for individual truck drivers, developed in response to new Brazilian regulations introduced in November 2011 whose application will become compulsory in May 2012.*

(4) *A solution for managing workwear cleaning costs, including protective equipment which has been governed by specific European regulations since November 2011.*

The acquisition of RistoChef, Italy's seventh-largest provider of meal vouchers, also in January 2011, enabled us to strengthen our leadership in the country, with a market share of more than 40%. The transaction was based on an enterprise value of €12 million.

### Accelerating the Digital Transition

The second priority of the Conquer 2012 strategy is the transition to digital solutions. This represents an important technological turning point for all stakeholders in the Edenred business model – clients, affiliates, beneficiaries and public authorities – that want to cut costs, optimize processes, streamline and rapidly deploy solutions, and ensure the control and traceability of dedicated funds.

As a growth driver, the digital transition plays a key role in increasing issue volume, both by making deployment more efficient and by creating new capacity for innovation.

Over the long term, the digital transition will strengthen Edenred's business model by improving its ability to:

- invent solutions that would not have been viable in paper format, and thereby increase issue volume;
- generate additional revenue from affiliates, clients and beneficiaries through new value-added services;
- reduce the cost base by around 5% to 10%, mainly by lowering production and logistics expenses.

Over the longer term, the digital transition should have a positive effect on margins, supporting our objective of an operating flow-through ratio (1) of more than 50% compared with between 40% and 50% currently (excluding the extra cost of making the transition).

Moreover, the increase in issue volume will offset the impact of 10% to 15% shorter float (2) holding periods (based on estimates for an entirely digital program), thereby increasing the float value.

The Group is currently in the accelerated digital transition phase. Teams have been set up in 18 countries with specific responsibility for preparing the transition. With this acceleration, operating expenses increased by €13 million in 2011 and are expected to rise by €10 million to €15 million in 2012. This will temporarily affect the target operating flow-through ratio of 40% to 50%. Excluding these expenses, no additional investment is planned beyond the budget set by the Group of €30 million to €40 million a year. In 2011, routine capital expenditure amounted to €35 million and mainly concerned technological upgrades.

By speeding up the process, Edenred was able to shift 41% of its solutions to digital media by the end of 2011, versus 34% at the end of 2010. This was largely thanks to Latin America, the quickest host region to embrace these technologies, with 70% of solutions paperless by end-2011. In certain Latin American countries, the Group's Watts internal platform represents a key link in the prepaid solutions electronic value chain. This platform allows Edenred to design the marketing and technological aspects of the programs in line with client specifications (including the ability to extensively customize the programs' authorization parameters, particularly for filtered and closed loop networks) and also to directly control transaction authorizations and the management of reimbursements to affiliated merchants. In Europe, the digital transition is just getting underway, with 11% of solutions converted to paperless format by the end of 2011. In this regard, the European in-house authorization and redemption platform operated by PrePay Solutions, which partners with MasterCard in Europe, represents a considerable competitive advantage for the Group. Capable of connecting to the payment terminals installed at affiliated merchants by local and international operators (3), PrePay Solutions processes all digital transactions in Europe while also contributing to Edenred's innovation drive. With ten years' experience in the business and with partners such as PayPal and Orange, PrePay Solutions has earned recognition as a vanguard innovator in prepaid technologies through its contactless mobile solutions and e-wallet offers.

The Group confirms its target of 50% digital issue volume by end-2012 and of over 70% by 2016.

## 1.3.3 DIVIDEND POLICY

The Edenred business model generates large amounts of cash. In 2011, funds from operations before non-recurring items (FFO) totaled €257 million and free cash flow stood at €306 million. The 20.8% like-for-like growth in FFO was considerably higher than the Group's normalized (4) target of over 10% a year.

The Group's policy consists of allocating free cash flow in roughly equal proportions to the payment of dividends, the repayment of debt and the financing of targeted acquisitions, while ensuring that it continues to qualify for a Strong Investment Grade rating. Based on this policy, the Group is aiming to steadily increase the dividend in the coming years.

In light of the 23.1% growth in 2011 recurring profit after tax and the proposed increase in the payout rate to 80% from 68% in 2010, the recommended dividend for 2011 (5) will amount to €0.70 per share, up 40% on 2010. The dividend will be paid on May 31, 2012.

*(1) Ratio between the like-for-like change in operating EBIT and the like-for-like change in operating revenue.*

*(2) Negative working capital requirement.*

*(3) Including merchant acquirers or payment networks such as MasterCard.*

*(4) Normalized growth is the objective that the Group considers to be attainable in a context in which unemployment does not rise. It is calculated on a constant scope of consolidation and exchange rate basis.*

*(5) Dividend recommended by the Board of Directors to the Annual Shareholders Meeting of May 15, 2012.*

## 1.3.4. OBJECTIVES OF THE NEW STRATEGY

Edenred's strategy is designed to deliver strong growth in issue volume and cash flows. This is why we consider that our key performance indicators are like-for-like growth in issue volume and in funds from operations before non-recurring items (FFO).

The management incentive plans set up in August 2010 (see section 5.4.1.2 on page 91 of this Registration Document) consist of performance stock options and performance shares whose vesting conditions are based on these new indicators.

### 1.3.4.1 Issue volume growth target

Issue volume corresponds to the face value of prepaid service vouchers issued by the Group during the period and the amount loaded on prepaid cards.

The Group is responsible for collecting the related funds and for investing them pending reimbursement.

By deploying our four organic growth drivers, we aim to generate normalized growth [(1)] in issue volume of 6% to 14% per year over the medium term.

In comparison, average annual growth in issue volume was 10.5% over the period 2003-2011, including like-for-like increases of 9.7% in 2011 and 10% in 2010.

### 1.3.4.2 FFO growth target

Funds from operations before non-recurring items (FFO) is calculated as follows:

- EBITDA
- - net financial expense;
- - income tax expense;
- - elimination of non-cash revenue and expenses included in EBITDA;
- - elimination of provision movements included in net financial expense, income tax expense and non-recurring taxes.

Our business model generates high levels of FFO.

The issue volume growth target translates into normalized growth [(1)] in FFO of more than 10% a year.

This compares with average annual growth of 23.9% over the 2003-2011 period, including like-for-like increases of 20.8% in 2011 and 15.1% in 2010.

### 1.3.4.3 Other Group performance indicators

The Group's other key performance indicators are presented in the pro forma consolidated financial statements (see section 6 on page 118 of this Registration Document).

# 1.4 REGULATORY ENVIRONMENT

## 1.4.1 INCOME TAX AND PAYROLL TAX RULES

### 1.4.1.1 Overview

Employee benefits are exempted from income tax and/or payroll taxes as part of government strategies to encourage their use as an instrument of social policy.

To avoid illegitimate use of the tax benefits, strict rules govern the allocation and use of these solutions, particularly regarding the employer's contribution and role, the eligible beneficiaries and how the benefits may be used.

In some countries, companies have to be licensed to operate in the employee benefits market while in others, no authorization is required.

In countries with a licensing system, the barriers to entry are fairly low and consist mainly of meeting certain financial strength criteria.

Companies that want to operate in the employee benefits market may also be subject to regulations governing the investment of the float (corresponding to the cash received from customers for prepaid services that has not yet been reimbursed to affiliated merchants). This is the case, for example, in France and Romania (see section 2.1.1.4 of this Registration Document, page 26).

The regulatory environment is illustrated in the following sub-sections by a description of the legislation applicable to meal vouchers in France and Brazil.

*(1) Normalized growth is the objective that the Group considers to be attainable in a context in which unemployment does not rise. It is calculated on a constant scope of consolidation and exchange rate basis.*

### 1.4.1.2 Regime applicable in France

#### Rules governing the allocation and use of meal vouchers

The rules governing the allocation of meal vouchers are as follows:

- the vouchers may only be allocated to employees of the company concerned;
- since 2002, civil servants may be given meal vouchers if their place of work has no staff restaurant and they are unable to take advantage of alternative solutions set up with public or private foodservice providers;
- meal vouchers qualify as employee benefits; consequently, all employees of the company must be allocated vouchers with the same face value. However, an employer may allocate meal vouchers to selected employees provided that the selection criteria are non-discriminatory;
- meal vouchers must be allocated on the basis of one voucher per day worked;
- the legislation does not set any minimum or maximum amount, leaving employers free to set the face value of the vouchers allocated to employees. However, in practice, the face value is limited by the caps on the employer's financial contribution, which cannot represent more than a certain percentage of the face value, and on the payroll tax exemption.

Rules also apply to the use of meal vouchers by employees, as follows:

- the vouchers may only be used by the employee to whom they are allocated (the employee's name must appear on the back of each voucher);
- they may not be used beyond their period of validity, i.e. after the end of the calendar year of issue. However, employees may exchange unused vouchers for new vouchers in the first two weeks of January. The employer can then obtain reimbursement of these unused vouchers, net of the issuer's commission (provided that the vouchers are returned within 30 days);
- employees may use only one voucher to pay for their restaurant meal or the purchase of a ready-meal or dairy products or fruit and vegetables (including fruit and vegetables that require further preparation) and merchants are not allowed to give any money back. In practice, however, two vouchers are generally accepted;
- meal vouchers may only be used on working days and not on Sundays or bank holidays, unless an exception is recorded directly on the voucher by the employer;
- meal vouchers may only be used in a specific area corresponding to the *départment* where the employee's place of work is located and neighboring *départements*, unless an exception is recorded directly on the voucher by the employer.

Meal vouchers can be accepted by restaurants and fastfood outlets, equivalent retailers accredited by the CNTR, and greengrocers, provided that they sell ready-meals (to be reheated or defrosted as necessary), dairy products or fruit and vegetables (ready to eat or requiring further preparation).

#### Income tax and payroll tax benefits for the employer

Meal vouchers are financed jointly by the employer (or in some cases the Works Council) and the employee. The employer's contribution (plus – for the calculation of the ceilings below – any works council contribution) cannot represent less than 50% or more than 60% of the vouchers' face value. If these limits are not respected, the employer's contribution will not qualify for exemption from payroll tax, income tax and social security contributions.

The employer's contribution is exempt from social security contributions provided that it does not exceed a certain amount that is adjusted each year in the same proportions as the upper limit for the first personal income tax band. This exemption ceiling was €5.29 per voucher in 2011 and, exceptionally, has not been adjusted for 2012 due to the French government's decision to freeze income tax bands at the 2011 level. The employer is naturally free to contribute more than this amount provided that the 50% and 60% minimum and maximum limits are adhered to. However, in this case, the fraction of the contribution in excess of the exemption ceiling will be added back for the purpose of calculating the basis of assessment of social security contributions.

#### Tax benefits for employees

Meal vouchers represent tax-free income for the employee, as the portion of the face value paid by the employer within the legal limits (between 50% and 60% of the face value up to the current exemption ceiling) is not subject to personal income tax.

However, to qualify for the exemption, the employee must comply with the applicable regulations particularly regarding the use of the vouchers.

### 1.4.1.3 Regime applicable in Brazil

There are two types of food-related vouchers in Brazil, meal vouchers (*vale refeição*) and food vouchers (*vale alimentação*). Meal vouchers may only be used in restaurants and fastfood outlets, while food vouchers may only be used in supermarkets and grocery stores. The two types of vouchers cannot be substituted for each other and merchants are not allowed to give any money back on them.

Companies that want to give meal vouchers to their employees have to register with the Brazilian Labor Ministry. They can decide to give the vouchers to only selected employees, provided that all employees receiving up to five times the minimum wage are included. They cannot reduce the number of vouchers allocated to an employee or suspend the allocation as a disciplinary measure.

As in France, part of the vouchers' face value is financed by the employer and part by the employee. The employee's contribution cannot exceed 20% of the face value and in practice, employers generally finance the total amount. Meal vouchers are totally tax-exempt for both the employer and the employee. In addition to being exempt from payroll taxes, which in Brazil can represent up to 100% of the gross salary, the employer's contribution is exempt from corporate income tax up to the equivalent of 5% of the tax due for each tax year.

### 1.4.2 OTHER REGULATIONS

The issuance of e-money is regulated by European directive 2009/110/EC of September 16, 2009 (the "**E-Money Directive**"). The Directive defines e-money as an *"electronically, including magnetically, stored monetary value as represented by a claim on the issuer which is issued on receipt of funds for the purpose of making payment transactions, and which is accepted by a natural or legal person other than the electronic money issuer."*

The Directive also states that it is not intended to apply to *"monetary value stored on specific pre-paid instruments, designed to address precise needs that can be used only in a limited way"* ,particularly because these instruments are only accepted within a "limited network" or can only be used to purchase *"a limited range of goods or services, regardless of the geographical location of the point of sale."*

Consequently, the majority of the Group's service vouchers, including food vouchers and vouchers for childcare, house cleaning and other services, whether in paper or paperless format, do not qualify as e-money under the Directive.

However, in applying the Directive, European member states may consider that certain general purpose paperless vouchers constitute e-money, which can only be issued by licensed institutions subject to specific capital adequacy rules.

The Group uses its PrePay Solutions subsidiary to continue offering solutions that, under EU regulations, can only be issued by companies duly licensed by the supervisory authority in the country concerned.

PrePay Solutions is licensed by the UK's Financial Services Authority (FSA) to issue e-money and can therefore issue prepaid cards and solutions qualified as e-money based on the definitions in the E-Money Directive. As a licensed e-money issuer, PrePay Solutions benefits from the single licensing system allowing it to offer these regulated solutions in all European countries simply by filing a request with the FSA. It already has authorizations for virtually all of the countries in the region.

Edenred monitors changes in regulations governing e-commerce and the protection of personal data, to ensure that its information systems and procedures remain in compliance with these regulations.

## 1.5 CONTRACTUAL RELATIONSHIPS

### 1.5.1 CONTRACTUAL RELATIONSHIPS WITH CLIENTS

Master contracts are signed with major accounts that generate significant issue volumes organizing business relations with these clients.

The master contracts are generally signed following a call for bids and may cover one or several of the client's facilities or subsidiaries. They are usually for periods of 1 to 3 years. The contracts specify the commission rate to be billed to the client and the frequency of billings and payments. It is rare for them to include an exclusivity clause.

For small and medium-sized enterprises and micro-enterprises with limited needs that require greater ordering flexibility, contractual relations are generally based on order forms containing Edenred's general conditions of sale.

### 1.5.2 CONTRACTUAL RELATIONSHIPS WITH AFFILIATED MERCHANTS

Affiliation contracts are signed by the Edenred subsidiary concerned with the local merchant network, on a solution-by-solution basis.

The contracts stipulate the terms of reimbursement of the vouchers and the commission terms. Affiliation contracts concern nearly all of the solutions sold by Edenred.

### 1.5.3 CONTRACTUAL RELATIONSHIPS WITH SUPPLIERS AND SERVICE PROVIDERS

Relations between Edenred or its subsidiaries and external suppliers or service providers are governed by standard contracts. Close attention is paid to services that may lead to the creation of intellectual property rights, in order to ensure that the rights of Edenred and its subsidiaries are clearly established and appropriately protected.

Edenred uses many suppliers and is not dependent on any single company. Its biggest supply contract is a master agreement with Stralfors covering paper purchases. In each country, the production centers may choose to purchase their paper either from Stralfors or from local suppliers. The master agreement is used mainly in France and in some other European countries, whereas local suppliers are generally used in Latin America. The Group's other main purchases are of plastic cards (with magnetic strips and computer chips), specialist printing equipment and transport services.

## 1.6 INTELLECTUAL PROPERTY

Edenred's intellectual property mainly consists of its portfolio of brands and domain names, which are managed by a dedicated legal team. *Ticket Restaurant*® and the names of the other solutions and services offered by Edenred are registered trademarks that are the property of the Edenred Group.

Controls over compliance with the rules governing the acquisition of intellectual property rights are executed by contract managers, as explained in section 1.5.3 of this Registration Document, and by administrative teams, through the normal registration process.

A surveillance system has been set up to effectively combat attempts to fraudulently use Edenred's brands and domain names.

Edenred also opposes any use of its protected trademarks as generic names.

## 1.7 REAL ESTATE RIGHTS

Most of the offices occupied by the Group are leased. The Group does not expect to encounter any problems in renewing the leases.

# 2 FINANCIAL REVIEW

# 2.1 RESULTS OF OPERATIONS

## 2.1.1 CONSOLIDATED RESULTS

### 2.1.1.1 Introduction

The Group has grown steadily in recent years by creating new solutions and rolling out existing ones, increasing penetration rates and face values in existing markets, and making targeted acquisitions to speed growth in issue volume as well as to build market share.

Sustained growth in issue volume has automatically driven up funds from operations before non-recurring items (FFO). Given the nature of the Group's business, growth has been achieved without tying up substantial financial resources, as routine capital expenditure needs are by definition very limited and working capital requirement is systematically negative.

One of the business's defining features is its high level of diversification, in terms of both solutions and geographical markets. This characteristic has helped to maintain a consistently strong overall pattern of growth, despite the fact that some solutions may underperform in certain geographic markets from time to time. Organized by country to provide local responses to customer needs, the Group's sales forces act swiftly to reverse any such fall in demand for a given solution, in order to optimize the deployment of all of the Group's solutions in their territory.

2011 financial highlights

| *(in € millions)* | 2010 * | 2011 | % change (reported) | % change (like-for-like) [(1)] |
|---|---|---|---|---|
| **Issue volume** | **13,875** | **15,188** | **+9.5%** | **+9.7%** |
| **Revenue, of which:** | **965** | **1,032** | **+6.9%** | **+9.7%** |
| Operating revenue | 885 | 940 | +6.2% | +9.2% |
| Financial revenue | 80 | 92 | +14.7% | +15.2% |
| Operating expenses, including depreciation, amortization and provisions | (637) | (677) | | |
| **EBIT, of which:** | **328** | **355** | **+8.5%** | **+11.2%** |
| Operating EBIT | 248 | 263 | +6.4% | +9.9% |
| Financial EBIT | 80 | 92 | +14.7% | +15.2% |
| Operating profit before tax and non-recurring items | 266 | 315 | +18.5% | n.a. |
| Recurring profit after tax | 165 | 203 | +23.1% | n.a. |

* *In the following discussion of the Group's financial results, all 2010 figures are based on the pro forma consolidated financial statements unless otherwise specified. The basis for preparing the pro forma 2010 financial information for the period to the Edenred Group's creation on June 29, 2010, is described in the notes to the consolidated financial statements included in the Group's 2010 Registration Document.*

EBIT corresponds to total revenue (operating and financial) less operating expenses, depreciation, amortization and provisions.

It is broken down between operating EBIT (EBIT excluding financial revenue) and financial EBIT (corresponding to financial revenue).

Operating expenses correspond to the operating expenses, depreciation, amortization and provisions presented in detail in the notes to the consolidated financial statements.

*(1) « Like-for-like" means: at constant exchange rates and scope of consolidation.*

### 2.1.1.2 Analysis of consolidated financial results

#### Issue volume

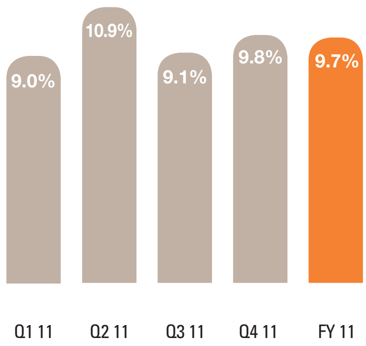
Issue volume amounted to €15.2 billion in 2011, up 9.7% like-for-like. The reported increase was 9.5%, reflecting the 0.8% positive effect of changes in consolidation scope and the 1.0% negative currency effect for the year.

Issue volume rose 2.1% in Europe (excluding revenues from the lost Consip contract), in a year when the number of people in work remained stable, and by a very strong 20.1% in Latin America, where the sales teams made the most of a favorable economic environment.

Growth in issue volume by region was as follows:

| Region<br>*(in € millions)* | Year<br>2010 | 2011 | % change<br>Reported | Like-for-like |
|---|---|---|---|---|
| France | 2,564 | 2,598 | +1.3% | +1.3% |
| Rest of Europe | 4,679 | 4,770 | +1.9% | -0.4% |
| Latin America | 6,185 | 7,337 | +18.6% | +20.1% |
| Rest of the world | 446 | 484 | +8.3% | +20.7% |
| **TOTAL** | **13,875** | **15,188** | **+9.5%** | **+9.7%** |

Quarterly like-for-like changes in issue volume were as follows:




#### Revenue

Total revenue corresponds to the sum of operating revenue (derived from the sale of programs and services) and financial revenue (derived from investing the float [1]). In 2011, it amounted to €1.0 billion, an increase of 9.7% like-for-like compared with 2010.

Revenue breaks down as follows by origin:

| *(in € millions)* | 2010 | 2011 | % change (reported) | % change (like-for-like) |
|---|---|---|---|---|
| Operating revenue generated by issue volume | 729 | 782 | +7.3% | +9.0% |
| Other operating revenue | 156 | 158 | +1.2% | +9.6% |
| **Operating revenue** | **885** | **940** | **+6.2%** | **+9.2%** |
| **Financial revenue** | **80** | **92** | **+14.7%** | **+15.2%** |
| **TOTAL REVENUE** | **965** | **1,032** | **+6.9%** | **+9.7%** |

*(1) The float corresponds to the business's negative working capital requirement.*

## Operating revenue

Operating revenue for 2011 totaled €940 million, representing a like-for-like gain of 9.2%. On a reported basis, the increase was 6.2% after taking into account:

- the 2.3% negative effect of changes in consolidation scope, corresponding to the divestment during the period of Davidson Trahaire in Australia and other non-strategic businesses;
- the 0.7% negative net currency effect, of which a positive 0.1% due to the Brazilian real and a negative 0.3% due to the Venezuelan bolivar

Like-for-like growth was in line with the increase in issue volume, reflecting stable commission rates.

| Like-for-like growth | Q1 2011 | Q2 2011 | Q3 2011 | Q4 2011 | FY 2011 |
|---|---|---|---|---|---|
| France | -1.1% | +0.6% | +0.7% | -2.8% | -0.9% |
| Rest of Europe | -1.1% | +7.5% | +2.8% | +3.0% | +3.0% |
| Latin America | +17.4% | +19.5% | +18.8% | +18.2% | +18.5% |
| Rest of the world | +10.0% | +9.7% | +14.4% | +6.4% | +10.1% |
| **TOTAL** | **+6.6%** | **+11.7%** | **+10.3%** | **+8.1%** | **+9.2%** |

### Operating revenue for the year in Europe: €470 million

**In Europe,** operating revenue increased by 1.8% like-for-like in 2011, including 1.1% growth in the fourth quarter alone.

**In France,** operating revenue contracted by 0.9% like-for-like over the year.

**In Belgium,** operating revenue rose by a strong 6.3% like-for-like in 2011, led by the robust performances of the *Ticket Restaurant®* and Ticket EcoChèque® businesses.

**In the United Kingdom**, 2011 operating revenue was 7.0% higher like-for-like.

**In Italy**, operating revenue gained 2.2% like-for-like over the year.

**In Romania**, operating revenue for the year was down 15.3% like-for-like.

### Operating revenue for the year in Latin America: €414 million

In Latin America, operating revenue rose 18.5% like-for-like in 2011. This sharp increase was attributable to outstanding sales performances in vibrant local economies.

In Brazil, operating revenue rose 18.3% like-for-like over the year. All Edenred solutions contributed to this performance, with meal and food voucher revenue advancing 18.6% and *Ticket Car®* revenue up 14.1%.

In Hispanic Latin America, operating revenue expanded 18.9% like-for-like in 2011. In this market too, all solutions performed well. Operating revenue from meal and food vouchers was up by a strong 19.1%, while *Ticket Car®* revenue was 21.6% higher.

## Financial revenue

**Financial revenue** increased by a solid **15.2%** like-for-like, lifted by higher interest rates in all regions and the increased float (1) in Latin America.

| Like-for-like growth | Q1 2011 | Q2 2011 | Q3 2011 | Q4 2011 | FY 2011 |
|---|---|---|---|---|---|
| France | +4.3% | +12.0% | +13.6% | +3.3% | +8.1% |
| Rest of Europe | -0.9% | +4.9% | +3.6% | +6.0% | +3.4% |
| Latin America | +38.8% | +41.0% | +48.6% | +10.3% | +32.4% |
| Rest of the world | +10.0% | +17.5% | +35.8% | +39.8% | +26.8% |
| **TOTAL** | **+13.0%** | **+19.0%** | **+21.9%** | **+8.2%** | **+15.2%** |

*(1) The float corresponds to the business's negative working capital requirement.*

## EBIT

### Analysis of EBIT

Total EBIT for 2011 stood at €355 million, at the high end of the €340 million to €360 million target range.

Operating EBIT (which excludes financial revenue) rose by a strong 9.9% like-for-like in 2011 to €263 million. Underpinning this good performance, the operating flow-through ratio [(1)] adjusted for the extra costs generated by the digital transition [(2)] stood at 47%, in line with the Group's objective of 40% to 50%.

### Operating EBIT by region

In France, operating EBIT amounted to €26 million, a decline of 10.4% as reported and 17.6% like-for-like that was mainly due to the extra costs generated by the digital transition.

In the Rest of Europe, operating EBIT came to €79 million, down 9.9% as reported and 8.3% like-for-like. The contraction was due to the difficult economic conditions prevailing in some European countries and the competitive pressures observed last year particularly in Italy. As a result, EBIT margin for the region excluding financial revenue narrowed by 22 basis points on a reported basis to 1.7% for the year.

In Latin America, operating EBIT amounted to €170 million, up a sharp 21.5% as reported and 23.5% like-for-like. The region's EBIT margin excluding financial revenue improved by 6 basis points on a reported basis to 2.3%.

In all, 2011 operating EBIT as a percentage of operating revenue came to 28.0% as reported, unchanged from the previous year. The like-for-like change excluding digital transition costs was a sharp 156-basis point improvement.

### Financial EBIT

Financial EBIT (corresponding to financial revenue) was 15.2% higher like-for-like at €92 million.

## Net financial expense

Net financial expense amounted to €40 million in 2011, versus €62 million the previous year.

Finance costs for the year amounted to €47 million, while interest income from the investment of available cash came to €8 million, leading to net finance costs of €39 million.

Other financial income and expenses represented a net expense of €5 million, that was largely offset by net exchange gains of €4 million.

## Operating profit before tax and non-recurring items

Operating profit before tax and non-recurring items totaled €315 million in 2011 versus €266 million in 2010, an increase of 18.5% on a reported basis.

## Income tax expense

Income tax expense increased to €103 million in 2011 from €89 million the year before. The effective tax rate on recurring profit was 32.0%, compared with 34.6% in 2010.

## Net profit

After deducting (i) net non-recurring costs of €7 million, (ii) income tax expense of €103 million and (iii) minority interests of €11 million, net profit, Group share came to €194 million in 2011 compared with €68 million in 2010.

Recurring profit after tax amounted to €203 million versus €165 million, a 23.1% increase.

## 2.1.1.3 Dividend and payout rate

| | 2010 | 2011 | % change 2011 vs. 2010 |
|---|---|---|---|
| **Recurring profit after tax** [(1)] *(in € millions)* | **165** | **203** | **+23.1%** |
| Weighted average shares outstanding *(in millions)* | 226 | 226 | n.a. |
| Recurring profit after tax per share *(in €)* | 0.73 | 0.90 | +23.1% |
| **Ordinary dividend per share** *(in €)* | **0.50** | **0.70** [(2)] | **40.0%** |
| **Ordinary dividend payout** *(in € millions)* | **113** | **158** | **n.a.** |
| **Payout ratio** [(3)]. | **68%** | **78%** | **n.a.** |

*(1) Recurring profit after tax = operating profit before tax and non-recurring items less tax on recurring items, less minority interests.*

*(2) To be recommended at the Annual Shareholders' Meeting on May 15, 2012.*

*(3) Total dividend as a percentage of recurring profit after tax.*

*(1) Operating flow-through ratio: ratio between the like-for-like change in operating EBIT and the like-for-like change in operating revenue.*

*(2) Representing €13 million.*

### 2.1.1.4 Liquidity and financial resources

#### Cash flows *

| *(in € millions)* | 2010 | 2011 |
|---|---|---|
| Net cash from operating activities | 313 | 341 |
| Net cash used in non-recurring transactions | (75) | (22) |
| Net cash used in investing activities | (55) | (22) |
| Net cash used in financing activities | (253) | (160) |
| Effect of changes in exchange rates and fair values | 97 | (73) |
| **Net increase in cash and cash equivalents** | **27** | **64** |
| Cash and cash equivalents at beginning of period | 311 | 338 |
| Cash and cash equivalents at end of period | 338 | 402 |
| **Net increase in cash and cash equivalents** | **27** | **64** |

* *See the consolidated statement of cash flows on page 112 of the consolidated financial statements and Note 2.T.12 to the consolidated financial statements on page 129.*

Net cash from operating activities corresponds to funds from operations before non-recurring items, plus the change in working capital (i.e. the non-recurring increase in negative working capital requirement) less the increase in restricted cash. Restricted cash, in the amount of €689 million at December 31, 2011 versus €631 million at December 31, 2010, corresponds mainly to service voucher funds in France (€555 million), the United Kingdom (€85 million) and Romania (€39 million) that are subject to specific regulations in these countries. Due to the restrictions on their use, increases in these funds are recorded as a deduction from net cash from operating activities.

#### Funds from operations before non-recurring items (FFO)

Funds from operations before non-recurring items (FFO) amounted to €257 million, versus €213 million in 2010. The like-for-like increase of 20.8% was greater than the Group's medium-term objective of more than 10% normalized annual growth [(1)]. Growth in FFO is analyzed in section 2.1.1.5. Management Indicators.

#### Working capital requirement

The following table sets out the items that make up working capital requirement, excluding restricted cash.

| *(in € millions)* | December 31, 2010 | December 31, 2011 | Change 2011 vs. 2010 |
|---|---|---|---|
| Inventories (net) | 12 | 10 | (2) |
| Trade receivables (net) | 951 | 990 | 39 |
| Other receivables (net) | 316 | 291 | (25) |
| **Working capital assets** | **1,279** | **1,291** | **12** |
| Trade payables | 76 | 73 | (3) |
| Other payables | 174 | 161 | (13) |
| Vouchers in circulation | 3,278 | 3,400 | 122 |
| **Working capital liabilities** | **3,528** | **3,634** | **106** |
| **Float (net working capital)** | **2,249** | **2,343** | **94** |

The float (negative working capital requirement) at December 31, 2011 was up €94 million compared with December 31, 2010.

The average interest rate earned by investing the float was 4.3% at December 31, 2011 versus 3.9% at December 31, 2010. Instruments with maturities of more than one year represented 30% of the total at December 31, 2011 compared with 13% at December 31, 2010.

*(1) Normalized growth is the objective that the Group considers to be attainable in a context in which unemployment does not rise.*

## Debt

### Net debt*

The Group had a net cash position of €74 million at December 31, 2011 compared with net debt of €25 million at the previous year-end. The ratio of adjusted funds from operations to adjusted net debt (1) – one of the main indicators analyzed by the Standard & Poor's rating agency – came to 93%, much higher than the 30% required for a Strong Investment Grade rating (2).

| *(in € millions)* | December 31, 2010 | December 31, 2011 |
|---|---|---|
| Long-term debt | 1,487 | 1,390 |
| Other non-current financial liabilities | 12 | 8 |
| Short-term debt | 10 | 3 |
| Bank overdrafts | 66 | 35 |
| Other current financial liabilities | 7 | 23 |
| **DEBT AND OTHER FINANCIAL LIABILITIES** | **1,582** | **1,459** |
| **Current financial assets** | **(5)** | **(11)** |
| Marketable securities | (1,148) | (1,085) |
| Cash and cash equivalents | (404) | (437) |
| **CASH AND CASH EQUIVALENTS AND OTHER CURRENT FINANCIAL ASSETS** | **(1,557)** | **(1,533)** |
| **NET DEBT** | **25** | **(74)** |

* *See Note 2.S page 128 and Note 24 page 160 to the consolidated financial statements.*

Long-term debt consists mainly of:

- €596 million in bank borrowings repayable over the period June 2014 to June 2015;
- €794 million in 3.625% 7-year bonds due October 6, 2017.

At December 31, 2011, out of total long and short-term debt of €1,393 million, 22% was due in 2014, 22% in 2015 and 56% in 2017.

At December 31, 2010, out of total long and short-term debt of €1,497 million, 7% was due in 2013, 20% in 2014, 20% in 2015 and 53% in 2017.

Marketable securities include €995 million worth of term deposits and equivalents with maturities of more than three months and €90 million worth of money market securities and bonds.

Cash and cash equivalents break down as €146 million in cash and €291 million in money market instruments with original maturities of less than three months.

### Free cash flow

Free cash flow generated in 2011 amounted to €306 million.

| *(in € millions )* | 2010 | 2011 |
|---|---|---|
| **EBITDA** | **357** | **384** |
| Net financial expense | (62) | (40) |
| Income tax paid | (91) | (97) |
| Non-cash items | 9 | 10 |
| **Funds from operations (FFO)** | **213** | **257** |
| Decrease in working capital | 142 | 140 |
| Increase in restricted cash | (42) | (56) |
| **Recurring capital expenditure** | **(32)** | **(35)** |
| **FREE CASH FLOW** | **281** | **306** |

*(1) See section 2.1.1.5 page 29.*

*(2) The ratio of adjusted funds from operations to adjusted net debt, determined by the Standard & Poor's method, must be at least 30% to maintain a Strong Investment Grade rating. Edenred's Strong Investment Grade rating reflects the Group's ability to repay its debt, its liquidity position, certain financial ratios, its business profile and financial position, various other factors that are considered relevant for companies operating in the prepaid services business, and the general economic outlook.*

### Unlevered free cash flow*

Unlevered free cash flow [1] generated over the year totaled €268 million.

| *(in € millions)* | 2010 | 2011 |
|---|---|---|
| **EBIT** | **328** | **355** |
| Elimination of financial revenue from unrestricted cash [1] | (66) | (76) |
| **Adjusted EBIT** | **262** | **279** |
| Effective tax rate | 34.6% | 32.0% |
| **Tax on adjusted EBIT** | **(91)** | **(89)** |
| **Elimination of depreciation and amortization** | **29** | **29** |
| **Recurring capital expenditure** | **(32)** | **(35)** |
| **Decrease/(increase) in working capital requirement** | **142** [1] | **140** |
| **Decrease/(increase) in restricted cash** | **(42)** | **(56)** |
| ***UNLEVERED FREE CASH FLOW*** | **268** | **268** |

* *See Note 5 to the consolidated financial statements, page 136.*

(1) *To facilitate period-on-period comparisons, the change in working capital requirement in the consolidated statement of cash flows has been adjusted to exclude non-recurring demerger costs of €19 million in 2010. This adjustment has no impact on changes in cash and cash equivalents for the periods presented.*

## Equity

Equity represented a negative amount of €1,031 million at December 31, 2011 and €1,061 million at December 31, 2010. This is due to the recognition at historical cost of the assets contributed or sold to Edenred by Accor through the asset contribution-demerger transaction [2]. It has no impact on the Group's refinancing capacity, the underlying strength of its financial position or its dividend paying ability.

The statement of changes in equity is presented on page 114 of the consolidated financial statements.

## Off-balance sheet commitments

Off-balance sheet commitments at December 31, 2011 amounted to €100 million versus €86 million at December 31, 2010. See Note 30 to the consolidated financial statements for more details page 169.

(1) *Unlevered Free Cash Flow is an indicator of the Company's cash-generating capacity.*

(2) *The basis for preparing the pro forma 2010 financial information, covering the period to the Edenred Group's creation on June 29, 2010, is described in the notes to the consolidated financial statements included in the Group's 2010 Registration Document.*

### 2.1.1.5 Management ratios

#### Key ratios and indicators

| | 2010 | 2011 |
|---|---|---|
| Like-for-like growth in issue volume | +10.0% | +9.7% |
| Total net margin (EBIT/issue volume) | 2.4% | 2.3% |
| EBIT margin excluding financial revenue (EBIT – financial revenue/issue volume) | 1.8% | 1.7% |
| Like-for-like growth in FFO (1) | +15.1% | +20.8% |
| *Unlevered free cash flow * (in € millions)* | 268 | 268 |
| Adjusted FFO/adjusted net debt (2) | 57.3% | 92.8% |

* *For more information about unlevered free cash flow, see section 2.1.1.4, page 26.*

(1) *Growth in FFO is calculated as follows:*

| *(in € millions)* | 2010 | 2011 |
|---|---|---|
| + EBIT | 357 | 384 |
| - Net financial expense | (62) | (40) |
| - Income tax | (91) | (97) |
| - Non-cash income and expenses included in EBIT | 10 | 9 |
| - Cancellation of financial provisions, provisions for taxes and tax on non-recurring items | (1) | 1 |
| **= Funds from operations before non-recurring items (FFO)** | **213** | **257** |
| Increase in funds from operations before non-recurring items | +15.8% | +20.8% |
| Like-for-like increase in funds from operations before non-recurring items | +15.1% | +20.8% |

(2) *The adjusted FFO/adjusted net debt ratio is calculated as follows:*

| *(in € millions)* | 2010 | 2011 |
|---|---|---|
| Net debt (cash) at December 31 | 25 | (74) |
| Standard & Poor's adjustment: 20% of cash and cash equivalents and marketable securities | 311 | 304 |
| Standard & Poor's adjustment: capitalization of rents and pensions | 64 | 67 |
| **Adjusted net debt (cash)** | **400** | **297** |
| Funds from operations before non-recurring items (FFO) | 213 | 257 |
| Standard & Poor's adjustment: capitalization of rents and pensions | 16 | 18 |
| **Adjusted FFO** | **229** | **275** |
| **Adjusted FFO/adjusted net debt** | **57.3%** | **92.8%** |

The adjusted FFO/adjusted net debt ratio is above 30%.

#### 2.1.1.6 Material contracts

During 2011, no contract representing a material obligation or commitment for the Group was signed in connection with the Group's external growth operations.

## 2.1.2 FORESEEABLE DEVELOPMENTS

The outlook for 2011 is described in section 1.3 Strategic Vision, Investment Strategy and Outlook.

## 2.1.3 MAIN RISKS AND UNCERTAINTIES

The main risks and uncertainties that may affect the Group in 2012 are described in section 3 Risk Factors, page 35.

The financial terms of the loans obtained on June 23, 2010 are based on the Group's Strong Investment Grade rating from Standard & Poor's. The loan agreements do not contain any rating triggers.

The September 28, 2010 €800 million 7-year bond issue does not give rise to any rating risk because it was assigned a specific rating at the time of issue in line with standard market practice.

## 2.1.4 MAIN RELATED-PARTY TRANSACTIONS

The main related-party transactions are presented in detail in Note 32 to the consolidated financial statements, page 170.

## 2.1.5 RESEARCH AND DEVELOPMENT ACTIVITIES

None.

## 2.1.6 SUBSEQUENT EVENTS

Subsequent events are presented in Note 35 to the consolidated financial statements, page 171.

# 2.2 MANAGEMENT REPORT FOR THE EDENRED PARENT COMPANY

## DESCRIPTION OF THE BUSINESS

As the Group holding company, Edenred SA manages a portfolio of equity interests, collects dividends from subsidiaries and drives the Group's development.

The Company owns a portfolio of brands, including *Ticket Restaurant®*, Ticket Alimentaçao®, *Ticket Compliments®*, *Childcare Vouchers®* and *Ticket EcoCheque®*, and earns revenues from licensing these brands.

It also provides services to other members of the Group in the areas of prepaid solutions, staff secondment, cash management and IT, as well as advisory services. These services are billed on arm's length terms, as a percentage of the subsidiaries' revenues and/or profits or as a flat fee or on a per-service basis.

## 2011 RESULTS

The Company reported 2011 revenue of €24 million versus €18 million in 2010, including all royalties and service fees earned in the normal course of business.

Service revenues correspond to fees billed under the Master Services Agreement, for the secondment of staff and for loan guarantees.

### Analysis of Edenred SA revenue

| *(in € millions)* | 2010 | 2011 | % of total |
|---|---|---|---|
| **Brand royalties*** | **7** | **0** | |
| **Service fees** | | | - |
| • *Mutual costs* | 8 | 0 | |
| • IT services | 2 | 5 | 20.83% |
| • Master Services Agreement | - | 16 | 66.66% |
| • Other | 1 | 3 | 12.50% |
| **TOTAL** | **18** | **24** | **100%** |

* *Brand royalties have been reclassified from revenue to "Other operating income" based on the French GAAP definition of this term.*
*In 2011, the Group revised the internal fee billing system between Edenred S.A. and its subsidiaries, leading to the Mutual Costs contracts being replaced by Master Services Agreements.*

### Operating income and expenses

Other revenues, reversals of depreciation, amortization and provisions and expense transfers together totaled €91 million in 2011 compared with €12 million in 2010.

The Company ended the year with an operating loss of €16 million versus a €56 million loss in 2010.

Operating expenses in 2011 amounted to €131 million compared with €86 million the previous year.

External charges fell to €32 million from €67 million in 2010.

Payroll costs rose to €26 million in 2011 from €11 million in 2010.

Depreciation and amortization of fixed assets was €1 million compared with €0.5 million.

Charges to provisions for length-of-service awards payable to employees on retirement stood at €5 million versus €2 million.

### Net financial income

Net financial income for the year amounted to €91 million compared with €148 million in 2010.

Movements on financial provisions, mainly provisions for impairment of shares in subsidiaries, represented a net expense of €14.7 million. Financial provisions booked in 2011 included €15 million in write-downs of shares in subsidiaries and affiliates – mainly Surfgold Singapore for €12 million – and €1 million written down on loans to subsidiaries.

Dividend income for the year totaled €104 million compared with €217 million in 2010, including €41 million from Edenred TRB, €27 million from Edenred France and €12 million from Cestatickets.

### Recurring profit before tax

Recurring profit before tax amounted to €75 million versus €92 million in 2010.

### Non-recurring items

Non-recurring items represented net income of €290 million in 2011, up from €60 million the previous year, consisting mainly of profits on the sale of shares in Saminvest and Edenred Australia Pty.

### Taxable profit

Edenred SA reported a taxable profit of €36 million in 2011 compared with €55 million the previous year. The Company and its eligible French subsidiaries elected for the Group relief system governed by Article 223A of the French General Tax Code on March 18, 2011. The election applies as from the 2011 tax year.

The tax group members in 2011 were:

- Edenred Participations;
- Saminvest;
- ASM;
- Edenred France;
- Accentiv' Kadéos;
- Accentiv' Travel;
- AS Formation;
- Servicarte.

In 2011, a net group relief benefit of €15 million was recorded in Edenred SA's accounts.

Income tax payable by the tax group for 2011 amounted to €3 million.

## INFORMATION ON SUPPLIER PAYMENTS

Edenred SA trade payables analyzed by due date

| *(in € millions)* | | Invoices receivable | Less than 30 days | In 30-60 days | More than 60 days |
|---|---|---|---|---|---|
| **2010** | Trade payables | - | - | 9 | - |
| | Supplier invoices receivable | 6 | - | - | - |
| | **TOTAL** | **6** | **-** | **9** | **-** |
| **2011** | Trade payables | - | - | 2 | - |
| | Supplier invoices receivable | 4 | - | 1 | 3 |
| | **TOTAL** | **4** | **0** | **3** | **3** |

## NON-DEDUCTIBLE EXPENSES

The aggregate amount of non-deductible costs and expenses referred to in Article 39 paragraph 4 of the French General Tax Code amounted to €52,520 for 2011 and the tax paid thereon was €18,083 (disclosure made in application of Articles 223 *quater* and *quinquies*, 39-4 and 39-5 of the Tax Code).

## 2011 BUSINESS REVIEW

In 2011, the Company carried out its holding company activities.

### Transactions in Edenred SA shares

In 2011, Edenred SA held 231,907 of its own shares.

The Company's ownership structure is described in section 7.3.1 Ownership Structure, page 213.

On November 3, 2011, Edenred SA entered into a liquidity contract with Exane BNP Paribas that complies with the AMAFI code of ethics recognized by the Autorité des marchés financiers, whereby Exane BNP Paribas undertakes to make a market in Edenred SA shares on the NYSE Euronext Paris market.

The following resources been credited to the liquidity account to fund these market-making transactions.

- €10 million in cash;
- Edenred shares: none.

### Financing

Following a €100 million early repayment, the next installment on the term loan will be paid on June 30, 2014 for €300 million.

At December 31, 2011 the Company had total debt of €1,400 million.

The bilateral lines of credit intended for general corporate purposes had not been drawn down as of December 31, 2011.

The Group has set up a €350 million hedging program comprising interest rate swaps and collars to protect against the impact of interest rate fluctuations on its variable rate debt.

## RELATIONS WITH SUBSIDIARIES

Edenred SA holds direct interests of 50% and over in 19 companies. The most significant interests, in terms of value, are as follows:

- **Edenred France** (€411,767,467) is a French company that issues *Ticket Restaurant*® meal vouchers and other prepaid services solutions to customers in France.

  In 2011, it had revenues of €100,930,161 versus €96,869,000 in 2010 and recurring profit before tax of €3,519,587 versus €29,106,256;
- **Accentiv' Kadéos** (€218,760,215) is a French company that produces, issues and markets gift vouchers.

  In 2011, it had revenues of €53,081,301 versus €57,992,526 in 2010 and recurring profit before tax of €12,183,418 versus €12,567,614;
- **Edenred Participations** (€322,041,898) is a French holding company.

  In 2011 it had no revenue and it ended the year with a net loss of €932,719.

  During 2011, Edenred Participations paid dividends of €4,192,417 to Edenred SA.

The table below presents subsidiaries whose carrying amount in Edenred SA's balance sheet exceeds 1% of the Company's share capital.

| Subsidiaries and affiliates | Currency | % interest |
|---|---|---|
| **Subsidiaries with a carrying amount in excess of 1% of Edenred SA's share capital.** | | |
| **Subsidiaries (at least 50% owned by Edenred SA)** | | |
| **a) French subsidiaries** | | |
| Accentiv' Kadéos 166-180 Bld Gabriel Péri 92240 Malakoff | EUR | 98.30% |
| Accentiv' Travel 166-180 Bld Gabriel Péri 92240 Malakoff | EUR | 98.30% |
| Edenred France 166-180 Bld Gabriel Péri 92240 Malakoff | EUR | 98.30% |
| Edenred Participations SAS 166-168 Bld Gabriel Péri 92240 Malakoff | EUR | 100.00% |
| Accor Service Formation 166-180 Bld Gabriel Péri 92240 Malakoff | EUR | 98.32% |
| Veninvest Quattro 166 - 180, Bld Gabriel Péri 92240 Malakoff | EUR | 100% |
| Veninvest Cinq 166 - 180, Bld Gabriel Péri 92240 Malakoff | EUR | 100% |
| Veninvest Sept 166 - 180, Bld Gabriel Péri 92240 Malakoff | EUR | 100% |
| Veninvest Huit 166 - 180, Bld Gabriel Péri 92240 Malakoff | EUR | 100% |
| **b) Foreign subsidiaries** | | |
| Royal Image Direct Marketing Pty (India) | INR | 98.30% |
| Edenred Shanghai (China) | CNY | 98.30% |
| Edenred (India) PVT Ltd (India) | INR | 94.33% |
| Edenred Pte Ltd (Singapore) | SGD | 98.30% |
| Cestaticket Accor Services C.A. (Venezuela) | VEF | 55.30% |
| Accor Venezuela (Venezuela) | VEF | 100.00% |
| Edenred China | CNY | 100.00% |
| Edenred Polska Sp Zo o (Poland) | PLN | 99.99% |
| Edenred Belgium | EUR | 100% |
| Edenred Deutschland GmbH (Germany) | EUR | 98.30% |

The other subsidiaries and affiliates are presented in Note 24 to the Company financial statements - Subsidiaries and affiliates, page 198.

## RATIOS

None.

## RISK FACTORS

Risk factors are described in section 3, page 35.

## RESEARCH AND DEVELOPMENT ACTIVITIES

None.

## SUBSEQUENT EVENTS

There have been no significant events since December 31, 2011.

# 3 RISK FACTORS

# 3.1 LEGAL RISKS

## CHANGE IN THE LAWS OR REGULATIONS APPLICABLE TO PRODUCTS QUALIFYING FOR A SPECIFIC TAX REGIME

Certain Group solutions are governed by national regulations designed to create a tax environment that will encourage their development. The solutions concerned are mainly Employee Benefits solutions, particularly *Ticket Restaurant*® meal vouchers and *Ticket Alimentación*® food vouchers. In 2011, Employee Benefits solutions accounted for around 86% of the Group's issue volume, with France, Italy and Brazil representing the three main markets.

These laws and/or regulations may change in ways that are unfavorable to the Group. Recently, certain governments faced with ballooning budget deficits have scaled back the tax or social benefits attached to these solutions. These types of policies, which are often dictated by economic conditions, may continue in the future. As the solutions' tax appeal is one of the factors behind their growth and profitability, any unfavorable change in the regulatory or legislative environment may lead to a decline in related issue volume.

See section 1.4 page 17 Regulatory Environment of this Registration Document for more information about the regulations applicable to the Group, including sections 1.4.1.2 and 1.4.1.3 on page 18 which describe the regulatory environments in France and in Brazil.

## CHANGE IN THE LEGISLATIVE ENVIRONMENT FOR CERTAIN GROUP SOLUTIONS

Some Group solutions are regulated in the various countries where they are sold. The transition to digital solutions – which are expected to account for 50% of issue volume by the end of 2012 – may lead to an increase in the number of regulated solutions.

The regulatory environment is changing in some countries, often in a political climate that is conducive to the introduction of greater restrictions and improved protections for beneficiaries of these solutions. New regulations governing gift cards and other payment cards, for example, generally impose stricter rules concerning the information to be given to customers and beneficiaries when the cards are sold, the level of fees and commissions billed to customers and the treatment of unused balances on expired cards. In come countries, the issuer is required to refund all or some of the remaining balance to the customer. In addition, the Group's businesses are subject to data protection and data security laws.

Regulatory obstacles may limit the Group's ability to grow its businesses. The obstacles may be unexpected and require the deployment of significant resources and investments, which may have an adverse effect on the Group's results of operations and financial position.

## PROTECTION OF THE GROUP'S BRANDS

The Group's success lies partly in its portfolio of recognized brands, such as *Ticket Restaurant*® and *Ticket Alimentación*®. The names of the Group's solutions have been registered in some countries, but not in all the countries where the Group currently has operations or may have operations in the future. If third parties already use similar brands in some countries, they may challenge the Group's right to register its own brands. If another company with protected rights over a Group brand were to succeed in preventing Edenred from using the brand in certain markets, this could adversely affect Edenred's ability to deploy its solutions in new geographic markets and oblige the Group to invest substantial resources in establishing new or alternative brands. The methods available to the Group to protect its brands and other intellectual property rights in its host countries may not guarantee that these rights are totally protected. In addition, the level of protection afforded by the laws of some countries is less than that available in Europe and North America.

# 3.2 EXTERNAL RISKS

## ECONOMIC RISKS

The Group's results depend in part on economic conditions in its main host countries. Although Edenred's business is less sensitive to economic cycles than others, adverse economic conditions would nevertheless have a direct impact on its issue volume and, consequently, on its results of operations. An economic downturn leading to corporate bankruptcies and plant closures would have the effect of reducing the Group's customer base, while an increase in unemployment rates would lead to a reduction, for each customer, in the number of beneficiaries of the Group's solutions. In addition, increases in the face value of the vouchers issued by the Group are influenced by inflation rates. Lastly, the Group's financial revenue (i.e. the interest income received on the float resulting from the timing difference between the payment by customers of the vouchers' face value and their reimbursement to the merchants) depends on (i) the volume of vouchers issued and, consequently, the economic factors described above, and (ii) market interest rates (see section 3.3.2 "Interest Rate Risks" in this Registration Document page 39).

Economic conditions around the world have varied widely in the aftermath of the global financial crisis. With its strong presence in Latin America, the Group has benefited from the region's vigorous economic growth. Trends in Europe have been more uneven. Western European economies were stable in 2011 as a result of steadying unemployment rates, and Eastern Europe saw a slight improvement in the last quarter of the year.

Lastly, the Group operates in 38 different countries, which helps to diversify its exposure to economic risks. Brazil, the Group's largest market, France and Italy together account for 55% of the Group's total issue volume and 66% of total EBIT.

## COMPETITION RISKS

The Group's businesses are exposed to competition from a handful of international groups as well as local competitors (see section 1.1.3.1 "Overview of the Prepaid Services Market", page 7, for a description of the Group's main competitors). Competitive pressures may drive down fee rates in some countries whose economies are struggling, resulting in contracts not being renewed or making it more difficult to win new contracts. If the Group is unable to effectively withstand these competitive pressures, it may lose market share or experience a decline in business or margins.

In countries where Edenred has strengthened its leadership position, certain competitors or commercial partners may be tempted to claim that the Group has used this position to bypass or distort market rules.

In France, a complaint was lodged against Accentiv' Kadéos in August 2009 for allegedly abusing a dominant position. The related legal proceedings were concluded by December 31, 2011 (see the notes to the consolidated financial statements under Note 29 "Claims and Litigation", part F "French Competition Authority Commitments Procedure", page 168).

## RISK OF NEW ENTRANTS JOINING THE MARKET

One or several markets may be penetrated by new entrants. These may be new companies, or existing companies that are changing their positioning in one or several markets.

## RISKS RELATED TO PARTNERSHIPS AND OTHER STRATEGIC AGREEMENTS

In the course of its business, Edenred may use partners' technologies, IT applications or networks, particularly for its digital solutions. Any disagreement concerning the renewal of any such partnerships or user licenses may have an adverse effect on the Group's business.

Similarly, agreements have been signed with affiliated merchants to permit the use and/or sale of prepaid vouchers and cards. The non-renewal of any of these partnerships may have an adverse effect on issue volume and revenues from the solutions concerned.

To attenuate the potential impact of this type of disagreement, a specific department has been set up to manage the Group's strategic partnerships and monitor developments involving the competition.

## RISKS ASSOCIATED WITH INTERNATIONAL ACTIVITIES

The Group operates throughout the world. Its host countries include emerging markets, particularly in Latin America and – to a lesser extent – Central Europe. In 2011, emerging markets accounted for around 58% of the Group's total issue volume.

Its international operations expose the Group to numerous risks, arising for example from:

- unexpected or arbitrary changes in tax rules or other regulations;
- restrictions on the repatriation of profits;
- nationalizations without adequate compensation;
- changes in exchange rates;
- corruption in certain countries;
- inadequate protection of computerized data;
- political or economic changes in a specific region or country.

If one or several of these risks were to occur, this could have a material adverse effect on the Group's results of operations and financial position.

# 3.3 MARKET RISKS

A variety of financial instruments, including swaps, caps and forward purchases and sales of foreign currencies, are used to manage and hedge interest rate and currency risks arising in the ordinary course of business. The related policies are designed to meet three core objectives: security, liquidity and cost-effectiveness. They are implemented at Group level by the Corporate Treasury and Financing Department, which reports to the Vice-President, Finance and Legal Affairs, who is a member of the Executive Committee.

The instruments are used to support Group investment, financing and hedging policies, to help manage debt and to minimize the risks on business transactions. The Group is equipped with computer applications (Treasury software Front to Back) that allow it to manage properly fixed/variable rate exposures and exposures by currency for borrowings and investments, and to produce risk management reporting schedules and IFRS 7 schedules using flow data supplied by Reuters and Bloomberg.

## 3.3.1 CURRENCY RISKS

The Group is exposed to currency risks on the translation into euros in the consolidated financial statements of issue volumes, revenues, EBIT and balance sheet items corresponding to each country outside the euro zone. This foreign currency translation risk is not hedged.

A significant proportion of the Group's service voucher issue volume is generated in countries where the functional currency is different from the Group's reporting currency (the euro). Group policy consists of investing the cash generated by these activities in the currency of the country where the vouchers are issued.

Actual cash flows between countries whose currency is not the euro consist mainly of dividends paid by subsidiaries to their parent company. These cash flows may be exposed to changes in exchange rates between the original currency and the euro. At December 31, 2011, no financial instruments are booked for such future internal equity cash flow. The cash flows may be hedged against currency risks in the future, particularly through forward currency purchases.

Exchange gains and losses recognized in the 2011 income statement are presented in the notes to the consolidated financial statements under Note 8 "Net Financial Expense", page 137.

The impact of a 10% change in the exchange rates of the main currencies is presented in the notes to the consolidated financial statements under Note 23 "Financial Instruments and Market Risk Management", part B.3 "Sensitivity Analysis", page 156.

## 3.3.2 INTEREST RATE RISKS

Consolidated debt includes both fixed and variable rate borrowings, virtually all denominated in euros (99.6% of the total, rounded to 100% in the consolidated financial statements). Target breakdowns between fixed and variable rate debt are determined separately for each currency, giving due regard to anticipated trends in interest rates and to changes in the composition of debt as a result of new borrowings and the repayment of existing borrowings. At December 31, 2011, 82% of total debt was at fixed rates of interest and 18% at variable rates, after taking into account the effect of hedges (see the notes to the consolidated financial statements under Note 23 "Financial Instruments and Market Risk Management", part A.1 "Analysis by Interest Rate", page 154). The target breakdowns are reviewed at regular intervals and new targets are set for future periods by senior management. The related financing strategy is implemented by the Corporate Treasury and Financing Department.

The most commonly used instruments are interest rate swaps, caps and floors. They are contracted with banks rated investment grade and the documentation is based on the model recommended by the French Banking Federation.

In conclusion, Edenred does not conduct any trading transactions and has no plans to engage in this type of activity. Neither Edenred SA nor the Group has any open currency or interest rate positions that would be likely to expose the Group to significant risks.

At the balance sheet date, interest rate risks on debt and certain investments were hedged. The hedging instruments used by the Company are interest rate swaps (where Edenred is the fixed rate borrower or lender) and collars (caps and floors).

At December 31, 2011, the notional amounts of interest rate hedges were €350 million on debt, covering part of the risk on the €600 million variable-rate term loan, and €248 million on investments. These instruments are described in the notes to the consolidated financial statements under Note 23 "Financial Instruments and Market Risk Management", section A.2 "Interest Rate Hedges", page 154.

The impact of a 100-basis point change in interest rates on debt of €1,459 million at December 31, 2011, is presented in the notes to the consolidated financial statements under Note 23 "Financial Instruments and Market Risk Management", part A.3 "Sensitivity Analysis", page 155.

Interest rate fluctuations have a direct impact on the Group's financial revenue and other interest income. The float amounted to €2,211 million at December 31, 2011, which €1,522 million reported as cash and cash equivalents and other marketable securities (see Note 21 "Cash and Cash Equivalents and Other Marketable Securities" in the notes to the consolidated financial statements, page 152), and €689 million reported as restricted cash (see Note 27 "Working Capital, Service Vouchers in Circulation and Restricted Cash", part B. "Net Change in Restricted Cash", page 167).

The average interest rate was 4.3% at December 31, 2011 and 3.9% at December 31, 2010. A 100-basis point change in interest rates would have an impact of €12 million on interest income in 2012, assuming that the float remains unchanged over the year at the same nominal amount in euros, and taking into account effective fixed interest rates and maturities at December 31, 2011.

In comparison, the same change in interest rates would have had an impact of €15 million on the Group's interest income in 2011, based on a float of €2,183 million at December 31, 2010, of which €1,552 million in cash and cash equivalents and €631 million in restricted cash.

Instruments with maturities of more than one year represented 30% of the total at December 31, 2011 compared with 13% at December 31, 2010.

## 3.3.3 CREDIT AND/OR COUNTERPARTY RISKS

The Group is exposed to credit risks on the investment of available cash with financial institutions. Default by one of these institutions or a deterioration in its financial position could result in financial losses for Edenred.

Edenred reduces its exposure to counterparty risks by:

- dealing only with leading counterparties according to correlated country risks;
- using a wide range of counterparties;
- setting exposure limits by counterparty; and
- using a monthly reporting procedure to track the concentration of credit risk and the credit quality of the various counterparties (based on credit ratings issued by rating agencies for financial institutions).

Details on the Group's counterparties are presented in the notes the consolidated financial statements under Note 23 "Financial Instruments and Market Risk Management", part D "Credit and Counterparty Risk", page 158.

Group policy consists of investing available cash in the currency of the country in which its solutions are issued. The Group is therefore exposed to country risks that could arise, in particular, in the event of a financial crisis affecting one or more of its host countries.

A significant proportion of the Group's available cash (corresponding to cash denominated in euros) is invested with the holding company under the worldwide centralized cash management scheme (*via* Intercompany loans and/or multi-currency cash-pooling solutions). Under this system, the subsidiaries' available cash is transferred to the holding company in all cases where this is allowed under local law or the law governing the business concerned, and where economic conditions permit. Pooling available cash helps to reduce the Group's exposure to counterparty risks on the leading financial institutions with which the funds are invested, through regular centralized monitoring of these funds.

Pooling available cash in this way helps to vastly reduce the Group's exposure to counterparty risks in countries on review for a potential credit rating downgrade, particularly in Europe. As part of this prudent policy, the Group selects financial institutions independently of the country from which the available cash originates.

### 3.3.4 LIQUIDITY RISKS

Liquidity risks are managed at Group level by the Corporate Treasury and Financing Department through a centralized cash management scheme. Under this scheme, the cash surpluses of Group entities are used to cover the cash shortfalls of other entities, and only the net cash requirement is financed through borrowings on the financial market.

Financing policies are designed to ensure that Edenred has immediate access – at the lowest possible cost – to the cash it requires to finance corporate projects, meet short-term cash needs and fund expansion.

The Group has access to undrawn committed medium-term credit lines from leading banks to meet its short-term financing needs (see the notes to the consolidated financial statements under Note 22 “Debt and Other Financial Liabilities”, part B.2 “Credit Facilities”, page 152). At December 31, 2011, these undrawn committed lines of credit totaled €639 million, of which €528 million expire in June 2014.

Available cash is invested in instruments that can be purchased, sold or closed out within a maximum of five business days. These instruments consist for the most part of fixed-rate bank time deposits, interest-bearing demand deposits and money market securities, mainly retail certificates of deposit. Further details are presented in the notes to the consolidated financial statements under Note 21 “Cash and Cash Equivalents and Other Marketable Securities”, page 152.

# 3.4 OPERATIONAL RISKS

### CLIENT RISKS

Edenred’s exposure to client default is limited and it is not dependent on any single customer:

- statistical dispersion of issue volume is high, with no client billed in 2011 representing more than 1% of issue volume;
- trade receivables correspond to several tens of thousands of accounts.

### RISK OF VOUCHER FORGERY AND THEFT

The distribution of forged vouchers and voucher theft expose the Group to several risks. The Group may be asked to accept forged or stolen vouchers presented by affiliated merchants for reimbursement. Even if the incidence of forgeries and theft remains very low, steps are being taken to accelerate the migration from paper to digital solutions as explained below. In addition, the Group has a policy of purchasing insurance coverage of theft risk, as explained in section 3.7 “Risks Transferred to the Insurance Market”, page 43.

### MIGRATION FROM PAPER TO DIGITAL SOLUTIONS

The Group is developing electronic media (card, Internet, mobile) for its various solutions. The migration from paper to digital solutions (see section 1.3.2.2 “Accelerating the Digital Transition”, page 16) provides an opportunity to increase issue volume and to sell value-added services, while reducing the risk of voucher theft. However, it is not without its risks. The migration may drive down the average holding period of the float, i.e. the period between the sale of the products and their reimbursement. Payments for electronic products frequently transit through third-party networks (mainly banking networks), which deduct fees and can set restrictive rules. However, our experience with digital solutions in Brazil in recent years shows that the effect of the shorter float holding period is more than offset by the higher issue volume resulting from the migration to digital solutions, particularly through the development of solutions that would not be viable in paper format, resulting in a net increase in the float’s value.

### INFORMATION SYSTEM RISKS

In the normal course of business, the Group and/or its service providers use a certain number of IT tools and information systems, in particular to manage digital solutions and for prepaid program management (see section 1.3.2.2 "A Strong and Sustainable Growth Strategy", page 14). The Group and/or its service providers have back-up systems for these databases. However, if any of these information systems were to fail and the databases and their back-ups were to be destroyed or damaged for whatever reason, this could disrupt the Group's business operations.

### ENVIRONMENTAL RISKS

Due to the nature of its business, Edenred is not exposed to any significant direct environmental risks. For more information about the Group's environmental footprint, see section 4.2.3 "Environment", page 65.

## 3.5 RISKS ASSOCIATED WITH THE GROUP'S GROWTH STRATEGY AND ORGANIZATION STRUCTURE

### RISKS ASSOCIATED WITH THE GROUP'S GROWTH STRATEGY

#### Penetration of new geographic markets

The Group's ability to pursue its geographic expansion strategy is affected by certain restrictions and uncertainties, concerning in particular the future regulatory and political environment over which it has no control. The successful development of an employee benefits program in a new country depends in part on the existence of an appropriate tax regime, which in turn may depend on specific legislation being adopted. The Group may invest resources in preparing its entry in a new market without any assurance that an appropriate tax regime will be established.

Succeeding in a new market also entails setting up a network of affiliated merchants to make the solution attractive for both customers and beneficiaries. The Group may incur start-up losses due to the absence of economies of scale during the early years. Once the Group has opened up a market, its market share may be eroded by the entry of new players that benefit indirectly from its investment and do not have to incur the same costs or risks.

#### Risks associated with the Group's acquisition strategy

The Group's growth strategy is based in part on external growth, mainly through acquisitions. It may not be possible to identify credible targets or to close deals at the right time and the right price.

In addition, to obtain anti-trust approval for acquisitions in one or several jurisdictions, the Group may have to accept certain conditions such as the requirement to sell certain assets or business units.

There are a number of risks associated with acquisition strategies: (i) the business plan assumptions underlying the valuation of the target may prove to be wrong, particularly those concerning future synergies and estimates of market demand; (ii) the Group may not be successful in integrating the acquired company, its technologies, product ranges and employees; (iii) the Group may be unable to retain certain key employees or customers of the acquired company; and (iv) the Group may have to take on additional debt to finance the acquisitions. Consequently, the benefits of current or future acquisitions may not be obtained within the forecast period or may fall short of expectations or adversely affect the Group's financial position.

## RISKS ASSOCIATED WITH THE GROUP'S ORGANIZATION STRUCTURE

### Intangible assets

Goodwill and other intangible assets with an indefinite useful life are tested annually for impairment. Net intangible assets carried in the consolidated balance sheet at December 31, 2011 amounted to €101 million. Goodwill at that date totaled €509 million. The Group believes that the 2011 consolidated financial statements present fairly all of its assets and liabilities and its financial position. However, inherently unforeseeable events may occur in the future that result in certain intangible assets being impaired. Intangible assets represent a significant component of the Group's total assets, and any material impairments may have an adverse effect on its results of operations for the year in which the impairment is recognized.

### Tax risks

As an international group, Edenred is subject to the tax laws of a large number of countries and conducts its business in compliance with various national regulations. The tax rules in force in the Group's various host countries do not always provide clear solutions that are not open to interpretation. As a result, the Group's organization structure, the way it conducts business and the applicable tax regime may be based on its own interpretation of local tax rules. There is no guarantee that its interpretations will not be challenged by local tax administrations in the future.

The Group is currently involved in various tax disputes. These are detailed in Note 29 "Claims and Litigation" in the notes to the consolidated financial statements, page 168.

### Rating risks

The loan agreement for the €700 million term loan does not include any rating trigger (event of default or margin grid modification). In addition, no event of default could occur in relation to the level of the leverage ratio (consolidated net debt/Ebitda)

The September 28, 2010 €800 million 7-year bond issue does not give rise to any rating risk because it was assigned a specific rating at the time of issue in line with standard market practice.

The Group's financial strategy aims to maintain a Strong Investment Grade rating. In this regard, Edenred's adjusted FFO/adjusted net debt ratio at December 31, 2011 was significantly above the level required for such as rating by Standard & Poor's (see "Key Ratios and Indicators", part (c), in the notes to the consolidated financial statements, page 119).

Edenred has been rated BBB+/stable outlook by Standard & Poor's since June 2010. The rating was affirmed by Standard & Poor's on April 15, 2011 and again on October 5, 2011.

# 3.6 LEGAL AND ARBITRATION PROCEEDINGS

In the normal course of business, the Group may be involved or become involved in legal and arbitration proceedings and be subject to tax or government audits.

Information about legal or arbitration proceedings in progress, pending or threatened that may have, or have had in the recent past, significant effects on the Group's financial position, business or results of operations is provided in the notes to the consolidated financial statements under Note 29 "Claims and Litigation", page 168.

To the best of the Company's knowledge, in the last twelve months, there have not been any governmental, legal or arbitration proceedings (including any pending proceedings) that may have, or have had in the recent past, significant effects on the financial position or profitability of the Company and/or the Group and, to the best of the Company's knowledge, no such proceedings are threatened [1].

The method used to provide for or recognize liabilities complies with the applicable accounting standards (see the notes to the consolidated financial statements under Note 2 "Basis of Preparation of Financial Statements", page 123).

Provisions for litigation are recorded on receipt by the Group of a notice of claim or summons, based on an assessment of the related risk made by the Group and its advisors. They are presented in Note 25 "Provisions" in the notes to the consolidated financial statements, page 165.

Edenred has not entered into any material off-balance sheet commitments other than those disclosed in the notes to the consolidated financial statements under Note 30 "Off-Balance Sheet Commitments", page 169.

*(1) See section 3.2 "External Risks", page 37.*

# 3.7 RISKS TRANSFERRED TO THE INSURANCE MARKET

Edenred's operational risks are transferred to the insurance market through business-specific insurance programs that protect its businesses and assets in all host countries. They consist of international programs that set common standards for the transfer of risks to insurers and pool purchases of cover by Group entities.

To diversify counterparty risks associated with these programs, they are spread between around a dozen insurers, none of which covers more than 30% of the total capacity transferred to the insurance market. In 2011, over 90% of the Group's programs involve insurers with an insurer financial strength rating higher than A- from Standard & Poor's.

A worldwide liability insurance program covers the losses caused to third parties by Edenred's business, across the entire Group. Property and casualty insurance programs cover damage to the assets used in the business, including machines, furniture and buildings, as well as the cost of business interruption following an incident such as a fire, flood or plane crash. The individual sites purchase local property and casualty and business interruption cover in addition to that provided by the international program. Edenred has around 120 sites in 38 countries.

A Group-wide policy transfers to the insurance market part of the risk of fraud and embezzlement by third parties, with or without complicity on the part of Edenred employees.

All compulsory insurance cover has been taken out in the Group's host countries.

The 2011 insurance market was such that the Group was able to increase the amounts transferred to the insurance market and improve severity risk protection.

# 4 CORPORATE SOCIAL RESPONSIBILITY

# 4.1 HUMAN RESOURCES

## INTRODUCTION

People are a core component of Edenred's growth strategy and the most valuable asset of a group that has undergone a profound transformation since its creation in June 2010. Embodying the pioneering spirit that is responsible for the Group's success, they demonstrate an ability to take action and deliver superior performance day in, day out.

Through constant innovation and support for societal change, Edenred has built on its flagship *Ticket Restaurant®* brand to gradually extend its lineup of services in three Human Resources processes: making life easier for employees and constituents, enhancing their well-being and improving the performance of companies and organizations. Committed to understanding the needs of clients, beneficiaries and affiliates, the Group's employees ensure that this mission is accomplished and that relationships of trust are maintained with its stakeholders.

The demerger from Accor and the creation of a new identity in 2010 marked an important milestone for Group employees. The prime movers behind the corporate mission project EDEN ("Entreprendre Différemment ENsemble", translated as "Moving Forward Differently Together") and federated around the new brand, they have been on the front line of the Group's long-term growth strategy to "Win 2010", "Conquer 2012" and "Invent 2016". Instilled with the values that shape a unified corporate culture – entrepreneurial spirit, innovation, performance, simplicity and sharing – they demonstrate the philosophy shared by every employee in 38 countries around the world: "doing simple things exceptionally well."

The human aspects of Edenred's transformation have been taken into account from the get-go, as part of the project to give new impetus to the organization. Starting with the creation of Edenred in 2010, and throughout 2011, Human Resources processes have been designed to equip the Group with the structured rules and management methods needed to face operational challenges and successfully lead change.

Edenred's Human Resources programs are designed to meet three objectives: develop skills and capabilities, enhance motivation and engagement, and focus on networked processes while improving synchronization between local and global teams. Deployed locally in the 38 host countries, they aim to bring to life an ambition shared at all levels of the organization to make Edenred the best place to work.

## 4.1.1 HUMAN RESOURCES IN FIGURES

### Key figures

As of December 31, 2011, Edenred employed 5,702 people around the world.

Workforce indicators are based on the average number of employees for the year.

Figures are based on full-scope data, which cover:

- full and part-time employees with permanent, fixed-term or apprenticeship contracts;
- The total headcount of Edenred subsidiaries.

### Workforce by region (1) at December 31, 2011

| France | Rest of Europe | Latin America | Rest of the world | Global Operations |
|---|---|---|---|---|
| 12% | 31% | 35% | 19% | 3% |

Davidson Trahaire in Australia was sold in August 2011, Bien-Être à la Carte in France was also divested during the year and Turkey was reclassified to "Rest of World" in 2011 from "Rest of Europe" in 2010.

*(1) See Note 4 "Segment Information" in the notes to the consolidated financial statements, page 131.*

## Human Resources data at December 31, 2011

| | France | Rest of Europe | Latin America | Rest of the world | Global Operations | Total 2010 | Total 2011 |
|---|---|---|---|---|---|---|---|
| **Number of Employees** [(1)] | 688 | 1,775 | 1,996 | 1,093 | 150 | 6,097 | 5,702 |
| % women | 59% | 58% | 48% | 47% | 48% | 53% | 52% |
| % men | 41% | 42% | 52% | 53% | 52% | 47% | 48% |
| % under permanent contracts | 95% | 92% | 95% | 80% | 97% | 90% | 91% |
| % women | 58% | 58% | 48% | 44% | 47% | 53% | 52% |
| % men | 42% | 42% | 52% | 56% | 53% | 47% | 48% |
| **Managers** | | | | | | | |
| % of total workforce [(2)] | 19% | 17% | 18% | 22% | 44% | 20% | 19% |
| % women | 51% | 46% | 38% | 44% | 42% | 45% | 43% |
| % of men | 49% | 54% | 62% | 56% | 58% | 55% | 57% |
| **Training** | | | | | | | |
| Training expenditure as a% of total payroll | 1.9% | 2.4% | 4.3% | 1.2% | 2.5% | 2.5% | 2.7% |
| Number of days of training | 1,508 | 4,490 | 7,399 | 3,991 | 488 | 15,544 | 17,876 |
| Number of days of training for managers [(3)] | 740 | 1,476 | 2,539 | 1,139 | 201 | 4,799 | 6,095 |
| Number of days of training for non-managers [(3)] | 768 | 3,014 | 4,860 | 2,852 | 287 | 10,745 | 11,781 |
| Number of employees having attended at least one training course | 470 | 1,363 | 1,759 | 877 | 106 | 4,543 | 4,575 |
| Number of managers having attended at least one training course | 212 | 258 | 407 | 218 | 45 | 1,026 | 1,140 |
| Number of non-managers having attended at least one training course | 258 | 1,105 | 1,352 | 659 | 61 | 3,517 | 3,435 |
| **Occupational accidents** | | | | | | | |
| Lost-time incident frequency rate (LTIF) [(4)] | 2.0 | 3.6 | 3.8 | 0.0 | 7.2 | 3.2 | 3.0 |
| Number of fatal accidents in the workplace | - | - | - | - | - | - | - |

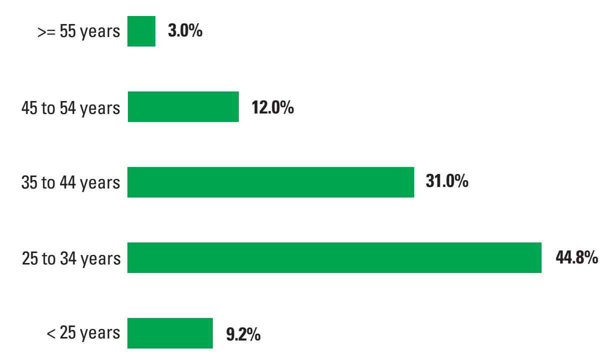
*(1) Average number of employees on payroll.*
*(2) A manager is defined as an employee who manages others and/or has a high level of expertise.*
*(3) New indicator.*
*(4) Number of lost-time incidents (as defined by local legislation) per million hours worked.*

## Summary of Human Resources data for France

| Employees | At December 31, 2011 |
|---|---|
| Total number of employees | 688 |
| **Compensation** | |
| Total gross payroll [(1)] | 28 |
| Employer payroll taxes [(1)] | 14 |
| **Training** | |
| Training expenditure as a percentage of total payroll [(2)] | 1.9% |
| Average duration of training undertaken | 3.2 days |

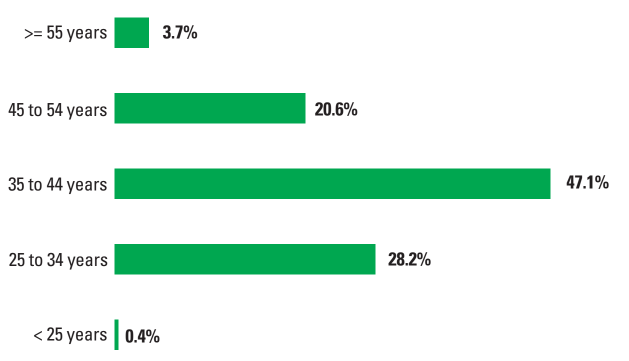
*(1) In millions of euros.*
*(2) Training budget as a% of total payroll.*

EMPLOYEES BY AGE AT DECEMBER 31, 2011



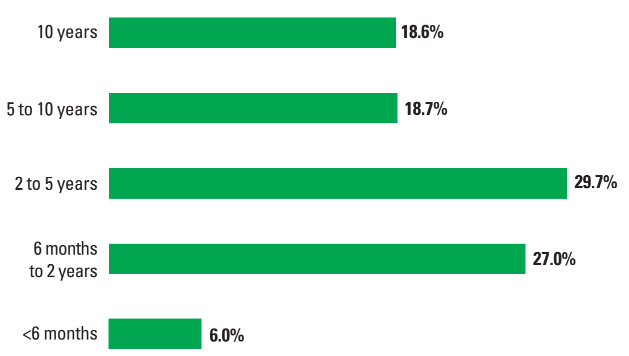

54% of all employees are under 35.

MANAGERS BY AGE AT DECEMBER 31, 2011




29% of all managers are under 35.

EMPLOYEES BY SENIORITY AT DECEMBER 31, 2011




67% of employees have been with the Group for more than 2 years.

## 4.1.2 KEY HUMAN RESOURCES MANAGEMENT PRINCIPLES

Highlights of 2011 included the implementation of the Human Resources management rules drafted in 2010 and the honing of Group HR management processes and tools. An integral part of the EDEN corporate mission project, the Human Resources policy is aligned with the Group's business strategy.

Its purpose is to infuse employees with a common culture that supports the two strategic objectives of the plan to "Conquer 2012" (1):

- the first is to achieve normative (2) issue volume (3) growth of between 6% and 14% per year, focusing on the following operational drivers:
  - increased penetration rates in existing markets,
  - new solution creation and deployment of existing solutions,
  - geographic expansion,
  - increased face values.

  The Group also plans to implement a selective acquisition strategy, representing the fifth driver;
- the second strategic objective is to accelerate the transition to paperless solutions such as cards, mobile phones and the Internet to redefine the consumer landscape and open up opportunities to conquer new growth territories by meeting needs for simplicity and innovation.

This strategy, which places people at the heart of the transformation process, is entirely dedicated to fostering personal growth and business performance. It will support the 2016 objective to make Edenred a best place to work wherever it operates in the world.

### 4.1.2.1 Objectives

In response to the Group's operational challenges, the Human Resources policy is designed to meet three main objectives:

- **support the development and improvement of employee skills** needed to "Conquer 2012": transitioning successfully to paperless solutions and stepping up development of new solutions and penetration of new markets;
- **enhance employee motivation and pride** in working for their new company, by leveraging our traditionally strong corporate culture and the deployment of the Edenred Spirit, which puts stakeholders (4) first and makes everyone's job more meaningful;
- **step up the implementation of networked processes and the sharing of knowledge and expertise,** which will drive excellence and help prepare for the future.

### 4.1.2.2 Five Human Resources programs

The ambition to become one of the world's best places to work is expressed through five Human Resources programs introduced in 2010 and adapted to each of our 38 host countries in 2011. Communicated to all managers and embodying Edenred's commitments to employees in all countries worldwide, the programs concern the following areas.

- **superior working conditions:** Edenred is committed to providing a comfortable, safe working environment where employees have all the tools they need to do their job efficiently. This commitment is expressed at the local level in accordance with each country's needs, practices and resources;
- **a harmonious, trusting working environment:** Edenred strives to create a workplace culture that inspires both individual and team participation and performance. In the spirit of the EDEN corporate mission project, all employees worldwide are encouraged to embrace work habits that reflect shared values, individual engagement and a willingness to trust others. At the local level, internal surveys are carried out regularly to assess progress in this area;
- **training as a top priority:** a key focus since the Company's creation, training is a critical investment as it ensures that new hires are well-integrated into the organization, effectively supports individual employees on their career path, and prepares the organization for future challenges in its ongoing transformation process. The principal that "every employee attends at least one training course per year" is common to all of the country organizations and applied locally through appropriate action plans;
- **a common set of career management rules ensuring that everyone can evolve professionally:** In the interest of fairness and transparency, Human Resources processes are defined and deployed to ensure equal opportunity for all Edenred employees from day one. Applied at the local and global level, these rules are the responsibility of the entire managerial community.

  Starting in 2010, and throughout 2011, the following resources were developed and shared worldwide:
  - recruitment and mobility guidelines, informed by a commitment to promoting the Group's geographical diversity and to establishing a common culture in which the new brand and its stakeholder-focused action philosophy are firmly anchored,
  - the processes for identifying and tracking talent, which should enable the Group to identify high-performing managers with the capabilities needed to move up the corporate ladder,
  - performance appraisal grids for managers designed around the list of ten key management skills, based on the Edenred Spirit. These grids have been deployed in all host countries and at all levels of the organization,

*(1) For more information, see section 1.3.2.2, page 14.*

*(2) Normalized growth is the objective that the Group considers to be attainable in a context in which unemployment does not rise.*

*(3) Issue volume corresponds to the total number of cards and vouchers (such as Ticket Restaurant® vouchers) issued during the year times their face value.*

*(4) Edenred's stakeholders include clients, beneficiaries, affiliated merchants, employees, shareholders, public institutions and civil society. For details on clients, beneficiaries and affiliated merchants, see the description of the Edenred business model in section 1.1.2, page 5.*

- succession plans for front-line and corporate managerial functions,
- guidelines for setting reporting relationships for all of the Group's managerial functions, based on a job hierarchy system common to all countries and corporate support functions,
- at corporate level, the rules applicable to headquarters management (payroll and HR administration) and operations. These have helped to foster employee dialogue, with the creation of employee representative bodies and the signature of 16 corporate agreements in 2010 and 2011 concerning employee savings plans, equal opportunity and working conditions for employees at Group headquarters and Edenred France, taking into account health, safety and well-being criteria;

- **motivation and incentive policies that reward individuals for their daily accomplishments:** These policies are aligned with Edenred's strategic vision, so as to offer regularly benchmarked employment packages and retain employees:
  - the Group upholds a fair compensation system in which salaries are regularly adjusted in line with the local market, with a concern for recognizing both individual and team performance. It also takes to heart a commitment to helping to improve employee well-being, by offering all employees worldwide an extensive range of benefits,
  - Edenred is dedicated to locally and globally recognizing and celebrating individuals who do their job exceptionally well. Its first international reward system, Eward, was created in 2011.

  These globally and locally deployed operational programs have made Edenred a **great place to work**, and the growing number of units earning "Best Place to Work"-type recognition attests to the commitment of its employees, the quality of its working environments and its positive work-life balance:
  - 47% of employees in 10 countries already work in an accredited environment,
  - by 2016, all of the subsidiaries are expected to be engaged in an accreditation process. This objective, which is strongly supported by management, means paying particular attention to managing recognition and employee relations processes, surveying employee opinion and tracking certain key indicators, such as turnover and absenteeism.

### 4.1.2.3 Networked collaborative processes

Local implementation of the Group's Human Resources policies was supported in 2010 and 2011 by two key principles: management's intense commitment to Human Resources as part of the EDEN project and the sharp focus on global networking.

#### The Talents project

The people-related aspects of Edenred's transformation strategy are being addressed at management level through the Talents workstream. Created by the Executive Committee to support the demerger from a people perspective, the Talents workstream was assembled to propose a strategic vision for Edenred's Human Resources policies, enhance and clarify the recommendations submitted to the Executive Committee and set in motion the Group's first HR management methods.

Overseen by two Executive Committee members (the regional Chief Operating Officer and the Vice-President, Human Resources), in 2010 and 2011 the Talents workstream brought together line managers (country managing directors) and representatives from country Human Resources Departments and the support functions. The project focused primarily on the key principles of Edenred's new HR policies (recruitment process, training, performance appraisals, mobility and recognition) and on the Edenred Spirit, the heart and distinctive feature of Edenred's strategic vision.

## 4.1.3 2011 HIGHLIGHTS

### 4.1.3.1 Employment and training

**Hiring** is a key to the success of Edenred's transformation process. Shifting to paperless solutions, developing new solutions and markets, and pursuing innovation while taking into account the needs of clients requires integrating new talent profiles and nurturing new skills.

- Edenred has identified 45 to 70 positions for which experienced people will have to be hired by 2014, particularly in the areas of solution development, geographic expansion, marketing and the Internet. In 2011, 15 of these positions were filled in support functions and operating units.
- Making support function and front-line teams more international remains a critical component of Edenred's hiring policies. This enables the Group to hire people for positions that can be difficult to fill (such as call center jobs). To guarantee the Group's long-term viability in its markets and ensure effective market intelligence, employees are strongly encouraged to share best practices and promote local employees to international positions.In its host countries, the Group hires local staff whenever possible and at all subsidiaries local executives make up the majority of members of the Executive Committee.

## Recruitment methods: a hiring site, educational partnerships, apprenticeship programs and job fairs

### The hiring challenge

Because it was created only recently, Edenred does not yet have the strong employer brand that would allow it to stand out from other employers in all job markets. To overcome this problem, it is using varied and innovative hiring methods to increase its appeal, highlighting its vibrancy and the career opportunities offered in its host countries.

To support its short and medium-term growth objectives, Edenred strives to enhance awareness of its professions *via* a proactive hiring policy applied in all its host countries. In this way, it is raising the profile of the Edenred brand, bringing in young employees and attracting the most talented professionals, particularly in marketing, technology and development, public relations and legal affairs.

Whether welcoming young people or seasoned professionals to Edenred's ranks, hiring in every host country is a structured process based on the principles of fairness, transparency and diversity. Clear job descriptions are published both internally and externally detailing the skills required, and standard interview procedures are followed for all candidates. To encourage promotions, the Group also places a priority on hiring internally to the extent that the required skills are available.

### The hiring site, EPeople – Careers by Edenred

To coincide with its creation on June 29, 2010, Edenred launched the hiring site EPeople – Careers by Edenred. Accessible in 38 countries *via* the Group intranet and in the Human Resources section of the corporate website www.edenred.com, the site accepts job applications in French, English, Spanish, Portuguese and Italian.

EPeople – Careers by Edenred is a tool designed to facilitate internal mobility and external hiring. HR managers can connect to the site at their discretion to post job openings, track applications and thereby optimize their hiring processes.

EPeople has proved very effective since its launch, particularly thanks to its high-quality job offer and resume monitoring capabilities. To date, the site has hosted 360 job offers and drawn 1,285 applications. Edenred aims to deploy this HR management tool systematically in all of its host countries. To encourage local HR managers to use the site, the corporate HR team started a distance-training series in 2011 for the benefit of hiring managers in each country, 20 of whom have participated to date.

### Educational partnerships

In recent years, Edenred has been involved in partnerships with local universities and education ministries, in a commitment to bringing the business and academic worlds closer together and to fulfilling its mission of supporting its fellow citizensThese partnerships also give young people access to their first jobs, regardless of their level of education.

Several educational partnerships were forged in 2011 between Edenred's country organizations and local universities, business schools, technology institutes and government institutions:

- many of these partnerships provide for internships, as in **Venezuela**, in **Mexico** (with Université del Valle de Mexico, Universidad Nacional Autonoma de Mexico, Universidad Intercontinental, Universidad Bancaria y Comercial, Instituto Tecnológico y de Estudios Superiores de Monterrey, Universidad Tecnológica) and in the **United States**. **Edenred USA**, for example, offers internships in marketing, technology and finance to students from two French business schools, HEC and INSA Lyon. It has also formed partnerships with Bentley University and Worcester Polytechnic Institute in Massachusetts;
- in emerging markets like **Brazil**, where only the wealthy can afford a private university education, Edenred provides financial support for employees wishing to continue their studies at six partner universities: BI International, FGV Alpha-Strong, FMU, Instituição Educacional Professor Pasquale Cascino, Mackenzie University, and Universidade de Mogi das Cruzes (UMC) in Mogi das Cruzes and São Paolo (Campus Villa-Lobos).

### Job fairs

Another way to facilitate the recruitment process is by participating in job fairs, which offer a valuable opportunity to meet potential candidates and raise awareness of the new brand. All of the country organizations are stepping up their presence at local fairs and heightening the visibility of Edenred as an employer value proposition.

- **At the international level**, the corporate HR team continued participating in fairs organized by business schools such as Audencia, Celsa, Edhec, ESCP and Skema in 2011.
- **Edenred France** participated in several job fairs in 2011, including Paris Pour l'Emploi, which drew 1,000 job applications for the Company.
- **Edenred Mexico** participated in two of Mexico and Latin America's largest virtual job fairs in 2011, Bumeran and Zonajobs. These fairs are an important source of new employees for the subsidiary, which received a total of over 6,000 applications.

### Apprenticeship programs and internships

Apprenticeship programs and internships are strongly encouraged by Edenred in all of its host countries. Local policies are designed to offer young people the opportunity to discover the business world, while supporting them throughout the process. Very frequently, if not systematically, these programs lead to participants being hired under permanent contracts.

- **Edenred Brazil's internship program was recognized** in 2009 as one of the best in the country by the Center for School-to-Work Transition. Human Resources teams have also developed a "young citizen" program in partnership with São Paulo state to help young people from disadvantaged backgrounds enter the workforce after a six-month fixed-term contract.
- **Edenred Italy** has introduced a charter to protect intern rights and has been recognized as one of the best places to intern in Italy by the country's primary internship information portal, www.repubblicadeglistagisti.it.

### Involvement of employees in the hiring process

In certain countries such as the **United Kingdom**, Edenred encourages employees to partner the organization's hiring process by recommending people they know. Through the "Refer a Friend" system, Edenred rewards any non-manager employee who helps to bring new talent into the organization.

### Role-playing hiring techniques

To optimize the effectiveness of the recruitment process, a variety of new techniques are being used to assess candidates' skills and determine how well they match with the Group's needs. In 2010, as part of an agreement with the national employment agency, **Edenred France** introduced an innovative hiring technique based on role-playing, particularly for sales positions. By allowing candidates to demonstrate their skills in real-world situations, role-playing allows the employer to look beyond official qualifications and experience.

### Inplacement, outplacement and employee support

In connection with the sale of its subsidiary Bien-Être à la Carte, Edenred France introduced measures to help the affected employees. These included voluntary separation agreements, enhanced severance payments, extra paid leave to be dedicated to the job search, training assistance, business start-up support, help with relocation expenses, computer equipment financing and coverage of Internet connection fees to search for jobs online and specific compensation for disabled employees.

## 4.1.3.2 Training and skills development

A top priority for the Group, training facilitates personal development and helps to boost individual and team performance. It ensures that employees are well-integrated, supported throughout their careers and prepared for the future.

In 2011, Edenred spent the equivalent of 2.7% of total payroll on training (compared with 2.5% in 2010).

### Definition

Edenred defines training as a method of transferring skills or experience with measurable effect, either by enabling employees to carry out new tasks or by improving their efficiency. Courses must last at least four hours in order to be counted as training. They can leverage all available teaching methods, including face-to-face, online, telephone-based, virtual media, group or individual training.

### Principle

The key principles that structure Edenred's training policies are as follows:

- at least one training session per person per year. In 2011, 80% of Edenred's employees participated in at least one training course. Annual performance and skill reviews ensure this principle is adhered to, as they chart out for each employee an individual training program for the year designed to help them achieve their objectives and meet the needs of their particular unit. Some subsidiaries such as **Edenred United States** offer employees two training courses a year;
- at least two consecutive or non-consecutive days of training per year per employee;
- a commitment to training that embraces both managers and non-managers. In 2011, all managers and 75% of non-managers benefited from a training initiative;
- an emphasis on heightened engagement, measured by manager involvement and a well-developed action plan.

### Implementation

To implement training policies and programs tailored to the needs of its diverse target audiences, the skills required for each job must first be defined and each employee's existing capabilities identified. This type of upstream analysis guarantees the effectiveness of any training initiative.

- **The annual performance and skills review** carried out systematically in all host countries contributes to this process. The review consists of an employee-manager interview that helps to assess individual and team progress, support personal growth and contribute to the success of Edenred's development strategy.
- All of the training initiatives undertaken locally reflect Edenred's global Human Resources management priorities. Each region and/or country organization has a structured training plan, designed in line with Edenred's key training principles and growth strategy, and tailored to the local situation.

### Curricula

#### Globally

Global training programs are designed to support the Group's strategic objectives and align employee skills with the operational challenges facing the business. They are organized around several main themes:

- **induction:** a key priority is effectively integrating employees to place them on the path to success and ensure they embrace the Group's values and spirit. To encourage broad acceptance of Edenred's corporate culture, mindset and expectations, the Group strives to make orientation a special career moment for every employee.

  Toward that objective, group and individual orientation programs for new hires are organized at the level of each unit. **Edenred France** welcomed 100 new employees during morning orientation sessions held in 2011. To support the launch of the Group's headquarters, **Edenred International** organized several orientation sessions that were attended by nearly 80 employees. The aim was to present the Group's strategy and EDEN corporate mission project and to convey its spirit and values;
- **management:** Edenred's HR policies are designed to help managers lead their teams and effectively bring about the Group's transformation as part of the EDEN project. Several programs were developed in 2010 and 2011 in the majority of the country

organizations in Latin America, Europe and Asia to boost key managerial skills, particularly in the areas of client strategy, project management, change management to align values and attitudes with the evolving business, leadership and communication techniques.

Some units have deployed programs specifically addressing how performance reviews should be executed. **Edenred International** has set up an e-learning training platform in French, English and Spanish for managers in the 38 host countries to prepare them for conducting performance reviews in 2011. **Edenred Germany** systematically offers all managers a two-day training module on the topic.

Manager needs are thoroughly analyzed prior to the implementation of such training modules. In some country organizations, as in **Hungary** or **Slovakia**, the preliminary analysis may be based on input garnered at 360 degree meetings with supervisors, employees, colleagues and, where applicable, external clients;

- **Talents training program:** Initiated in 2009, this training program selects participants based on shared, objective criteria. In 2011, a grid for identifying high-potential employees ("Talents") was developed and shared with country managers and HR teams worldwide. Middle and upper-level managers recognized for their commitment and development potential within the Group are invited to participate in Talent Week, an event dedicated to training and dialogue. Seventy managers from 25 countries have already taken part. The Talents program can serve as a career springboard, with twenty-five of the employees who participated in 2010 subsequently earning promotions;
- **knowledge-sharing on key business topics:** This type of training enables Edenred to develop a culture of expertise by enhancing and recognizing the professional skills of its teams:
  - **implementation of digital transition programs:** Introduced in 2010 for country chief executives, support function executives and developers, this course supports the deployment of digital solutions in every region and fosters innovation. By the end of 2011, 302 employees and 25 country organizations had participated in the course,
  - **EDEN project:** In all Edenred units worldwide, discussion and training sessions were held in 2011 to address the Group's growth strategy, EDEN project deployment and the shift to paperless solutions. In particular, 35 Edenred **Asia-Pacific** managers, including country managers, management teams and identified "Talents", participated in a week-long seminar in Singapore dedicated to these issues, with the goal of working together to understand and enhance individual skills.

#### Locally

Locally, training is considered as an essential investment by all of Edenred's subsidiaries. Certain units in **Brazil**, the **United Kingdom** and **Germany** have formalized this commitment in a training catalogue accessible to all employees *via* the intranet. Edenred **United Kingdom** has drafted a training charter displayed in its offices that upholds every employee's right to training.

While sustaining a common foundation for the Group's values, the EDEN project and general knowledge of the organization and its strategy, local training programs are designed to meet the needs of the various professions within the organization. Their purpose is to help front-line teams achieve the following short and medium-term objectives:

- **enhance technological and marketing expertise:** Several countries, i.e. **Hungary, Slovakia, Venezuela, France, the United Kingdom and Turkey**, have developed programs to prepare local employees for the challenge of implementing new technologies and penetrating new markets. In **India**, the Edenlean program designed for all members of the sales force has amounted to 427 training days per employee. **Edenred France** has also developed a bespoke training program for all of its sales teams. To date, 120 employees have participated in the program, which they helped to design according to their needs;
- **provide language training in all Group entities**, particularly in English and Spanish, to encourage international dialogue and understanding;
- **develop safety practices:** Fire safety and first-aid training are regularly offered at the local level to guarantee safe working conditions for employees.

### 4.1.3.3 Job mobility and promotions

#### Supporting personal growth

Employee job mobility helps the organization to prepare for its future and its ongoing transformation. Edenred encourages internal mobility as a way of furthering the career development of each employee and enhancing the sense of corporate community.

Mobility can mean changing job tracks:

- within the same professional discipline (291 employees promoted in 2011);
- within the same country organization (193 employees transferred in 2011);
- between country organizations (13 employees transferred to a different country in 2011).

The rules and procedures are defined by the Corporate Human Resources Department, in accordance with the principle of equal treatment, and shared with all of the country organizations, which adapt them to their local situation. The objective is to guarantee everyone the same opportunities for advancement right from the start. Several countries, including **Edenred Romania** and **Edenred United Kingdom**, have prepared an internal recruitment charter that guarantees employees the same chance of being hired as outside candidates.

Open positions are offered to internal candidates first, provided that they have the requisite skills. The hiring site EPeople – Careers by Edenred is accessible to all 6,000 employees *via* the Group's intranet.

The annual performance and skills review is a necessary preliminary step to arranging an internal job transfer. It helps employees give direction to their careers by providing a forum for exchanging ideas with their manager about their job options, their personal timeline and the steps required to make their professional transition successful.

### International mobility

International mobility provides a means of moving up the corporate ladder. Sharing expertise, instilling a common culture and collaborating in networks depend on the ability of each employee to embrace other cultures and understand other business environments. By facilitating skills transfers, international mobility also helps to promote the Edenred Spirit and Edenred's corporate values. Edenred supports the process by ensuring that everyone advances at his/her own pace.

The Group facilitates mobility by involving managers in international projects while at the same time encouraging regular visits to the countries concerned.

## 4.1.3.4 Workplace well-being

Improving employee well-being is one of Edenred's core missions and a fundamental building block of its corporate culture. It is also a powerful performance driver and a major focus of the Group's Human Resources strategy, which aims to make Edenred an employer of choice, in line with the 2016 target of becoming "the best place to work".

### Workplace well-being certification

Locally, Edenred's commitment to employee well-being is reflected in the certification earned by its country organizations.

Indeed, today, 47% of employees in 10 countries already work in an accredited environment, attesting to the quality of Edenred's working environment and the commitment of its employees.

Impelled by the Executive Committee, all of the subsidiaries are expected to be engaged in a local accreditation process by 2016. In 2011, a total of 11 subsidiaries were on the path to accreditation.

#### "Best Workplaces" by the Great Place to Work Institute

Seven country organizations have been recognized as "Best Workplaces" by the Great Place to Work Institute, a management consultancy operating in 40 countries that has been conducting employee surveys at Edenred units, particularly in Latin America, for several years. Employee well-being is assessed on the basis of three key criteria: trust, pride and camaraderie. Because it is based on employee opinions, recognition as a "Best Workplace" is a clear sign that employees appreciate their company.

- **Edenred Uruguay** locked in the advances made over the past five years, ranking first in both 2010 and 2011 after rising from 12th place in 2007 to 5th in 2008 and 3rd in 2009.
- **Edenred Brazil** has been included on the "Best Workplaces" list for 14 years. Edenred was included in the rankings independently of Accor for the first time in 2011.
- **Edenred Mexico** completed the "Best Workplace" assessment process and was included on the list of "Great Places to Work for Women", also earning fifth place in the "Gender Equity" rankings in 2011.
- **Edenred Venezuela and Edenred Argentina** renewed their accreditation in 2011.
- **Edenred Chile** appeared on the "Best Workplaces" list for the first time in 2010.
- **Edenred Spain** was named on the "Best Workplaces 2009" list for companies with 50 to 100 employees, ranking $9^{th}$ out of the 50 companies cited. This follows on from the subsidiary's certification in 2008 as a family-friendly workplace.
- In addition, **Edenred India** signed an agreement in 2011 with the Great Place To Work® Institute to conduct and present a study on employee compensation and reward practices in the business world.

#### Other certifications, standards and initiatives

- **Edenred United Kingdom and Edenred Greece** have earned the "Investors in People" label. Managed by a UK firm and deployed in 30 countries worldwide, the label is awarded after a thorough audit of a company's management practices. Edenred United Kingdom also participates regularly in the Sunday Times' "Best companies to work for in the UK" survey, which is based on employee satisfaction surveys and Human Resources practices. In 2011, Edenred was again awarded "Ones to Watch" status in the "Best Companies helping to make the world a better workplace" ranking.
- **Edenred Italy** was certified yet again in 2011 in compliance with SA8000, an international social accountability standard for decent working conditions. The country organization launched an e-learning module to present the standard to its employees.
- **Edenred Peru** is a founding member of the Asociación de Buenos Empleadores, where companies exchange best practices to improve quality of life at work.
- **Edenred Austria** ranks third in a panel of "great places to work" based on employee reviews posted on the online employer evaluation platform published by Kununu.

### Employee pride and recognition

For 40 years, pride in their company has been the glue cementing Edenred's relationships with its employees, who embrace its core values of entrepreneurial spirit, performance, sharing, innovation and simplicity.

With the creation of Edenred and the launch of the EDEN project, instilling a shared culture and deploying the Customer Inside management approach has become a major challenge. Engaging employees in a common goal that gives meaning to their work has been identified by the Executive Committee as a key priority and shared with managers across the organization.

- **Globally, a new reward system** called "Ewards" was set up in 2011 based on a key principle of the Group's management approach: to reward employees who have helped to make Edenred a preferred partner for its stakeholders by doing simple things exceptionally well. The Eward system rewards 15 employees and one team each year for their outstanding achievements. In 2011, the Eward team prize was awarded to **Edenred Uruguay**, which placed first in the Best Workplaces list published by the Great Place to Work® Institute.
- **Regionally and locally, such as in Latin America, Asia and Europe,** employee recognition programs have been in place for several years and are becoming increasingly widespread. By celebrating individual and team achievements, they are helping to improve customer relations, drive innovation and foster internal cooperation.

- In addition, every year between June 29 and July 2, all Edenred units and corporate support functions locally celebrate **E-day**, an event that commemorates the anniversary of Edenred's creation.
- Across the Board, Edenred's units make a point of recognizing employees who have given five, ten and fifteen or more years of service to the organization. Local ceremonies are organized to honor these individuals, who receive monetary rewards according to the date at which they joined the Group.
- Lastly, to support the deployment of the EDEN project and explain the different stages in Edenred's strategy, units are encouraged to organize open houses, information breakfasts and other events to foster communication between teams and facilitate the sharing of information and experience.

## Employee surveys

Edenred is particularly diligent in tracking how employees perceive their work-life and what they expect of their employer. Group entities deploy resources locally to gauge the workplace atmosphere, get a real sense of front-line conditions and assess employee satisfaction levels, particularly as regards working conditions, the quality of employee relations, training and career advancement opportunities, and day-to-day recognition. In 2011, 20 units evaluated the quality of their workplace environment through internal surveys, whose findings and corresponding pathways to improvement are integrated into each country's action plan.

## Health

Health initiatives are undertaken locally in line with the policy of guaranteeing employees a comfortable, safe working environment equipped with the tools required to do their job effectively. This policy is applied according to the needs and practices of the country organization concerned, generally taking into account issues that are of particular concern to local health authorities.

Local health initiatives focus on several key areas:

- **screening and prevention:** Free medical checkups are regularly offered to employees in many countries, such as **Germany, the Netherlands, Italy, China and India**. Edenred **Mexico** organizes a "Health Week" for its employees twice a year;
- **work-life balance:** Enjoying a healthy work-life balance is a major aspiration of employees in many companies, in every industry and every country. The main initiatives undertaken by Edenred in 2010 and 2011 were as follows:
  - a program dedicated to "Moms and Dads" in **Italy** to improve the balance between work and family life. In particular, the program supports mothers when they return to work after maternity leave and hires expert consultants to help them find appropriate childcare solutions,
  - a program to help young mothers return to work in **Hungary**,
  - a Ticket Junior childcare voucher for employees in **Austria**,
  - the "Viva Melhor" health platform set up by Edenred **Brazil**, which is part of the general employee health care benefits system. Providing access to the services of psychologists, nutritionists and fitness experts, the platform attracted 2,000 visits in 2011,
  - in other countries, special days are organized for employees' children. The new offices of **Edenred Germany** in Munich have been designed to house the children of employees who are ill or in need of temporary childcare assistance,
  - some subsidiaries offer flexible working hours, as in the **United States**, or provide part-time job solutions. Edenred **Sweden**, for example, encourages employees with young children to reduce their work hours, while Edenred **India** has shortened its workweek from six days to five,
  - the employees of Edenred SA and Edenred France are issued pre-paid CESU universal employment service vouchers that can be used to hire a nanny, cleaner, gardener or other domestic worker;
- **prevention of psychosocial risks:** Employees have a basic need to experience job satisfaction and to exercise their creativity. In light of this, Edenred is deeply aware of the importance of taking into account psychosocial risks in order to create an environment that improves quality of life at work:
  - **Edenred SA and Edenred France** signed an initial agreement in July 2011 establishing the fundamentals of an overall method for preventing psychosocial risks in the workplace,
  - the agreement sets out the procedures for evaluating health at work, with the aim of creating an overall workplace health indicator,
  - the evaluation system will consist of questionnaires completed anonymously by employee volunteers during regular medical check-ups,
  - a copy of each questionnaire will be submitted to the local occupational physician, who will analyze its content at the employee's request, under conditions of strict medical confidentiality,
  - in addition, questionnaire data will be fed into a database where company-level analyses may be performed to identify potential risk factors and develop corrective action plans,
  - **Edenred United Kingdom** has set up a telephone hotline to provide assistance to all employees.

In order to establish a functional psychosocial risks scorecard, Edenred also continues to regularly measure the effectiveness of its response to identified risks by carrying out internal surveys and analyzing quantitative data from HR reports, such as **absenteeism and workplace accident** information. The lost-time incident frequency rate (LTIF) is 3.0%.

## 4.1.3.5 Compensation and benefits

### Compensation

#### Principles

To attract, motivate and retain talent in nearly 38 countries worldwide, Edenred has introduced a global compensation policy that recognizes skills and performance while respecting the principles of fairness and non-discrimination.

Tailored to local practices and legislation, these shared principles are supported, where possible, by local market salary surveys conducted by specialized consultants.

Salaries, bonuses and employee benefits are determined based on a job hierarchy system defined in 2011 and common to all country organizations and support functions. The system is used to identify the roles and responsibilities of each manager and structure Group HR processes consistently and fairly.

#### Structure

Compensation includes:

- a fixed salary that reflects the skills required to do the job;
- for managers at all levels, an incentive bonus that recognizes their contribution to the Company's growth, based on their fulfillment of both personal and company objectives;
- for senior managers, a deferred compensation plan based on stock options or performance shares, which gives them a stake in Edenred's long-term growth. This plan was introduced when Edenred was created.

#### Increase in the payroll

At Edenred France, in 2011 total payroll amounted to €28 million and employer payroll taxes totaled €14 million, versus €30 million and €14 million respectively in 2010 (note that the scope of Edenred France payroll data changed in 2011).

### Benefits

#### Health insurance, post-retirement and other benefits

In a commitment to employee health, safety and well-being, Edenred pays particular attention to the insurance benefits offered to employees around the world.

In 2010, a worldwide audit was undertaken by consultancy Mercer to provide an overview of the death, disability, health and post-retirement benefits in place across the organization. It found that these risks are covered in most of the Group's host countries.

With mandatory cover varying significantly from one country to the next, each unit selects the level of additional cover it wishes to provide in line with the local situation, as well as the unit's growth plan and its funding capabilities. Additional health cover is offered in several Edenred subsidiaries in Latin America, Europe and Asia. At Edenred France and Edenred SA, a death/disability insurance policy is in place to cover the needs of employees and their families in the event of an illness or accident.

Expatriate employees may be covered by a special international insurance plan in addition to the local system, depending on the country and the level of local benefits. This ensures the same level of protection as in the expatriate's home country, particularly in terms of post-retirement benefits, while respecting the principle of fairness with regard to local employees.

#### Solutions and services

Employees are the first to benefit from Edenred's solutions and services. Depending on the solutions offered in their country of employment and local legislation, they receive benefits that make their lives easier (*Ticket Restaurant*®, *Ticket CESU*, *Ticket Alimentación*®, *Ticket Car*®, *Childcare Vouchers*®, etc.) as well as incentives and rewards (*Ticket Kadéos*®*, Ticket Compliments*®*,* etc.).

In the **United Kingdom**, the e-flex system allows Edenred employees to select the benefits that best suit their needs. A similar system, called Benefity Café, has been set up in the **Czech Republic**.

#### Employee savings plans

Employee savings plans contribute to each employee's overall compensation. Meeting a need shared by all to prepare for the medium and long-term future, they were given priority attention in the first round of collective agreements signed in 2011 at Edenred SA and Edenred France. These agreements paved the way for the following plans:

***Statutory and discretionary profit-sharing***

(*Application of the French Labor Code, Book V, Section IV*)

Edenred SA and Edenred France employees are given a stake in the Group's results through the Group statutory profit-sharing agreement as well as discretionary profit-sharing agreements negotiated in each entity.

***Group Employee Savings Plan***

Employees of Edenred SA and the Group's subsidiaries in France may build up capital by investing profit-shares received under the above agreements in the Group Employee Savings Plan.

They may also invest their own funds in the plan and, where applicable, receive a matching contribution from the Company according to a pre-defined rule: the employer's contribution is capped at 200% for investments of up to €100 and at 50% for investments ranging between €101 and €300. Therefore, under the standard plan, the employer's contribution may not exceed €300.

In addition, employees may set aside funds using the *Ticket Tesorus Épargne*® system. With this system, employees are allocated a book of twenty €30 checks that they can periodically submit to their employer to save a total of up to €600 per year, including a €300 employer contribution.

Funds paid into the Employee Savings Plan are subject to a lock-up period, during which they are invested in any of five corporate mutual funds.

These funds carry varying AMF-classified [1] risk/reward combinations, offering participants a range of investment options depending on their capital, their investment horizon, their investment objective and their tolerance of risk.

*Retirement savings plan*

**Retirement savings plans** can also be set up locally to supplement mandatory pension systems, with the local unit matching employee contributions. This is notably the case in **Brazil, the Czech Republic and Romania**.

**In France**, the future of the pay-as-you-go social security system is a source of major concern for employees due to the significant changes introduced by the Pension Reform Act of November 9, 2010, including a higher contribution rate, a longer contribution period and lower pension benefits. Saving for retirement outside the government-sponsored scheme has become essential. Therefore, to demonstrate their commitment to helping employees prepare for retirement, Edenred France and Edenred SA have set up a PERCO retirement savings plan. Under this plan, an account has been opened in the name of each employee, with an initial deposit from the employer of €250. It is now up to employees to pay into the account at their own pace according to their savings abilities, with funds received under statutory and discretionary profit-sharing plans, voluntary contributions and monetized accrued leave.

**The €250 employer contribution was granted in accordance with the Amended 2011 Social Security Financing Act no. 2011-894 of July 28, 2011, (better known as the "Profit-Sharing Act" or the "Dividend Bonus Act")**

## 4.1.3.6 Social dialogue

### A commitment to creating and nurturing employee representative organizations

With the creation of Edenred came a commitment to structuring and strengthening employee dialogue. Accordingly, elections were held in October 2010 to designate employee representatives for Edenred SA. The elections proved a successful first step in the construction of a social dialogue process within the Group.

This process covers the full range of negotiation and consultation procedures, as well as the simple exchange of information between employee representatives and management. It addresses issues of common interest related to the Group's business and employee relations policies.

Collective bargaining remains the preferred means of fostering social progress and improving employee working conditions.

### Collective agreements

In 2010 and 2011, the social dialogue process led to the signature of 16 collective agreements concerning Edenred SA and its subsidiaries in France on three main topics: employee savings, equal opportunity, and health, safety, well-being and working conditions.

#### Employee savings (statutory and discretionary profit-sharing, PEG and PERCO plans)

See "Employee savings plans" in the section entitled "Benefits" above.

#### Equal opportunity

The concept of equal opportunity is intertwined with the principle of fairness that underpins the Group's HR policies. Its purpose is to guarantee all employees equal prospects, regardless of age, gender, disability, religion, etc., assuming equal levels of talent, ability and motivation.

Acting on this commitment to even the playing field for all employees, Edenred signed several agreements with employee representatives in 2011:

- seniors Agreement at Edenred SA, addressing the challenge of hiring and retaining older employees. See "Older employees" in the "Diversity" section, page 59;
- disability Agreement, designed to encourage the integration and retention of people with disabilities at Edenred SA and its subsidiaries in France. See "Integrating People with Disabilities" in the "Diversity" section, page 58;
- gender Equality Agreement at Edenred SA, promoting equal treatment of men and women in the workplace. (See "Gender Equality in the Workplace" in the "Diversity" section, page 59).

#### Health, safety, well-being and working conditions

Edenred aims to ensure that the working environment is conducive to individual satisfaction, creativity and fulfillment:

- death/Disability Insurance and Workplace Health Agreement for employees of subsidiaries in France and Edenred International employees;
- working Hours Agreement for Edenred International employees. This agreement defines an overall system for organizing working hours at headquarters, including special conditions and restrictions;
- employee Status Agreement applicable to Edenred International employees.

Management and employee representatives meet regularly at local or Group level to exchange views and monitor compliance with these agreements. In 2012, Edenred will continue to strengthen employee representation.

Employee representatives will also participate in Group discussions on (i) identifying the skills that will need to be upgraded and developed to support corporate strategy and (ii) preparing for foreseeable economic, demographic and technological trends. In this way, social dialogue will contribute to both employee job security and the Company's business growth.

To comply with European Union legislation on informing and consulting employees, a European Works Council or an employee information and consultation procedure will have to be set up in pan-European subsidiaries.

(1) *AMF = Autorité des marchés financiers.*

### Working conditions

#### Working hours

At Edenred France and Edenred SA, most managers are paid a fixed annual salary for 218 days worked per year. The legal duration of the workweek in France is set at 35 hours, but managers are contractually committed to a 37-hour work week, offset by one day of paid leave for every four weeks worked at Edenred SA and for every month worked at Edenred France.

Edenred France employees who work overtime (hours worked in addition to the 35-hour workweek) are paid 25% extra for each of the first eight additional hours worked and 50% extra for any hours worked beyond that threshold.

Worldwide, 91% of employees have permanent work contracts. Their working hours comply with local legislation and bargaining agreements.

#### Welfare programs

Edenred France and Edenred International dedicate 0.65% of their respective payrolls to funding welfare programs organized by French and international Works Councils and 0.2% to their operating budgets.

## 4.1.3.7 Diversity

### Edenred is committed to combating all forms of discrimination

An integral part of Edenred's corporate culture, the principles of diversity, respect for individual differences and equal opportunity are the foundation of its Human Resources policies. They are expected to be embraced by management and are regularly assessed through employee surveys.

Edenred ensures that differences are consistently respected at every level of the organization. The Group diligently applies this principle in all of its Human Resources processes, particularly in terms of hiring, access to training, professional mobility and internal promotions.

- The founding principle of **Edenred Brazil**'s employer charter is: "Edenred Brazil makes no distinction based on race, appearance, religion, gender, socio-economic background, nationality or other criteria. On the contrary, we encourage the recruitment of people our customers can identify with." Every year, the subsidiary conducts an opinion survey to identify potential areas of improvement with regard to diversity practices;
- **Edenred Italy** was among the first companies to sign the equal opportunity charter (Carta per le pari opportunità e l'uguaglianza sul lavoro) developed jointly by the Labor Ministry and the Equal Opportunity Minister. Supported voluntarily by companies of all sizes, the charter expresses each participant's pledge to promote an innovative corporate culture and a Human Resources policy, without discrimination or prejudice;
- Edenred's commitment to diversity can also be seen in the number of different nationalities represented within the same team. **Edenred Germany**, for example, employs around 100 people from 14 different nationalities, while in the **United States**, 12 different languages are spoken by the subsidiary's 50 employees;
- **Edenred United Kingdom** regularly holds discussion forums where managers and employees can exchange best practices for promoting diversity.

### Integrating people with disabilities

The integration of people with disabilities is a challenge being met by all subsidiaries. Initiatives are being undertaken locally to provide practical solutions to the issues of integrating and maintaining disabled people in the workforce and facilitating their personal development.

- Pursuant to the agreement signed in 2011 by **Edenred SA and Edenred France** to hire and retain people with disabilities, a three-year action plan has been developed introducing a variety of new measures, including: the *Ticket CESU* Handicap solution (a booklet of vouchers worth a total of €1,000 that disabled individuals can use in any given year, entirely financed by the employer); a commitment to increase the percentage of disabled employees to 3% from 1%; a plan to maintain the disabled in employment and prevent risks (by improving workstation ergonomics); specific budgets allocated to training recruiters, managers and employees with disabilities; alliances with companies operating sheltered workshops and initiatives to raise disability awareness;
- Edenred **Belgium** is firmly committed to integrating the disabled into its various departments. The subsidiary also took the needs of disabled people into account in planning for the shift to paperless solutions. The local Executive Committee ensures that particular attention is paid to meeting the needs of the disabled, and the subsidiary uses sign language interpreters and psychologists whenever necessary;
- Edenred **United Kingdom** regularly organizes disability awareness training sessions for employees and managers;
- Edenred **Romania** uses sheltered workshops [1] to organize training sessions, particularly for language classes;
- **Edenred Mexico** signed an agreement with the Manpower Foundation to recruit people with disabilities;
- **Edenred Netherlands** hires outside service providers to support the integration of disabled employees.

*(1) Sheltered workshops are organizations or environments that employ a majority of people with disabilities. In France, they include Etablissements et Services d'Aide par le Travail (ESAT) and work centers.*

### Gender equality in the workplace

At end-2011, women accounted for 52% of employees worldwide and 59% in France.

The gender balance was respected in the last three years.

Edenred actively promotes gender equality in the workplace, paying particular attention to the roles attributed to women within the Company. It encourages women to take on key positions and in some cases facilitates flexible working hours for working mothers. Women accounted for 43% of managers in 2011.

Trends that emerged in certain countries are becoming more widespread:

- Edenred **Italy** was among the first companies to sign the equal opportunity charter developed jointly by the Labor Ministry and the Equal Opportunity Minister. Women account for 52% of employees at Edenred Italy, and 47% of managers, including three members of the local Executive Committee;
- Edenred **Mexico** topped the list of "Great Places to Work For Women" published by the Great Place to Work® Institute and Mujer Ejecutiva magazine in October 2009 and 2010. The list honors companies with a Human Resources policy that promotes and encourages women in the workplace. The percentage of women in management positions at the subsidiary rose by 10% from 2009 to 2010. In 2011, Edenred Mexico placed fifth in the Gender Equity ranking published by the Great Place to Work® Institute;
- the Gender Equality agreement signed in 2011 on behalf of Edenred International employees confirms the Group's commitment to offering men and women of equal ability the same opportunities for professional advancement and equal access to positions of responsibility. The agreement provides for several measures, notably to ensure that motherhood is not an impediment to the professional development of women. These measures include: paid paternity leave, broader implementation of pre-maternity leave interviews, the creation of a gender equality think tank and the nurturing of an environment that fosters work-life balance.

### Older employees

Edenred's commitment to hiring and retaining older employees is reflected in the Seniors Agreement implemented at the level of **Edenred International** in 2011. Under this agreement, Edenred pledges to retain 4.5% of employees aged 55 and above over the next three years. A variety of measures have been planned to achieve this objective. In particular, Edenred intends to: boost training initiatives, systematically conduct second-half career interviews for employees over 45, help individuals with experience validation procedures, offer free health check-ups and promote knowledge transfer by engaging young people in apprenticeship programs that involve older employees in the integration and training process.

## 4.1.3.8 Outside contractors

The majority of outside contractors used by Edenred are hired to provide IT services. The Group requires its subsidiaries to ensure that sub-contractors are employed in strict observance of the applicable regulations and labor laws concerning work shifts, the basis for calculating hours worked, etc. Edenred France has set up a system for monitoring compliance with French labor laws governing clandestine work and other illicit activities.

## 4.1.4 SUMMARY TABLES OF EMPLOYEE DATA – FRANCE

The Consolidated Corporate Report for France concerns 656 employees in service at December 31, 2011, irrespective of the type of employment contract.

In compliance with French legislation, the report consolidates data from the 2011 corporate reports prepared by French subsidiaries that are at least 50%-owned and that have at least 300 employees. These are Edenred France and Accentiv' Kadéos.

| | 2011 |
|---|---|
| **Number of Employees** | |
| Total number of employees [(1)] | 656 |
| Percentage of women | 58% |
| Percentage of men | 42% |
| Employees by age | |
| Under 25 | 7% |
| 25 to 34 years | 45% |
| 35 to 44 years | 30% |
| 45 to 54 years | 14% |
| Over 55 | 4% |
| Employees by seniority | |
| Under 6 months | 10% |
| 6 months to 2 years | 18% |
| 2 to 5 years | 28% |
| More than 5 years | 44% |
| Number of full-time employees under permanent contracts | 580 |
| Number of part-time employees under permanent contracts | 30 |
| Number of employees under fixed-term contracts | 46 |
| Non-French employees working in France [(2)] *(as a% of total employees)* | 4% |
| **Hiring** | |
| Number of persons hired under permanent contracts | 12 |
| Percentage of women | 60% |
| Percentage of men | 40% |
| Number of persons hired under fixed-term contracts | 82 |
| Number of people under 25 hired | 39 |
| **Compensation** | |
| 2010 discretionary profit-shares paid in 2011 | |
| Number of beneficiaries [(3)] | 766 |
| Average gross amount per beneficiary *(in €)* | 1,900 |
| 2010 statutory profit-shares paid in 2011 | |
| Special employee profit sharing reserve, net *(in €)* | 663,056 |
| Number of beneficiaries [(3)] | 766 |
| Average net amount per beneficiary *(in €)* | 865 |
| **Health and Safety Conditions** | |
| Number of meetings of Health, Safety and Working Conditions Committees | 3 |
| Number of employees receiving onsite safety training | 195 |
| **Employee Relations** | |
| Collective agreements signed in 2011 | 7 |
| Total hours used for employee delegate activities | NA |
| Number of meetings with employee representatives | 23 |

*(1) All employees on the payroll at December 31, 2011, regardless of the type of employment contract.*

*(2) Number of foreign employees working in France.*

*(3) Among employees who worked at least three months in the year.*

# 4.2 EDENRED'S COMMITMENT TO CORPORATE SOCIAL RESPONSIBILITY

## INTRODUCTION

Every day, Edenred designs and delivers solutions that make life easier for employees and improve the efficiency of organizations. As a result, its core business is naturally shaped around a vision of corporate citizenship. Over the past 50 years, Edenred's *Ticket Restaurant®* meal vouchers have played a key role in facilitating employee access to proper meals during the workday. The solutions Edenred offers have become more diversified over the years, and they continue to evolve to meet the needs of businesses, public authorities and institutions, in areas as diverse as food services, transportation, health, training and human services.

Edenred is at the center of a relationship between numerous stakeholders, including clients, beneficiaries, affiliates and public authorities as well as employees, shareholders and civil society. Listening to these stakeholders is a vital component of the strategy, at all levels of the organization.

As a responsible corporate citizen, Edenred has embraced the mission of staying attuned to new social trends and responding to the concerns of civil society. Accordingly, the Group has made a commitment to corporate social responsibility (CSR) that is thoroughly aligned with its operations.

The CSR strategy is defined by three priority challenges. The first is to promote healthy eating habits. This means strengthening Edenred's engagement as a responsible corporate citizen by involving all stakeholders in the process and facilitating access to balanced, high-quality meals at affordable prices, in a way that encourages social interaction and enjoyment. The second challenge is to limit the environmental impact of the day-to-day operations, whether in the office, on the production floor or in dealings with partners. The third strategic challenge is to support local community development.

The information presented below details the Group's various initiatives and achievements in the different areas of corporate social responsibility.

## SCOPE OF REPORTING

Unless otherwise indicated, the scope of reporting includes the corporate headquarters and all of the consolidated subsidiaries.

Information is reported by geographical region, as follows:

- France;
- rest of Europe;
- Latin America;
- rest of the world.

In anticipation of the implementation of the Grenelle II Act of July 12, 2010 concerning France's national commitment to the environment, Edenred has broadened the scope of CSR reporting and increased the number of indicators that are monitored and published by the Group.

In 2010, 14 units – representing 94.5% of Edenred's total issue volume [(1)] – were required to report CSR data in accordance with the recommendations of the French securities regulator (Autorité des marchés financiers). In 2011, the CSR reporting process was extended to 33 out of the Group's 38 host countries, representing 96% of employees and 98.6% of total issue volume.

## 4.2.1 THE CORPORATE SOCIAL RESPONSIBILITY POLICY

### 4.2.1.1 Organization of the social responsibility policy

Edenred's corporate social responsibility policy is defined by the CSR Department, represented at Executive Committee level. Created in 2010 for the purpose of developing and expressing the Group's ambitious CSR vision, the CSR Department coordinates initiatives with all the cross-functional departments concerned, including Human Resources, Strategy and Development, Legal Affairs and Finance.

The Group's CSR policy is regularly presented for review to the Board of Directors.

*(1) Issue volume is Edenred's primary financial indicator. See section 1.1.2.1, page 5, and section 2.1.1.2, page 23.*

#### 4.2.1.2 Procedures and governance

At the Executive Committee's request, a CSR Steering Committee has been set up to define a corporate social responsibility process for Edenred. Its members include line managers, such as country chief executives and product segment managers, and support function managers, such as the Vice-Presidents of Corporate Communication, Investor Relations and Corporate Social Responsibility, Human Resources and Institutional Relations. Their role is to define strategic objectives for the Group's CSR policy and outline the principles of its new CSR project.

The CSR policy is deployed through a network of local correspondents.

Starting in 2008, a CSR correspondent network was set up in each host country, with some country organizations also creating CSR Committees. Today, the network is implementing CSR policiy and leading local action plans, while enabling sharing of the best practices that everyone is expected to apply across the CSR spectrum.

The network is comprised of line managers who have been assigned CSR responsibilities.

#### 4.2.1.3 Communication about the CSR policy

Once validated by the Executive Committee, the CSR policy is communicated to all Group employees.

Senior managers are mainly informed through presentations given at Group events or during regional or support function seminars.

In the case of CSR correspondents, several meetings have been organized by the CSR Department to explain policy objectives and encourage the sharing of best practices. Following the implementation of a collaborative web platform, an online community has been created to facilitate continuous information exchange.

For their part, Group employees are kept abreast of the latest CSR news *via* a newsletter distributed across the organization that offers insight on such relevant issues as the carbon footprint of the Group's operations. Two CSR events are organized every year to federate stakeholders around the Group's initiatives. The first is held on "Earth Day", April 22, to celebrate actions in favor of the environment. The second is "Eden for All" day, an event organized by the Group on December 10 to promote community outreach.

Stakeholders external to the Group can learn about the Group's CSR policies and its main achievements through the corporate website and Annual Report.

#### 4.2.1.4 Performance monitoring

Performance is monitored using CSR reporting indicators.

There are a total of 24 such indicators, relating to the environment, balanced nutrition and community outreach projects. Human Resources indicators are presented in a separate section of this document (see section 4.1.1 "Human Resources", page 46). Since 2011, data submitted by different Group entities has been centralized using an IT application that has improved the reliability of the reporting process.

##### Key CSR policy facts and figures

- A 49-member country correspondent network.
- 6 local CSR Committees.
- 1 presentation to the Board of Directors in 2011.
- 2 CSR policy presentations to Group managers.
- 4 CSR policy presentations to the Executive Committee.
- 4 meetings with CSR correspondents representing the 38 host countries.
- 24 key indicators reported by Group entities worldwide.

## 4.2.2 NUTRITION

Food quality is a global concern. The consequences of poor nutrition are apparent in all of today's societies. Unhealthy eating habits initially concerned socioeconomically advantaged populations, but have more recently become a problem for the underprivileged, who are now more likely to be overweight or obese. The World Health Organization (WHO) has reported a sharp increase in the number of overweight and obese people in developing countries, noting the presence of overweight individuals even in regions where malnutrition persists. Carrying excess weight is linked to more deaths worldwide than being underweight. In 2008, 65% of the world's population lived in countries where more people died from being overweight or obese than from being of insufficient weight.

According to the WHO, a concerted effort by all stakeholders is needed to fight obesity more effectively. Companies have a crucial role to play in promoting the principles of balanced eating among their employees. The International Labor Organization (ILO) study entitled *Food at Work* [(1)], to which Edenred contributed its first-hand experience, points out the importance of food to employee health and underscores the positive effects of good eating habits on productivity.

As a dedicated corporate citizen and an issuer of *Ticket Restaurant®* meal vouchers, Edenred has focused its contribution on promoting healthy food choices. Thanks to its many awareness-raising initiatives in this area, the Group has shared its message with nearly 11 million people worldwide.

*(1) Food at Work, Christopher Wanjek, International Labor Organization, 2005.*

### 4.2.2.1 Nutritional balance

Since 2005, the "Nutritional Balance" program has been deployed to promote healthy eating habits. The program's purpose is to enable *Ticket Restaurant®* users to easily identify menu items at affiliated restaurants that meet the criteria of a varied and balanced diet.

Represented by the "Gustino" mascot, the program was developed in partnership with expert nutritionists, local public partners and restaurant industry representatives, whose involvement ensures the initiative's validity. The breadth of the *Ticket Restaurant®* affiliate network, coupled with Edenred's ability to touch the lives of millions of users every day, has made it possible to move eating habits in a more balanced direction. The program both influences menu preparation and raises consumer awareness of nutritional issues.

The Gustino program has been deployed in 13 countries worldwide.

#### Best practices

Edenred Chile has been promoting healthy eating habits since 2006, when the Nutritional Balance program was introduced locally. In January 2011, the subsidiary initiated a pilot project to encourage employees to eat a more balanced diet. Led in partnership with two large companies based in Santiago, the pilot involves a total of 120 people. Twenty-four eating establishments located near the two partner companies were selected to participate. Their staff were trained to advise consumers on how to choose the most balanced meals. These meal items were indicated on restaurant menus and in cafeterias by the colorful image of the Gustino mascot. In addition, informational notices explaining what constitutes a healthy, balanced meal were displayed in dining areas. Lastly, stickers, meal tray liners and badges featuring the Gustino mascot were provided to the participating restaurants. The Instituto de Nutrición y Tecnología de Alimentos (INTA), the country's largest institute dedicated to food technology, has supported the project since its inception in 2010.

### 4.2.2.2 The European Fighting Obesity through Offer and Demand (FOOD) project

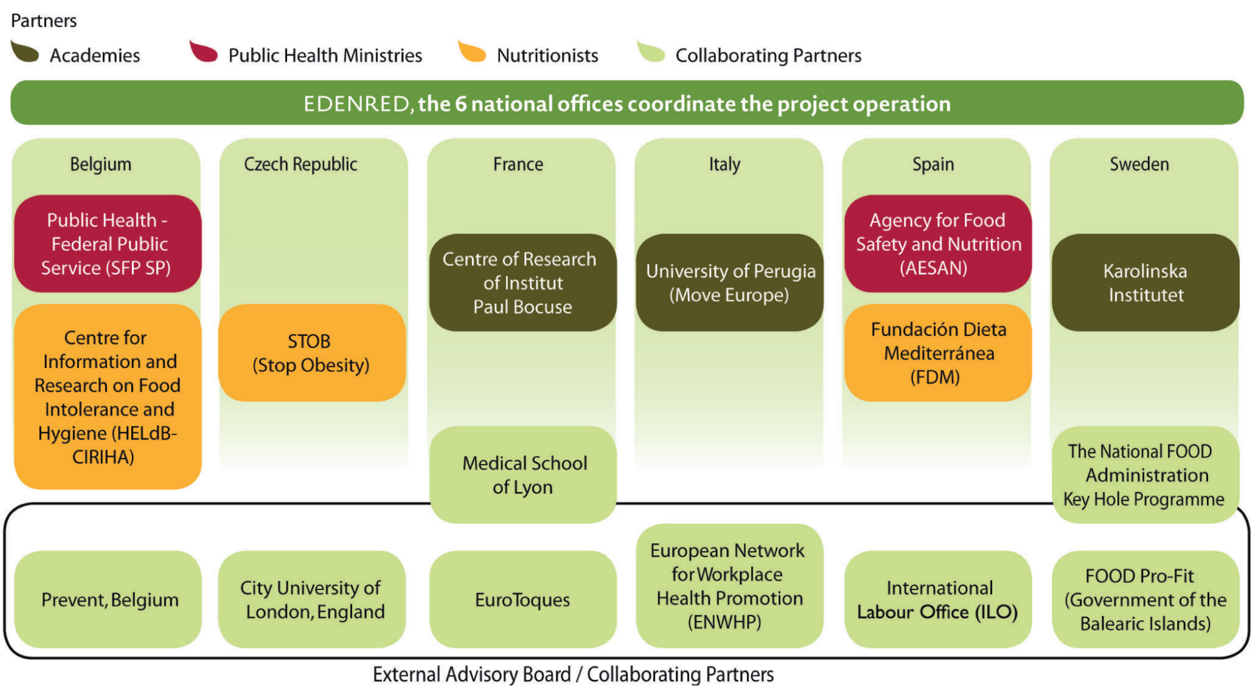
#### FOOD objectives and partners

Eager to deepen its commitment to obesity prevention, Edenred has formed alliances with political, economic and social experts across Europe leading to its involvement in the Fighting Obesity through Offer and Demand (FOOD) project. The project was created in 2008 in response to a call for proposals issued by the European Commission as part of the Second Program of Community Action in the Field of Health initiated by the Directorate General for Health and Consumers.

The FOOD project aims to act on both supply (offer) and demand by:

- positively influencing the lifestyle and habits of European consumers;
- raising awareness about balanced nutrition among restaurant professionals.

The two-year project mobilized 25 public and private partners in France, Belgium, Spain, Italy, the Czech Republic and Sweden. The partners included the Ministries of Health of Belgium and of Spain, the University of Perugia in Italy, research centers Karolinska Institutet in Sweden and CIRIHA in Belgium, City University London in the United Kingdom and, in France, the Institut Paul Bocuse research center and the University of Lyon. They also included the International Labor Organization in Geneva, the Euro-Toques European community of chefs, the Mediterranean Diet Foundation in Spain and the Czech obesity research association.



## The results of the FOOD project

First and foremost, the FOOD project served to provide the partners with information about employee eating habits and about the needs and constraints of employees and restaurant professionals at lunchtime. Following an inventory of existing programs in Europe that promote balanced nutrition, two surveys were conducted in 2009:

- a quantitative survey involving two questionnaires – one for 5,000 restaurant managers and the other for 52,000 company employees – prepared by CIRIHA, the Belgian food hygiene information and research center, and the Institut Paul Bocuse research center, and validated by all of the partners. The surveys were led by Edenred in each of the six participating countries and the results were then analyzed in France by Institut Paul Bocuse;
- a qualitative survey of 45 restaurant managers in 12 countries outside Europe.

The surveys highlighted stereotyped opinions about balanced nutrition held by both consumers and restaurant professionals. Respondents often felt that healthy food was more expensive as well as longer and more complicated to prepare; that it lacked taste and was similar to dieting; and that it was a passing trend rather than part of the culinary tradition. Nonetheless, a large majority of chefs (90%) recognized that they had a role to play. In addition, one out of two restaurant managers expressed a desire for training and 44% felt that customer demand for balanced nutrition was increasing.

The FOOD consortium then drafted national recommendations for restaurant professionals on how to improve the nutritional quality of meals on offer, at no additional cost. For example, the consortium recommended using cooking methods that require little or no added fat, such as steaming, roasting and grilling. It also advised removing saltshakers from the table in Belgium, systematically offering a pitcher of water in France and providing a choice between two portion sizes in Italy. Recommendations were also issued to help employees make balanced eating choices during the workday. These included tasting food before adding salt and/or trying other condiments; reducing fat consumption and preferably using vegetable oils; eating at least five portions of fruit and vegetables every day; choosing desserts made with fresh fruit or, occasionally, a dairy product, choosing cooking methods that use little or no fat (steamed, roast and grilled dishes) and drinking water with meals.

Various tools were developed to facilitate the deployment of recommendations that promote balanced nutrition to restaurants (chefs, managers and staff) or companies (employees). In all, over 100 communication initiatives were launched that helped to build awareness among 350,000 restaurants and more than 4,000,000 company employees. All of these tools can be downloaded for free from a pan-European website published in eight languages, **www.food-programme.eu**.

In 2010, a second survey was carried out involving the same 52,000 employees and 5,000 restaurants to evaluate the impact of the initial pilot projects and changes in attitudes since the start of the project.

Following the completion of the initial pilot phase, the 25 initial public and private partners presented their findings on May 31, 2011 to the European Parliament. They discussed employee eating habits during the workday and reviewed innovative, fun-to-use tools deployed by the European FOOD project to promote balanced nutrition to restaurant managers and employees. They also called for new partners with new expertise to join their consortium.

The development of the FOOD pilot project and its results led to the publication of a report that is available for download on the dedicated website.

## From the FOOD project to the FOOD program

In April 2011, following the period co-financed with the European Commission, the partners decided to pursue the project. New partners had already joined the consortium. Slovakia had joined in February 2011, *via* the National Public Health Authority and Edenred's national office. Portugal's Ministry of Health also came on board, alongside Edenred, in December 2011.

## Key facts and figures

- Two new partners, Slovakia and Portugal, joined the FOOD program in 2011, raising the number of countries involved in its development to eight.
- 4.2 million employees, 185,000 companies and 352,000 restaurants have been informed of the FOOD principles.
- 2,200 restaurants have joined the FOOD network in the six participating countries since 2009.
- Edenred's food awareness initiatives have touched the lives of 10.9 million people worldwide.
- 2,702 Edenred employees have participated in campaigns to raise awareness about balanced nutrition.

## 4.2.3 ENVIRONMENT

Edenred is in the process of developing its own business-specific environmental policy. The Group has a limited impact on the environment because its operations are mainly service related. Nevertheless, the Groupis committed to better understanding and reducing these impacts by actively involving all employees in the process.

Two environmental priorities have been defined: (i) promoting eco-design in the production of our vouchers and (ii) setting up an Environmental Management System.

Concerning eco-design, in 2011 Edenred focused on assessing the current situation through a Group-wide best practices survey. Following the survey, an awareness-building campaign was deployed on Earth Day 2011 to inform employees for the first time about Edenred's environmental impact and present viable solutions for reducing its footprint.

To promote environmental management, the CSR Department created a working group dedicated to defining priority challenges, commitments and resources common to all Edenred countries that will be deployed in 2012.

### 4.2.3.1 Environmental Report

#### Scope of reporting

In 2010, Edenred's environmental report concerned 14 host countries: Belgium, Brazil, the Czech Republic, France, Hungary, Italy, Mexico, Romania, Slovakia, Spain, Sweden, Turkey the United Kingdom, and Venezuela. The scope of reporting covered all main subsidiaries, which together represent 94.4% of total issue volume.

Starting in 2011, environmental reporting was extended to 33 host countries, representing 98.6% of total issue volume and 96% of the Group's employees. Comparative data for 2010 has been adjusted to take into account the larger geographical scope of environmental reporting in 2011.

#### Energy

The table below shows the total amount of energy used worldwide and by region.

| **Energy consumption** *(in kWh)* | 2010 Total | 2011 Total | % change | France | Rest of Europe | Latin America | Rest of the world |
|---|---|---|---|---|---|---|---|
| Electricity | 16,962,199 | 16,802,282 | -0.9% | 4,382,970 | 4,628,399 | 5,398,775 | 2,392,138 |
| Natural gas | 1,815,734 | 1,701,086 | -6.3% | | 1,297,644 | 155,733 | 247,709 |
| Fuel oil | 60,957 | 65,188 | 6.9% | 3,120 | - | 61,896 | 172 |
| **TOTAL** | **18,838,890** | **18,568,556** | **-1.4%** | **4,386,090** | **5,926,043** | **5,616,404** | **2,640,019** |

The increase in fuel oil consumption is mainly due to the inclusion in this category of fuel oil consumed by Edenred France's generator, which was not taken into account in 2010.

#### Best practices in 2011

Edenred France and Edenred UK virtualized their servers in 2011, enabling them to reduce the number of servers in operation by 90% at Edenred France and by 80% at Edenred UK. Certified to ISO 14001 environmental management standards, the two countries have leveraged server virtualization to their advantage, reducing the amount of energy consumed due to server storage and eliminating direct energy use attributable to the related electronic equipment.

#### Water

The table below shows the total volume of water used worldwide and by region.

| **Water use** *(in cubic meters)* | 2010 Total | 2011 Total | % change | France | Rest of Europe | Latin America | Rest of the world |
|---|---|---|---|---|---|---|---|
| Total | 86,092 | 90,634 | 5.3% | 6,151 | 10,709 | 28,615 | 45,159 |

Increased water consumption in 2011 resulted mainly from a change in the method used to distribute water to several Edenred Brazil sites.

Edenred's offices, most of which are located in cities, are generally connected to municipal sewage systems.

#### Best practices in 2011

In France, Brazil, Sweden and Mexico, faucets were fitted with flow regulators, which can help reduce water use by up to 50%.

## Paper

The table below shows the total volume of paper used worldwide and by region.

| **Paper use** *(in tonnes)* | 2010 Total | 2011 Total | % change | France | Rest of Europe | Latin America | Rest of the world |
|---|---|---|---|---|---|---|---|
| Vouchers | 1,978 | 2,052 | 3.7% | 310 | 1,098 | 529 | 115 |
| Brochures | 200 | 256 | 28.2% | 13 | 165 | 69 | 9 |
| Office paper | 193 | 198 | 2.4% | 23 | 74 | 31 | 70 |
| **TOTAL** | **2,371** | **2,506** | **5.7%** | **346** | **1,337** | **629** | **194** |

Over 60% of the Group's host countries use recycled paper or paper certified to the standards of the Forest Stewardship Council (FSC), both for voucher production and everyday office use. The increase in paper consumption in 2011 is relatively limited in light of the growth in Edenred's business, which directly impacts the volume of vouchers that are produced. Paper voucher production is on the decline however, due to the increasing number of paperless solutions offered.

### Best practices in 2011

2011 marked a turning point, at which all *Ticket Restaurant*® and *Ticket Service*® vouchers issued by Edenred France were converted to 100% recycled and FSC-certified paper. Starting in 2012, this landmark transition will help to save 7,650 trees, nearly 25 million liters of water and 1,125,000 kWh of energy every year for an annual output of 300 million vouchers. Since 2009, all vouchers have been printed on FSC-certified paper and, Edenred France, as the last link in the voucher value chain, became the first issuer to independently seek and achieve compliance with FSC standards in October 2011.

On the eco-design front, several host countries launched initiatives in 2011. Edenred Sweden, for example, issued 50,000 Ticket Rikskortet® cards made of polylactic acid (PLA). PLA is an entirely biodegradable polymer commonly used in food packaging. It can be derived from renewable resources such as cornstarch, making it the first natural alternative to polyethylene.

## Waste

The following table shows the total tonnage of waste produced worldwide and by region.

| **Waste** *(in tonnes)* | 2010 Total | 2011 Total | % change | France | Rest of Europe | Latin America | Rest of the world |
|---|---|---|---|---|---|---|---|
| Total | 2,713 | 2,732 | 0.7% | 1,385 | 932 | 411 | 4 |

### Best practices in 2011

Many of our host countries have already implemented recycling programs. In 2011, Edenred France recycled almost 70 tonnes of paper by setting up an office waste sorting system. A similar system was also deployed in the Netherlands. In addition, Edenred participated in the "Plastic Heroes" campaign initiated by the Dutch government to encourage plastic recycling.

### 4.2.3.2 Measures against climate change

Owing to the nature of its business, Edenred has a limited impact on climate change. However, the Group initiated a continuous improvement process in 2011 by carrying out two carbon emissions assessments in Edenred's main markets, France and Brazil. These assessments allowed the Group to clearly identify which of its activities generate carbon emissions, and represented a preliminary step toward implementing emissions reduction plans.

Edenred is also helping to fight climate change by developing an environmental policy that is thoroughly aligned with the Group's operations. The policy is in the final stages of definition and should be implemented in 2012.

#### Greenhouse gas emissions

Greenhouse gas emissions are calculated based on the energy use data provided above, as follows:

- direct emissions correspond to the natural gas and fuel oil burned in Group facilities;
- indirect emissions concern electricity used by these units.

| **Greenhouse gas emissions** *(in tonnes of $CO_2$ equivalent)* | **2010 Total** | **2011 Total** | **% change** | **France** | **Rest of Europe** | **Latin America** | **Rest of the world** |
|---|---|---|---|---|---|---|---|
| Direct | 348 | 328 | -5.8% | 1 | 238 | 44 | 45 |
| Indirect | 5,223 | 5,324 | 1.9% | 363 | 1,685 | 1,251 | 2,025 |
| **TOTAL** | **5,571** | **5,652** | **1.4%** | **364** | **1,923** | **1,295** | **2,070** |

#### Best practices in 2011

On August 10, 2011, Fundação Getùlio Vargas awarded Edenred Brazil a Gold Medal for going beyond the standard requirements for preparing a corporate greenhouse gas inventory. In addition, Edenred Brazil was cited for its best practices in a report covering the most successful initiatives in this area.

Edenred UK actively encourages employees to cycle to work. In particular, the subsidiary set up a bicycle parking area and a locker room with showers in 2011. As a result of such actions, Edenred UK won the Green Apple prize for environmental stewardship from The Green Organization, an independent environmental group dedicated to recognizing, rewarding and promoting environmental best practices around the world.

### 4.2.3.3 Other environmental data

#### Wastewater

Edenred's activities generate wastewater whose content is similar to household wastewater. Edenred's offices, most of which are located in cities, are generally connected to municipal sewage systems.

#### Soil contamination

Edenred's activities do not contaminate the soil.

#### Noise pollution and odors

As Edenred's activities generate very little noise pollution or odors, no related measures have been taken.

### 4.2.3.4 Environmental certification

Operations in France, Brazil, the United Kingdom and the Netherlands are certified to ISO 14001 standards. In 2006, Edenred France was the first meal voucher issuer to earn such certification, one of whose main criteria is compliance with applicable regulations. ISO 14001-compliant host countries account for 33.5% of the Group's employee base and over 40% of its issue volume.

For the seventh consecutive year, Edenred Mexico earned *Empresa Socialmente Responsable* (ESR) certification, which is awarded to socially responsible companies in Mexico and other parts of Latin America. Environmental management practices are included in the certification criteria.

#### Best practices in 2011

Edenred France, as the last link in the voucher value chain, became the first issuer to independently seek out and achieve compliance with FSC standards in October 2011. Its continuing compliance with ISO 14001 standards was verified in 2011 through a Bureau Veritas audit.

After six months of preparations, Edenred Brazil was recommended by Bureau Veritas for ISO 14001 certification in February 2012, thereby raising the total number of accredited host countries to four.

### 4.2.3.5 Raising employee awareness

Raising employee awareness is a priority focus of Edenred's environmental policy. To facilitate this process, a dedicated intranet platform has been built to educate employees about the environment and other facets of our CSR strategy. A variety of solutions have been introduced, including an "environmental ideas box" where employees can submit proposals to their supervisors.

### Best practices in 2011

This year, Edenred Chile formed an Environmental Committee to develop local action plans to protect the environment. One of its standout initiatives was to launch an awareness campaign in the workplace encouraging employees to save electricity.

### Earth Day

One day every year, corresponding to Earth Day, April 22, is devoted to programs that benefit the environment. In 2011, over 2,800 people in 33 countries benefited from and participated in such programs. This year, the event focused on raising employee awareness about Edenred's own environmental footprint and on paper use in particular. Informative posters were displayed to educate employees about Edenred's energy and water consumption, waste production and paper use. They featured comparative data and presented best practices currently being implemented in the Group's host countries.

Each host country made a contribution. For example, 12 countries organized tree plantings on Earth Day 2011.

## 4.2.3.6 Dialogue with stakeholders

Although its environmental footprint is small, Edenred is acutely aware of the challenges facing its affiliates, customers and beneficiaries. Because Edenred plays a pivotal role in the stakeholder relationship process, it is ideally positioned to nurture constructive dialogue with them, understand their needs and help them implement actions in favor of the environment.

### Best practices in 2011

- For affiliates: Introduced in France through the *Ticket Clean way*® prepaid uniform aftercare card, the "Eco-Pressing" sustainable dry cleaning program encourages affiliates as well as the entire dry cleaning industry to reduce their environmental footprint, improve their practices and thereby meet increasingly strict compliance standards. In 2011, the *Ticket Clean way*® card received an internal innovation award for this program.
- For customers: In India, Edenred launched the Preserve And Protect Environmental Resources (PAPER) campaign on the Internet. Popularized through social media channels, the campaign targeted customers, users and employees by proposing such activities as a paper bag-making contest and a competition to make practical items from used pieces of paper.
- For beneficiaries: Edenred's new product development consistently integrates environmental and social issues, in a commitment to addressing the concerns of modern society. In the Incentive and Rewards product family for example, Edenred promotes merchants who distribute environmentally friendly or organic products in the card or gift voucher affiliated network or who directly market these products in gift catalogues.
- In 2009, *Ticket EcoCheque*® was created at the request of the Belgian government to promote environmentally responsible products and services and enhance beneficiaries' purchasing power. In 2010, the voucher enabled nearly 800,000 users to purchase products through a network of merchants offering eco-friendly solutions.

## 4.2.3.7 Environmental expenditure

The environmental budget of Edenred's subsidiaries amounted to €514,587 in 2011. These funds were dedicated to organizing Earth Day, moving units into compliance with ISO 14001 standards, launching environmental communication campaigns and purchasing recycled paper to print vouchers, catalogues or office documents.

The scope of reporting for these expenditures includes all of the subsidiaries concerned by the environmental report, as well as the environmental budget of the Corporate CSR Department.

## 4.2.3.8 Provisions and guarantees for environmental risks

No material provisions or guarantees were set aside in 2011 for environmental risks.

## 4.2.3.9 Penalties paid following a court ruling on environmental claims

Edenred was not subject to any court rulings on environmental claims in 2011.

## 4.2.3.10 Objectives assigned to foreign subsidiaries

The environmental policy applies to all facilities outside France that are directly operated by Edenred and its subsidiaries.

## 4.2.4 A RESPONSIBLE CORPORATE CITIZEN

In keeping with its corporate values of simplicity and sharing, Edenred engages in local community outreach in all of its host countries. The Group's actions mainly consist of programs tailored to local needs. They are aligned with the Group's operations, which are a part of daily life for local employees and citizens.

Edenred employees are the driving force behind these initiatives, which can take the form of donations, skills support or social welfare programs in which external stakeholders frequently play an active role.

The Group also sponsors a diverse range of projects and non-profit organizations, while at the same time forging long-term partnerships designed to help the needy. A large number of host countries have chosen to support food relief, but also to encourage education and guide the underprivileged back into the job market.

In 2011, Edenred employees dedicated a total of 689 days to sponsorship initiatives on behalf of non-profit projects, and 429 non-profit organizations received Group support. The total amount donated to non-profits in 2011 came to €918,197.

### 4.2.4.1 Eden for All

For the past two years, Edenred has organized an international day of action for employees called "Eden for All". For this occasion, they are encouraged to make a donation to a partner non-profit association or NGO, or to volunteer their time to one or several outreach projects.

In 2011, 33 host countries and 3,634 employees participated in the event. Below are a few examples of the most original contributions:

- Edenred Turkey decided to lend its assistance to victims of the October 23 earthquake in Van Province. A campaign was organized by employees to collect donations to buy shoes for children. The shoes were sent to teachers working in Van Province, where they were then distributed to students;
- this year, Edenred Belgium organized a blood drive for the Belgian Red Cross. It elicited a strong response following a tragic incident that had taken place in Liege just hours before; a lone gunman had opened fire in a crowded square, killing several people and seriously wounding many others. In all, around 30% of local employees had the generous reflex to give blood;
- Edenred Germany held its very first "Eden for All" event. Ten employees from different departments around the Company sponsored winter holiday festivities at a day care center in Munich. They organized a cooking course for the children aligned with the principles of healthy eating;
- in Peru, Eden for All was celebrated in a Fundades orphanage called "La Sagrada Familia" in the Comas District of Lima. The orphanage houses children aged 2 to 12. On this occasion, the Edenred Peru CSR Committee and all the employees gave a marionette show, offered presents to the children, organized a dance contest and collected personal care products for donation to the orphanage.

### 4.2.4.2 Local initiatives

In addition to Eden for All day, many community initiatives are led in partnership with local non-profit associations.

#### *Ticket Restaurant*® collection drive

In France, *Ticket Restaurant*® has been involved in the "Tickets Solidaires" meal program for the past nine years. For every meal voucher donated, four meals are distributed to the needy by the French Red Cross. A total of 50 million meals have been distributed to 750 outreach centers and 100 participating grocery stores through this program. Since 2002, the Edenred France initiative has raised more than €1 million thanks to the generosity of *Ticket Restaurant*® beneficiaries. The French Red Cross meal assistance program is shaped by a commitment to providing humanitarian aid to the needy, while empowering them to become self-sufficient as soon as possible and guaranteeing their access to nutritionally balanced food.

Edenred Belgium has also organized a *Ticket Restaurant*® collection program for the past three years, on behalf of the food relief association Restos du Coeur. For every five meal vouchers donated, Edenred Belgium donates an additional voucher. In 2011, a check for €55,000 representing the equivalent of 18,000 meals was donated to the association.

#### Emergency relief

Following last year's catastrophic events in Japan, Edenred companies in Spain, Austria, Brazil, Belgium and other countries helped the Red Cross to raise emergency relief funds for the country's victims.

#### Responsible marketing

In November 2011, Edenred India took the creative initiative to redesign its service voucher logo with the help of the local community. The subsidiary organized a painting contest called "Art from the Heart" for underprivileged children from three Indian villages. The best paintings were selected to serve as illustrations on the 2012-2013 *Ticket Restaurant*® and *Ticket Compliments*® vouchers. Launched in honor of Children's Day on November 14, this unique program culminated in an awards ceremony for the participants. A total of 275 children sponsored by SOS Children's Villages were able to take part.

#### Employee involvement

In Venezuela, a group of volunteers called "Yo Soy Voluntario" visits hospitals several times a year to bring a little comfort to child and elderly patients. More than 76 Cestaticket volunteers, proudly wearing red balls on their noses as a humorous tribute to Edenred and its symbolic logo, have put smiles on the faces of 3,000 patients.

In Brazil, all of Edenred's initiatives are supported by the Edenred Institute, created in 2003. In 2010, Edenred Brazil sponsored 137 non-profit organizations, mainly to carry out food relief or youth education projects.

## 4.2.5 RECOGNITION

### Ethical index

In recognition of its commitment to corporate social responsibility, Edenred was included in the FTSE4Good international index in 2011. The FTSE4Good Index series has been designed to objectively measure the performance of companies that meet globally recognized corporate responsibility standards. It is published by the same company as the FTSE equity indices. Of the 305 European companies in the FTSE4Good, only 45 are French. Edenred's inclusion in the index is a strong incentive for us to pursue our socially responsible policies.

# 5 CORPORATE GOVERNANCE

# 5.1 ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES

## 5.1.1 MEMBERS OF THE ADMINISTRATIVE AND MANAGEMENT BODIES

### 5.1.1.1 Membership of the Board of Directors

The Board of Directors has 12 members, including seven members who fulfill the independence criteria set out in the AFEP-MEDEF corporate governance code for listed companies dated April 2010.

Since the June 29, 2010 Shareholders' Meeting, the Board of Directors has been comprised of the following members:

*The directors whose names are followed by an asterisk (*) are independent directors.*

**Jean-Paul Bailly***, Chairman of the French Post Office (Groupe La Poste)

- Business address: 47, boulevard de Vaugirard, 75757 Paris cedex 15, France
- Director since June 29, 2010. His term of office expires at the close of the Annual Meeting called to approve the accounts for the year ended December 31, 2011. Pursuant to the recommendation of the Compensation and Appointments Committee, at the Annual Shareholders Meeting on May 15, 2012 the Board of Directors will propose that Mr. Bailly be re-elected as director (see section 8, page 220).
- A graduate of École Polytechnique and the Massachusetts Institute of Technology, Jean-Paul Bailly held various positions with the Paris Transit Authority (RATP), including Manager of the Paris Metro and RER suburban rail system, Human Resources Director, Deputy Chief Executive Officer and then Chairman and Chief Executive Officer. Appointed Chairman of the French Post Office (Groupe La Poste) in 2002, Mr. Bailly has also been Chairman of the Supervisory Board of La Banque Postale since 2006.

**Sébastien Bazin**, Principal, Managing Director Europe of Colony Capital

- Business address: 6, rue Christophe Colomb, 75008 Paris, France
- Director since June 29, 2010. His term of office expires at the close of the Annual Meeting to be called to approve the accounts for the year ending December 31, 2013.
- Sébastien Bazin holds a Master of Science in Management from Université Paris Sorbonne. Before joining Colony Capital in 1997, he served as Vice-President of PaineWebber's mergers and acquisitions group in London and New York, as a Director of Hottinguer Rivaud Finances and lastly as Group Managing Director and General Manager of Immobilière Hôtelière. He has been Managing Director Europe of Colony Capital since 1999.

**Anne Bouverot***, Director General & Member of the Board of the GSM Association

- Business address: 5, New Street Square, London EC4A 3BF, United Kingdom
- Director since June 29, 2010. Her term of office expires at the close of the Annual Meeting to be called to approve the accounts for the year ending December 31, 2012.
- A graduate of École Normale Supérieure and of Télécom Paris, Anne Bouverot was Vice-President, Global Bid Management at Global One from 1996 to 2002. In August 2004, she became Chief of Staff for the Chief Executive Officer of Orange Group and then, in November 2006, Executive Vice-President, International Business Development, at France Telecom. She has also been a Director of Groupama SA since October 2008. In September 2011, she became Director General and Member of the Board of the GSM Association, the international association of mobile network operators.»

**Philippe Citerne***, former Chief Operating Officer of Société Générale

- Business address: Bain&Cy 50, avenue Montaigne, 75008 Paris, France
- Director since June 29, 2010. His term of office expires at the close of the Annual Meeting to be called to approve the accounts for the year ending December 31, 2012.
- After graduating from École Centrale de Paris and holding a number of positions in the French Finance Ministry, Philippe Citerne joined Société Générale in 1979, where he served as Vice-President of Economic Research, Vice-President Finance and Vice-President Human Relations, prior to becoming Director, Deputy Chief Executive Officer and Chief Operating Officer from 1997 to April 2009. He is the Vice-Chairman of the Board of Directors of Accor.

**Gabriele Galateri di Genola***, Chairman of Assicurazioni Generali S.p.A.

- Business address: Piazza Cordusio 2, 20123 Milan, Italy
- Director since June 29, 2010. His term of office expires at the close of the Annual Meeting to be called to approve the accounts for the year ending December 31, 2013.
- Gabriele Galateri di Genola, who has an MBA from Columbia University, held various positions at Saint-Gobain, then at Fiat beginning in 1977. He was appointed Chief Executive Officer of IFIL in 1986 and Chief Executive Officer and General Manager of IFIL in 1993. He was Chairman of Mediobanca until June 2007. Mr. Galateri di Genola was appointed Chairman of Assicurazioni Generali S.p.A. in April 2011.

**Françoise Gri***, Chairman of Manpower France

- Business address: 13, rue Ernest Renan, 92729 Nanterre Cedex, France
- Director since June 29, 2010. Her term of office expires at the close of the Annual Meeting to be called to approve the accounts for the year ending December 31, 2012.
- A graduate of Ensimag, Françoise Gri joined the IBM Group in 1981. She was appointed Director of the e-business solutions Marketing and Sales division of IBM EMEA in 1996, and then Director of Commercial Operations for IBM EMEA in 2000. After serving as Chairman and Chief Executive Officer of IBM France from 2001 to 2007, Ms. Gri has been Chairman of Manpower France since March 2007.

**Roberto Oliveira de Lima*** Managing Partner de Grau Gestão de Ativos et administrateur de Telefonica Brasil

- Business address: Grau Gestão de Ativos Rua Afonso Braz 579 3º andar Vila Nova Conceição São Paulo SP CEP 04511 001, Brazil
- Director since June 29, 2010. His term of office expires at the close of the Annual Meeting to be called to approve the accounts for the year ending December 31, 2012.
- Roberto Lima has an MBA from Fundação Getúlio Vargas University and a master's degree in Strategic Planning from Institut Supérieur des Affaires – Groupe HEC. He held various management positions in information technology and finance with Rhodia and Saint Gobain before joining the Accor Group where, over a period of 17 years, he successively held the positions of Treasury Manager, Chief Financial Officer and Executive Vice-President. From 1999 to 2005, Mr. Lima was the Chairman and Chief Executive Officer of the Credicard Group in Brazil. Since November 7, 2011 he has been a member of the Board of Directors of Telefônica Brasil S.A.

**Bertrand Meheut***, Chairman of the Canal+ Group Executive Board

- Business address: 1, place du Spectacle, 92130 Issy Les Moulineaux, France
- Director since June 29, 2010. His term of office expires at the close of the Annual Meeting called to approve the accounts for the year ended December 31, 2011. Pursuant to the recommendation of the Compensation and Appointments Committee, at the Annual Shareholders Meeting on May 15, 2012 the Board of Directors will propose that Mr. Meheut be re-elected as director (see section 8, page 220).
- A graduate of École des Mines de Paris, Bertrand Meheut spent most of his career with Rhône-Poulenc and later Aventis CropScience, serving as Deputy Chief Operating Officer, Europe, in charge of corporate services for the Agro division, and then successively as Chief Executive Officer of the German subsidiary, Deputy Chief Executive Officer of Rhône-Poulenc Agro and Executive Vice-President and Chief Operating Officer Europe. Following the merger of Rhône-Poulenc and Hoechst to form Aventis, Mr. Meheut was appointed Chief Executive Officer of Aventis CropScience. He joined Canal+ Group in 2002 and is currently Chairman of its Executive Board.

**Virginie Morgon**, Member of the Eurazeo Executive Board

- Business address: 32, rue de Monceau, 75008 Paris, France
- Director since June 29, 2010. Her term of office expires at the close of the Annual Meeting called to approve the accounts for the year ended December 31, 2011. Pursuant to the recommendation of the Compensation and Appointments Committee, at the Annual Shareholders Meeting on May 15, 2012 the Board of Directors will propose that Ms. Morgon be re-elected as director (see section 8, page 220).
- Virginie Morgon graduated from Institut d'Études Politiques de Paris and holds a master's degree in economics and management from Bocconi University in Milan. A member of the Eurazeo Executive Board since January 2008, she co-leads the investment team. After working as an investment banker in New York and London and then Paris from 1991 to 2000, she was a senior partner of Lazard Frères et Cie, Paris, from 2001 to 2007.

**Nadra Moussalem**, Principal of Colony Capital Europe

- Business address: 6, rue Christophe Colomb, 75008 Paris, France
- Director since June 29, 2010. His term of office expires at the close of the Annual Meeting called to approve the accounts for the year ended December 31, 2011. Pursuant to the recommendation of the Compensation and Appointments Committee, at the Annual Shareholders Meeting on May 15, 2012 the Board of Directors will propose that Mr. Moussalem be re-elected as director (see section 8, page 220).
- A graduate of École Centrale de Lyon, Nadra Moussalem joined Colony Capital in 2000 where he is currently a Principal of Colony Capital Europe responsible for the identification, evaluation, consummation and management of new European investments.

**Patrick Sayer**, Chairman of the Executive Board of Eurazeo

- Business address: 32, rue de Monceau, 75008 Paris, France
- Director since June 29, 2010. His term of office expires at the close of the Annual Meeting to be called to approve the accounts for the year ending December 31, 2013.
- A graduate of École Polytechnique and École des Mines de Paris, Patrick Sayer was a senior partner at Lazard Frères et Cie in Paris and Managing Director of Lazard Frères & Co in New York. He participated in the creation of Fonds Partenaires from 1989 to 1993 and later helped redefine the investment strategy of Gaz et Eaux, which was subsequently renamed Eurazeo. He has been Chairman of Eurazeo's Executive Board since May 2002.

**Jacques Stern**, Chairman and Chief Executive Officer of Edenred

- Business address: 166-180, boulevard Gabriel Péri, 92245 Malakoff Cedex, France
- Director since June 29, 2010, Chairman and Chief Executive Officer. His term of office expires at the close of the Annual Meeting to be called to approve the accounts for the year ending December 31, 2013.
- A graduate of École Supérieure de Commerce de Lille and a certified public accountant, Jacques Stern began his career as an auditor with Price Waterhouse. He joined Accor in 1992 as head of the Consolidation Department and then held various other finance positions before becoming Finance Director in 2003. In March 2005, he became member of the Accor Management Board in charge of Finance.

In 2006, Jacques Stern was appointed Chief Financial Officer, Executive Vice-President in charge of Purchasing & Information Systems, and Member of the Executive Committee. In 2009, he became Senior Executive Vice-President and Chief Financial Officer in charge of Finance, Strategy, Hotel Business Development, Information Systems and Purchasing.

On December 15, 2009, he was appointed Deputy Chief Executive Officer in charge of Accor Services and Finance.

On June 29, 2010, he was named Chairman and Chief Executive Officer of the Edenred Group.

There are no family relationships between the members of the Board of Directors.

No loans or guarantees have been granted or issued by the Company in favor of any member of the Board of Directors. No assets that are necessary for the conduct of the Company's business are owned by a director or a member of his or her family.

There are no potential conflicts of interests between any duties to Edenred of the members of the Company's administrative, management of supervisory bodies or the members of senior management and their private interests.

To the best of the Company's knowledge, in the last five years:

- No director has been convicted of any fraudulent office.
- No director has been associated with any bankruptcy, receivership or liquidation.
- No director has been the subject of any official public incrimination and/or sanction by any statutory or regulatory authority.
- No director has been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of an issuer or from acting in the management or conduct of the affairs of any issuer.

### 5.1.1.2 Members of the Executive Committee

The members of the Executive Committee are:

#### Jacques Stern

Chairman and Chief Executive Officer

#### Jean-Louis Claveau

Chief Operating Officer, Hispanic Latin America and North America

#### Laurent Delmas

Chief Operating Officer, France

#### Philippe Dufour

Vice-President, Strategy & Development

#### Arnaud Erulin

Chief Operating Officer, Central Europe and Scandinavia

#### Graziella Gavezotti

Chief Operating Officer, Italy

#### Loïc Jenouvrier

Vice-President, Finance and Legal Affairs

#### Philippe Maurette

Vice-President, Human Resources

#### Oswaldo Melantonio Filho

Chief Operating Officer, Brazil

#### Laurent Pellet

Chief Operating Officer, Southern Europe and South Africa

#### Bernard Rongvaux

Chief Operating Officer, Northern Europe, Middle East and Africa

#### Éliane Rouyer-Chevalier

Vice-President, Corporate Communication, Investor Relations and Corporate Social Responsibility

### 5.1.1.3 Other directorships and positions held by the members of the Board of Directors

The following details of other directorships and positions held by members of the Board of Directors are based on the information provided to the Company by the individuals concerned.

#### Jean-Paul Bailly (number of Edenred shares: 600)

**Directorships and positions held as of December 31, 2011:**

Chairman and Chief Executive Officer of the French Post Office (Groupe La Poste).

Permanent representative of La Poste on the Board of Directors of GeoPost.

Permanent representative of La Poste on the Board of Directors of Sofipost.

Chairman of the Supervisory Board of La Banque Postale.

Director of Sopassure.

Member of the Supervisory Board of La Banque Postale Asset Management.

Director of CNP Assurances, a listed company.

Permanent representative of La Poste on the Board of Directors of Poste Immo.

Permanent representative of La Poste on the Board of Directors of Xelian.

Director of GDF Suez (a listed company), representing the French State.

Director of Accor and Edenred, listed company.

**Directorships and positions held in the last five years:**

Permanent representative of La Poste on the Board of Directors of SF 12.

Director of Systar.

Legal Manager of Financière Systra.

Permanent representative of La Poste on the Board of Directors of Groupement des Commercants du Grand Var intercompany partnership.

#### Sébastien Bazin (number of Edenred shares: 1,000)

**Directorships and positions held as of December 31, 2011:**

*France*

Chairman and Chief Executive Officer of Société d'Exploitation Sports et Événements.

Chairman and Chief Executive Officer of Holding Sports et Événements.

Director of Accor, Edenred and Carrefour, listed companies.

Member of the Supervisory Board of ANF (Les Ateliers du Nord de la France).

Chairman of Colillkirch France SAS, Colfilm SAS, Bazeo Europe SAS and Colony Capital SAS.

Chief Executive Officer of Toulouse Canceropole and ColSpa SAS.

Legal Manager of CC Europe Invest SARL.

Managing Partner of SCI Nina.

Permanent representative of Colony Capital SAS as Chairman of the Board of ColSpa SAS.

*Luxembourg*

Chief Executive Officer of Sisters Soparfi SA.

*Switzerland*

Legal Manager of La Tour SARL.

Director of La Tour Réseau de Soins SA.

Permanence of Clinique de Carouge.

### Directorships and positions held in the last five years:

Vice-Chairman and member of the Supervisory Board of Groupe Lucien Barrière.

Vice-Chairman and member of the Supervisory Board of Buffalo Grill.

Chairman of the Board of Directors of Paris Saint Germain Football.

Chairman of the Board of Directors of Chateau Lascombes.

Chairman and Chief Executive Officer of Lucia.

Legal Manager of Colony Le Chalet EURL, Colony Santa Maria SNC, Colony Santa Maria EURL, Colony Pinta SNC, Immobilière Lucia et Compagnie, Lucia 92 et Compagnie, Immobiloisir Serre Chevalier and Colmassy SARL.

Chairman of Colbison SAS, SAIP, SAS Spazio, Coladria SAS, Front de Seine Participations, Lucia Investissement SAS and Colwine SAS.

Chairman of RSI SA (Belgium).

Chairman of the Supervisory Board of Paris Saint Germain Football.

Director of Moonscoop IP.

## Anne Bouverot (number of Edenred shares: 500)

### Directorships and positions held as of December 31, 2011:

Director of Edenred, a listed company.

Member of the Board of Directors of GSMA, the international association of mobile network operators as Director General of GSMA (since September 2011).

Member of the Board of Directors of GSMA Ltd, GSMA's event-management subsidiary (since September 2011).

Director of Groupama SA, a listed company, Member of the Audit Committee (since October 2008) and Chairman of the Agreements Committee (since October 2011).

Chairman of the Agreements Committee of Groupama SA (since October 2011).

### Directorships and positions held in the last five years:

Chairman of France Telecom North America.

Member of the France Telecom Orange Scientific Advisory Board.

Director of Orange SA.

Representative of France Telecom Orange on the Board of Directors of GSMA.

## Philippe Citerne (number of Edenred shares: 500)

### Directorships and positions held as of December 31, 2011:

*France*

Non-executive Chairman of the Board of Telecom & Management SudParis (research institute).

Chairman of Systèmes Technologiques d'Échanges et de Traitement (STET).

Director of Accor, Sopra Group and Edenred, listed companies.

Director of Rexecode, a non-profit organization

Member of the Supervisory Board of MK2.

### Directorships and positions held in the last five years:

*France*

Chief Operating Officer of Société Générale.

Representative of Société Générale on the Supervisory Board of Fonds de Garantie des Dépôts.

*Russia*

Director of Rosbank.

## Gabriele Galateri di Genola (number of Edenred shares: 500)

### Directorships and positions held as of December 31, 2011:

*Brazil*

Director and Member of the Compensation Committee of Tim Participações SA, a listed company.

Chairman of Tim Brasil Serviços e Participaçoes S.A. (since February 12, 2010).

*France*

Director and Member of the Compensation and Appointments Committee of Edenred, a listed company.

*Italy*

Chairman of Assicurazioni Generali S.p.A, a listed company.

Director and Member of the Compensation Committee of Telecom Italia S.p.A, a listed company.

Chairman of the Board of Directors of Istituto Italiano di Tecnologia (ITT), Rome.

Director of Accor Hospitality Italia S.r.l., Banca Carige, a listed company, Italmobiliare S.p.A, a listed company, Banca Cassa di Risparmio di Savigliano, Azimut-Benetti S.p.A, Accademia Nazionale di Santa Cecilia, Fondo per l'Ambiente Italiano (FAI), General Council of Fondazione Ravello, Saipem S.p.A., a listed company and Studium Generale Marcianum in Venice.

Member of the General Council of Fondazione Ravello, the Executive Committee of the Board of Directors and the Management Committee of Unione degli Industriali di Napoli, the Executive Committee and Board of Directors of Confindustria, the Board of Directors of Assolombarda, the International Advisory Board of Columbia Business School and the General Council and Executive Committee of Fondazione Giorgio Cini.

### Directorships and positions held in the last five years:

*Germany*

Member of the Central Advisory Board of Commerzbank.

*Brazil*

Chairman of Tim Participações SA.

*France*

Director of Worms & Cie.

Member of the Supervisory Board of Accor.

Director and Member of the Commitments Committee of Accor.

*Italy*

Chairman of Mediobanca S.p.A., Business Solutions S.p.A., CiaoWeb S.r.l., Emittente Titoli S.p.A, Fiat Auto S.p.A.

Chairman of Telecom Italia S.p.A.

Vice-Chairman and Chief Executive Officer of Egidio Galbani S.p.A.

Director of Alpitour Italia S.p.A., Atlanet S.p.A., Birra Peroni Industriale S.p.A., IFI S.p.A., La Rinascente S.p.A., Siemens Italia, Toro Assicurazioni S.p.A. Chief Executive Officer of Fiat S.p.A., Ifil S.p.A., the European Institute of Oncology (EIO), Fiera di Geneva S.p.A., Banca Esperia S.p.A., the new Roman business federation and Fondazione Rosseli, Turin.

Director and Member of the Management Board of Assonime.

Director and Member of the Executive Committee of Sanpaolo IMI S.p.A. Consigliere Accomandatario of Giovanni Agnelli & C. Sapaz.

Representative of Mediobanca, member of the Gemina S.p.A. and GIM S.p.A. shareholders' pacts.

Chairman of the Centro Cardiologico Monzino and European Institute of Oncology.

Director of Pirelli & C. S.p.A..

Member of the Pirelli & C. S.p.A. shareholders' pacts.

Vice-Chairman of RCS Mediagroup.

Vice-Chairman of Assicurazioni Generali S.p.A.

*Luxembourg*

Director of Sanpaolo IMI Investments.

Director of Exor Group.

Chief Executive Officer of Eurofind SA.

*Netherlands*

Chairman of Fiat Auto Holding B.V. and Iveco N.V.

Director of CNH Global N.V. and New Holding For Turism B.V.

Director of Ferrari S.p.A.

*United Kingdom*

Director of Arjo Wiggins Appleton.

Member of the International Advisory Board of Morgan Stanley.

*Switzerland*

Vice-Chairman of IHF Internationale Holding Fiat SA.

Director of San Faustin N.V.

## Françoise Gri (number of Edenred shares: 1,947)

### Directorships and positions held as of December 31, 2011:

Chairman of ManpowerGroup France & Southern Europe.

Executive Vice-President, ManpowerGroup, a listed company.

Member of the Supervisory Board of Rexel, a listed company.

Director of Edenred, a listed company.

Member of the Ethics Committee of MEDEF.

Vice-Chairman and Member of the Advisory Council of the Institut de l'Entreprise.

Vice-Chairman of GPS.

Advisor to the Conseil Économique, Social et Environnemental.

### Directorships and positions held in the last five years:

Chairman and Chief Executive Officer of IBM France.

Member of the Board of Directors of STX.

Vice-Chairman of Fondation Agir Contre l'Exclusion.

Member of the Board of Directors of École Centrale de Paris.

## Roberto Oliveira de Lima (number of Edenred shares: 1,000)

### Directorships and positions held as of December 31, 2011:

Director of Edenred, a listed company.

Member of the Board of Directors of Telefônica Brasil S.A., a listed company (since November 7, 2011).

### Directorships and positions held in the last five years:

Chairman and Chief Executive Officer of Telemig Celular Participações S.A.

Chairman and Chief Executive Officer of Telemig Celular S.A.

Chairman and Chief Executive Officer of Vivo Participações S.A.

Chairman and Chief Executive Officer of Vivo S.A.

Chairman and Chief Executive Officer of Portelcom Participações S.A.

Chairman and Chief Executive Officer of Ptelecom Brasil S.A.

Chairman and Chief Executive Officer of TBS Celular Participações Ltda.

## Bertrand Meheut (number of Edenred shares: 500)

### Directorships and positions held as of December 31, 2011:

Chairman of the Management Board of Canal+ France, a listed company.

Member of the Management Board of Vivendi, a listed company.

Member and Chairman of the Executive Board of Groupe Canal+.

Member and Chairman of the Board of Directors of Canal+, a listed company.

Member and Chairman of the Supervisory Board of StudioCanal.

Permanent representative of Canal+ France as Managing Partner of Kiosque.

Member of the Management Board of Canal Overseas.

Permanent representative of Groupe Canal+ as joint Legal Manager of Canal+ Editions.

Permanent representative of Groupe Canal+ on the Board of Directors of Sport+.

Chairman of Canal+ Regie.

Member of the Board of Directors of Accor and Edenred, a listed companies, Cinémathèque and Aquarelle.

#### Directorships and positions held in the last five years:

Chairman and Chief Executive Officer of Canal+.

Chairman of the Board of Directors of Canal+ Distribution and StudioCanal.

Permanent representative of Canal+ and as Legal Manager of NPA Production.

Director of Multithématiques, CanalSatellite (renamed Canal+ Distribution)

Chairman of Canal+ Active.

Director of SFR.

Chairman of Kiosque Sport.

Chairman of the Board of Directors of Canal+ International Development.

Permanent representative of Canal+ on the Board of Directors of Canal+ Finance.

Member and Chairman of the Management Board of Canal+ Regie.

### Virginie Morgon (number of Edenred shares: 500)

#### Directorships and positions held as of December 31, 2011:

***Germany***

Chairman of the Supervisory Board of Apcoa Parking AG.

Chairman of the Advisory Board of Apcoa Parking Holdings GmbH.

Managing Director of Apcoa Group GmbH.

***France***

Member of the Executive Board of Eurazeo, a listed company.

Chief Executive Officer of LH Apcoa.

Director of Accor and Edenred, listed companies.

Member of the Board of Directors of the Women's Forum for the Economy & Society (WEFCOS).

Chairman of the Supervisory Board of Eurazeo PME and OFI Private Equity Capital

***Italy***

Chairman of the Board of Directors of Broletto 1 S.r.l.

Legal Manager of Euraleo.

Legal Manager of Intercos S.p.A.

Vice-Chairman of the Board of Directors of Moncler S.r.l.

#### Directorships and positions held in the last five years:

Vice-Chairman of the Advisory Board of Apcoa Parking Holdings GmbH (Germany).

Chairman of the Supervisory Board of the B&B Hotels Group.

Senior Partner of Lazard Frères & Cie.

Member of the Board of Directors of Club L-Femmes Forum.

Permanent representative of Eurazeo on the Board of Directors of LT Participations.

### Nadra Moussalem (number of Edenred shares: 500)

#### Directorships and positions held as of December 31, 2011:

***France***

Director and Member of the Audit and Risk Committees of Edenred, a listed company.

***Spain***

Director of Distribuidora Internacional de Alimentación (since July 5, 2011).

***Luxembourg***

Legal Manager of Cedar Trust SARL.

Director of Sisters Soparfi SA.

#### Directorships and positions held in the last five years:

Member of the Management Committee of Front de Seine Participations SAS.

### Patrick Sayer (number of Edenred shares: 500)

#### Directorships and positions held as of December 31, 2011:

***Germany***

Member of the Advisory Board of Apcoa Parking Holdings GmbH.

***France***

Chairman of the Executive Board of Eurazeo, a listed company.

Chairman of the Supervisory Board of ANF Immobilier, a listed company.

Chairman of the Board of Directors of Europcar Group.

Director of Holdelis.

Chief Executive Officer of Legendre Holding 19, Immobilière Bingen and Legendre Holding 8.

Legal Manager of Investco 3d Bingen (non-trading company).

Chairman of Eurazeo Capital Investissement (formerly Eurazeo Partners SAS).

Vice-Chairman of the Supervisory Board of Rexel SA, a listed company.

Director of Accor and Edenred, listed companies.

*Italy*

Director of Gruppo Banca Leonardo.

Director of Moncler S.r.l.

*United Kingdom*

Director of Colyzeo Investment Advisors.

### Directorships and positions held in the last five years:

Vice-Chairman of the Supervisory Board of ANF Immobilier.

Legal Manager of Euraleo S.r.l. (Italy).

Permanent representative of ColAce SARL on the Supervisory Board of Groupe Lucien Barrière.

Chairman of the Board of Directors of Legendre Holding 18.

Chairman, Vice-Chairman and member of the Supervisory Board of the B&B Hotels Group.

Chairman of the Supervisory Board of the Fraikin Group.

Chairman of the Board of Directors of BlueBirds Participations SA (Luxembourg).

Director of Rexel Distribution SA, Eutelsat SA, Eutelsat Communications, Ipsos, RedBirds Participations SA (Luxembourg), Rexel SA (formerly Ray Holding SAS), Ray Acquisition SAS and SASP Paris-Saint Germain Football.

Chief Executive Officer of Legendre Holding 11.

Member of the Supervisory Board of Presses Universitaires de France.

Chairman of Association Française des Investisseurs en Capital (AFIC).

Member of the Board of Lazard LLC (United States).

Managing Partner of Partena.

Legal Manager of Investco 1 Bingen (non-trading company).

Chairman of the Advisory Board of Apcoa Parking Holdings GmbH (formerly Perpetuum Beteiligungsgesellschaft mbH) (Germany).

Chairman of the Supervisory Board of Apcoa Parking AG (formerly AE Holding AG) (Germany).

Member of the Supervisory Board of SASP Paris-Saint Germain Football.

## Jacques Stern (number of Edenred shares: 12,211)

### Directorships and positions held as of December 31, 2011:

*France*

Chairman and Chief Executive Officer of Edenred, a listed company.

Member of the Supervisory Committee of Lyeurope SAS.

*Italy*

Director of Edenred Italia S.r.l.

### Directorships and positions held in the last five years:

*France*

Deputy Chief Executive Officer of Accor.

Chairman and Chief Executive Officer of ASM .

Chairman of Edenred Participations  and IBL .

Representative of Accor as Chairman of ASH .

Legal Manager of Sodetis .

Director of Club Méditerranée .

Permanent representative of Accor on the Supervisory Board of Groupe Lucien Barrière , then member of the Supervisory Board of Groupe Lucien Barrière .

Permanent representative of Accor on the Board of Directors of Accor.com , Société Française de Participations et d'Investissements Européens  and Devimco .

Permanent representative of IBL on the Board of Directors of Société de Participation et d'Investissements de Motels .

Permanent representative of Saminvest on the Board of Directors of Accor.com .

Permanent representative of Soparac on the Board of Directors of Go Voyages .

*Austria*

Member of the Supervisory Board of Accor Austria AG .

*Belgium*

Managing Director of Accordination .

Representative of Soparac on the Board of Directors of Edenred Belgium .

*Brazil*

Director of Hotelaria Accor Brasil .

Director of Ticket Serviços .

*United States*

Chairman of IBL, LLC .

Director of Carousel Hotel Corporation , Red Roof Inn , Accor Lodging North America, Inc.  and Accor North America, Inc. .

*Italy*

Director of Accor Hospitality Italia S.r.l. , Scapa Italia S.r.l. , Accor Partepazioni Italia S.r.l. .

*Switzerland*

Chairman of Sodenos .

## 5.1.2 PRACTICES OF THE ADMINISTRATIVE AND MANAGEMENT BODIES

### 5.1.2.1 Practices and powers of the Board of Directors

#### Membership of the Board of Directors (Article 12 of the bylaws)

The Company is administered by the Board of Directors with at least three and no more than eighteen members, except where otherwise permitted pursuant to the law, particularly following a merger.

The age limit for holding office as a director is 75. Directors who reach the age of 75 are deemed to have automatically resigned at the close of the first Shareholders Meeting held after their 75th birthday.

In addition, no more than one third of the Board members may be aged over 70.

These age limits also apply to the permanent representatives of corporate directors.

If, as a result of a director reaching the age of 70, the one-third proportion referred to above is exceeded, the oldest director will be deemed to have automatically resigned with immediate effect.

Directors are elected on the basis prescribed by law by ordinary resolution of the Shareholders Meeting, for a four-year term. They may be re-elected.

Exceptionally, shareholders may decide to elect one or more directors for a term of less than four years so that Board members retire by rotation.

If one or more seats on the Board become vacant, the Board of Directors may provisionally appoint directors to fill said seats, subject to ratification at the next Ordinary Shareholders Meeting, on the basis prescribed by law.

A decision by shareholders not to ratify the appointment would not invalidate the Board's decisions and actions during the period up to said Meeting.

Directors are appointed by the Board to fill a vacant seat for the remainder of the previous director's term.

For as long as the Company's shares are traded on a regulated market, each director is required to hold 500 registered Edenred shares.

#### Powers of the Board of Directors (Article 13 of the bylaws)

The Board of Directors decides the Company's strategy and oversees its implementation. It examines all issues relating to the efficient conduct of the business and makes all decisions concerning the Company, within the limits of the corporate purpose and except for those decisions that, by law, can only be made by shareholders in General Meeting.

In addition to those matters which, by law, require the Board's prior authorization, the Board of Directors' bylaws list the decisions of the Chief Executive Officer or the Chief Operating Officers that can only be made with the Board's authorization (see section 5.1.2.2 of this Registration Document page 80).

The Board of Directors may decide to issue bonds in accordance with the provisions of the law, and may give a one-year authorization to one or several of its members, or to the Chief Executive Officer or, with the latter's agreement, to one or more Chief Operating Officers, to carry out bond issues and set the related terms and conditions on the Board's behalf.

The Board of Directors may assign specific permanent or temporary responsibilities to one or more of its members or to any person outside the Board.

It may decide to set up Committees tasked with examining issues submitted to them by the Board or its Chairman. These Committees report to the Board, which decides on their membership and terms of reference. On June 29, 2010, the Board set up an Audit and Risks Committee, a Commitments Committee and a Compensation and Appointments Committee (see section 5.1.2.5 of this Registration Document page 82).

#### Quorum and majority (Article 15 of the bylaws)

The Board of Directors can validly conduct business provided that at least half of its members are present.

Directors who participate in meetings by videoconference or any other appropriate telecommunication system on the basis allowed by the applicable laws and regulations may be taken into account in the calculation of the quorum and voting majority, by decision of the Board.

Directors may give proxy to another director, in writing, to represent them at a Board meeting, provided that no director may represent more than one fellow director at any given meeting.

Decisions of the Board are made by a majority vote of the directors present or represented.

In the case of a split decision, the Chairman has the casting vote.

#### Decisions of the Board of Directors (Article 15 of the bylaws)

The Board of Directors meets as frequently as necessary in the Company's interest. Meetings are called by the Chairman and are held at the Company's headquarters or at any other venue specified by the Chairman.

Meetings may be called by any method, including orally, by the Chairman, or by the Board Secretary at the Chairman's request.

Meetings may also be held at the request of at least one-third of the directors or the Chief Executive Officer, to discuss a specific agenda.

If the Chairman is unable to fulfill his duties, meetings may be called by the director appointed as acting Chairman or by the Vice-Chairman (or one of the Vice Chairmen) or by the Chief Executive Officer if he sits on the Board.

Meetings are chaired by the Chairman of the Board or, in his absence, by the Vice-Chairman (or one of the Vice Chairmen) or by any other director designated by the Board.

The Chief Executive Officer, the Chief Operating Officer, other members of management, the members of the Strategy and Development Department, the Auditors or any other person with specific knowledge of the matters concerned may be invited by the Chairman to attend all or part of a Board meeting.

Directors and all other persons invited to attend Board meetings are required to treat all information disclosed during the meeting as strictly confidential and generally act with discretion.

### 5.1.2.2 Board of Directors' bylaws

At its meeting on June 29, 2010, the Board of Directors adopted bylaws describing its procedures and practices. These bylaws are in addition to the legal and regulatory provisions applicable to Boards of Directors and the relevant provisions of the Company's bylaws. They specify the Board's organizational and operational framework, as well as the powers and responsibilities of the Board and the Committees of the Board (see section 5.1.2.5 Committees of the Board of Directors page 82 for a description of these Committees).

#### Independent directors (Article 1 of the Board of Directors' bylaws)

At least half of the members of the Board of Directors are independent based on the criteria set forth in the AFEP/MEDEF Corporate Governance Code for Listed Companies dated April 2010.

Every year, the Board of Directors assesses each director's independence in relation to these criteria. The conclusions of the assessment are disclosed to shareholders and the public in the Annual Report.

#### Board meetings (Article 2 of the Board of Directors' bylaws)

The Board of Directors generally holds at least five meetings a year, including one to review the budget and one to conduct a strategic review of the Group's operations. The proposed dates of each year's meetings are sent to the directors no later than November 30 of the previous year. Meetings are called by mail, e-mail or fax or verbally by the Secretary to the Board.

Part of at least one meeting a year is devoted to assessing the Board's efficiency and effectiveness, to identify possible areas for improvement. In addition, the Board of Directors conducts a formal self-assessment at least once every three years.

For the purpose of calculating the quorum and voting majority, directors who take part in meetings by any method that allows them to be identified and to take an active part in the discussion are considered as being physically present, in accordance with the applicable laws and regulations.

#### Information given to the Board (Article 3 of the Board of Directors' bylaws)

The directors are provided with all the information they consider necessary to fulfill their duties.

Before each meeting, directors are sent a meeting file containing background information on all agenda items that need to be examined in advance, unless this is impossible for confidentiality or practical reasons.

In addition, the directors are kept regularly informed between meetings of all significant events and transactions in the life of the Group. In particular, they receive copies of all press releases issued by the Company and a periodic summary of financial analysts' research reports on the Group and, when necessary, the actual reports.

The Board is informed at least once a year of the Group's strategy and main policies in the areas of Human Resources, organization and information systems, and discusses these strategies and policies at periodic intervals. The Board is also informed on a regular basis of the Company's financial communications strategy.

The directors can ask the Chairman and Chief Executive Officer for copies of any additional documents that they consider necessary to make an informed contribution to Board discussions. The Chairman and Chief Executive Officer may ask the Board for its opinion before supplying the documents concerned.

The directors can ask the Chairman and Chief Executive Officer to arrange for them to meet with members of senior management, with or without the executive director being present.

#### Restrictions on senior management's powers (Article 4 of the Board of Directors' bylaws)

In addition to the matters requiring the Board's prior authorization under the law, particularly Articles L.225-35 and L.225-38 of France's Commercial Code, the Board has decided to impose the same requirement for the following:

- approval of the annual budget;
- financial commitments (defined as commitments related to the purchase or sale of assets or majority or minority interests, direct investments, lease commitments, loans or advances to entities in which the Company or one of its subsidiaries does not hold the majority of the shares and voting rights, and commitments to participate in share issues by such entities) in excess of €50 million. However, the Chairman and Chief Executive Officer may contract bank loans for up to €250 million without the Board's specific prior authorization, provided that the loan fits in with the Group's Board-approved financing strategy;
- transactions affecting the Group's strategy or business scope;
- share buybacks in excess of €1 billion in any given year;
- bond issues governed by Article L.228-40 of France's Commercial Code for an amount in excess of €1 billion.

### Vice-Chairman of the Board of Directors (Article 5 of the Board of Directors' bylaws)

Article 14 of the Company's bylaws allows for the appointment by the Board of one or two Vice Chairmen to lead Board meetings in the Chairman's absence.

Article 5 of the Board of Directors' bylaws states that the Vice-Chairman or Vice Chairmen are selected from among the independent directors and appointed for their term as director.

In addition to the role vested in him or her by the Company bylaws, the Vice-Chairman acts as the preferred contact for the other independent directors. Whenever necessary and at least once a year, he or she organizes and leads a meeting reserved exclusively for independent directors to allow them to discuss certain issues outside full Board meetings.

The Vice-Chairman also ensures that requests from shareholders not represented on the Board are answered, makes him or herself available to hear their comments and suggestions and, where possible, answers their questions after consulting the Chairman and Chief Executive Officer. The Board of Directors is informed by the Vice-Chairman about all of his or her contacts with shareholders.

## 5.1.2.3 Chairman of the Board of Directors

### Appointment of the Chairman of the Board of Directors (Article 14 of the bylaws)

The Board of Directors elects one of its members, a natural person, to serve as Chairman, for the duration of his or her term as director. The Chairman may be re-elected to this position.

The age limit for holding office as Chairman is 70. If the Chairman reaches the age of 70 during his or her term, he or she is considered as having automatically resigned from this position at the close of the first Shareholders Meeting held after his or her 70th birthday.

### Role and responsibilities of the Chairman of the Board of Directors (Article 14 of the bylaws)

The Chairman's role and responsibilities are specified in the applicable laws and the Company's bylaws.

He or she chairs meetings of the Board of Directors, organizes and leads the work of the Board, and reports to shareholders on the Board's work at General Meetings.

He or she also ensures that the Company's administrative, management and supervisory bodies function efficiently and that the directors are in a position to fulfill their duties.

The Chairman chairs Shareholders Meetings and prepares the reports to shareholders required by law. The Board of Directors may decide to combine the functions of Chairman and Chief Executive Officer, either when the Chairman is appointed or subsequently, in which case the Chairman is concerned by the provisions of the law and the Company's bylaws applicable to the Chief Executive Officer.

## 5.1.2.4 Executive Management

### Organization of executive management (Article 17 of the bylaws)

In accordance with the law, the Company is managed by and under the responsibility of the Chairman and Chief Executive Officer or by a Chief Executive Officer appointed by the Board.

The decision to separate or combine the positions of Chairman and Chief Executive Officer is made by a majority vote of the directors present or represented at the relevant Board meeting.

At the Board's discretion, this decision may apply until such time as the Board decides otherwise, by a majority vote of the directors present or represented at the meeting.

If the Chairman of the Board is also the Chief Executive Officer, the following provisions of the bylaws apply to the Chairman.

### Appointment of the Chief Executive Officer (Article 18 of the bylaws)

When the Board of Directors chooses to separate the duties of Chairman and those of Chief Executive Officer, it appoints the Chief Executive Officer from among the directors or from outside the Board, it fixes the duration of his or her term of office, which cannot, should the case arise, exceed the term of his or her duties as director, it determines his or her compensation and, if necessary, the limits of his or her powers.

The age limit for holding office as a Chief Executive Officer is 65. If the Chief Executive Officer reaches the age of 65 during his or her term, he or she is deemed to have automatically resigned from this position at the close of the first Shareholders Meeting held after his or her 65th birthday.

### Powers of the Chief Executive Officer (Article 18 of the bylaws)

The Chief Executive Officer has the broadest powers to act in all circumstances in the Company's name, within the limits of the corporate purpose and except for those powers that the law specifically attributes to the Shareholders Meeting or the Board of Directors.

He or she represents the Company in its dealings with third parties.

The actions of the Chief Executive Officer are binding on the Company, even when they fall outside the corporate purpose, unless the Company can prove that the third party knew or, under the circumstances, could not fail to be aware that this was the case. The fact that the bylaws have been published does not constitute adequate proof.

The Chief Executive Officer may be authorized by the Board of Directors to issue deposits, endorsements or guarantees on the Company's behalf, up to a maximum amount specified by the Board. Any such authorization may not be given for a period of more than one year, whatever the duration of the guaranteed commitments.

The Chief Executive Officer and the Chief Operating Officers may delegate their authority to any persons of their choice, with or without the right of substitution, subject to the restrictions provided for by law.

### Chief Operating Officers (Article 19 of the bylaws)

The Board of Directors may appoint up to five natural persons as Chief Operating Officers to assist the Chief Executive Officer, at the latter's request.

The age limit for holding office as a Chief Operating Officer is 65. If a Chief Operating Officer reaches the age of 65 during his or her term, he or she is deemed to have automatically resigned from this position at the close of the first Shareholders Meeting held after his or her 65th birthday.

The extent and duration of the Chief Operating Officers' powers is determined by the Board of Directors in agreement with the Chief Executive Officer.

However, in their dealings with third parties, the Chief Operating Officers have the same powers as the Chief Executive Officer.

If the position of Chief Executive Officer becomes vacant for whatever reason, the Chief Operating Officers continue to fulfill their duties and responsibilities until a new Chief Executive Officer is appointed, unless the Board of Directors decides otherwise.

## 5.1.2.5 Committees of the Board of Directors

The Board of Directors may decide to set up Committees tasked with examining issues submitted to them by the Board or its Chairman. These Committees report to the Board, which decides on their membership and terms of reference. There are currently three Committees of the Board of Directors – the Audit and Risks Committee, the Commitments Committee and the Compensation and Appointments Committee. Their rules of procedure are included in the Board of Directors' bylaws.

### Audit and Risks Committee

#### Members

The members of the Audit and Risks Committee are Philippe Citerne, Jean-Paul Bailly, Anne Bouverot, Virginie Morgon and Nadra Moussalem.

It is chaired by Philippe Citerne, who is an independent director.

All of its members have expert knowledge of financial and accounting matters and three of the five are considered by the Board of Directors as being independent directors.

#### Terms of reference

The Audit and Risks Committee is responsible for ensuring that the accounting policies applied for the preparation of the annual and consolidated financial statements are appropriate and applied consistently from one period to the next. Its terms of reference also include checking that internal reporting and control procedures provide adequate assurance concerning the reliability and completeness of financial information and the control of Group risk exposure. To this end, the Committee:

- reviews the interim and annual consolidated financial statements and the annual financial statements of the Company, prior to their examination by the Board of Directors. This includes reviewing draft results press releases and announcements to be issued by the Company;
- reviews the scope of consolidation and the reasons for excluding any entities;
- assesses the Group's risk exposures and material off-balance sheet commitments, as well as the effectiveness of the risk management system, and receives a copy of the Vice-President, Finance's detailed report on these matters;
- obtains assurance concerning the effectiveness of the Group's system of internal control by reviewing the methods used to identify risks and the organizational principles and procedures of the Internal Audit Department. It is also informed of the Internal Audit program and of the results of the Internal Audits carried out since the last presentation;
- reviews the external Auditors' audit plan and the results of their audits. Receives a copy of the Auditors' post-audit letter setting out the main issues identified during their audit and describing the main accounting options selected;
- when the Auditors' appointment is due to expire, oversees the auditor selection procedure and reviews the proposals submitted by the various candidates, expresses an opinion on the proposed fee budgets for statutory audit work and makes recommendations to the Board of Directors on the choice of auditor;
- validates the categories of additional audit-related work that the Auditors and the members of their networks may be asked to perform in accordance with the applicable laws and regulations;
- is informed, at the end of each year, of the fees paid by Group companies to the Auditors and the members of their networks during the year, including a detailed breakdown by type of engagement, and reports to the Board of Directors on these fees, as well as on its assessment of the Auditors' level of independence.

#### Meetings

The Audit and Risks Committee meets at least three times a year. One meeting – attended by the Head of Internal Audit – is devoted to reviewing the effectiveness of the internal control system.

The Committee may make enquiries of the Auditors without the executive director and/or the Vice-President, Finance, being present, after first notifying the Chairman and Chief Executive Officer.

Calls to meeting are issued by the Committee Chairman and include the meeting agenda.

Meetings to review the interim and annual financial statements are held at least three days prior to the Board meeting called to approve the financial statements.

The members of the Audit and Risks Committee receive all necessary documents on a timely basis. When members are first appointed to the Committee, they are given detailed information about accounting, financial and operational issues that are specific to the Group. The Chairman and Chief Executive Officer, the Vice-President, Finance, and the Auditors have a standing invitation to attend Audit and Risks Committee meetings.

## Commitments Committee

### Members

The Commitments Committee is made up of Jean-Paul Bailly, Sébastien Bazin, Roberto Lima di Oliveira, Bertrand Meheut and Patrick Sayer.

The Chairman is Sébastien Bazin.

### Terms of reference

The Commitments Committee is responsible for preparing Board meetings and making recommendations to the Board on the following matters:

- any transactions that have a material impact on the Group's strategy or lead to a material change in the Group's business base (mainly entry in a new business or withdrawal from an existing business), whatever the amount of the commitment;
- mergers, demergers or asset transfers;
- changes to the Company's corporate purpose;
- any immediate or deferred financial commitments representing more than €100 million per transaction. "Financial commitments" are defined as:
  - acquisitions or disposals of assets and majority or minority interests in other companies; in the latter case, the amount of the commitment is considered as being equal to the entity's enterprise value,
  - direct investments, for example for the creation of a business or expenditure on technological developments,
  - lease commitments, measured on the basis of the market value of the leased asset,
  - loans or advances to entities in which the Company or one of its subsidiaries does not hold the majority of the shares and voting rights, and commitments to participate in share issues by such entities,
  - bilateral or syndicated borrowings equal to or in excess of €250 million.

### Meetings

Meetings of the Committee may be called at any time, in writing or verbally, by the Committee Chairman or the Chairman and Chief Executive Officer.

The Committee's recommendations must be endorsed by the Board of Directors before the related commitments are entered into by the Group.

## Compensation and Appointments Committee

### Members

The Compensation and Appointments Committee comprises Gabriele Galateri di Genola, Sébastien Bazin, Philippe Citerne, Françoise Gri and Patrick Sayer.

It is chaired by Gabriele Galateri di Genola, who is an independent director.

### Terms of reference

The Compensation and Appointments Committee's role is to prepare the Board of Directors' decisions concerning the executive director's compensation and the Group's policy with respect to stock option plans (and, if applicable, performance share plans). It also participates in preparing senior management succession plans.

To this end, the Committee:

- appointments:
  - makes recommendations, in liaison with the Chairman and Chief Executive Officer, regarding the directors' succession plans and the selection of candidates for election as directors. In selecting possible directors, the Committee takes into consideration the need for balance in the Board's membership and ensures that each candidate not only has the required capabilities but is also in a position to devote sufficient time to the Board's business. The objective is for directors to have the range of experience and skills necessary to enable the Board to carry out its duties effectively with the required objectivity and independence vis-à-vis both senior management and any given shareholder or group of shareholders,
  - is informed of the succession plan concerning members of the Group's Executive Committee;
- compensation:
  - examines the executive director's short-term compensation (salary and bonus), medium- and long-term incentives such as performance shares and stock options, pension arrangements and all other in-kind benefits, and makes recommendations on these issues,
  - defines and implements the rules for setting the executive director's bonus, while ensuring that the rules are consistent with the annual appraisal of the executive director's performance and with the Group's medium-term strategy,
  - expresses an opinion to the Board of Directors regarding the general stock option and performance share policy and the plans proposed by the Chairman and Chief Executive Officer. Is informed of and expresses an opinion on the compensation policy for members of the Group Executive Committee and reviews the policy's consistency,
  - Is informed of and expresses an opinion on the compensation policy for members of the Group Executive Committee and reviews the policy's consistency.

- issues a recommendation to the Board of Directors on the overall amount of directors' fees to be submitted to shareholders for approval. It makes proposals to the Board of Directors concerning the fee allocation rules and the individual amounts to be paid to each director based on their attendance at Board meetings and, where applicable, meetings of Committees of the Board,
- reviews the policy regarding employee share issues and any such issues proposed by the Chairman and Chief Executive Officer,
- reviews liability insurance cover taken out by the Company on behalf of the executive director,
- approves the information provided to shareholders in the Annual Report regarding (i) the executive directors' compensation; (ii) the principles and methods used to set such compensation; and (iii) the grant of stock options to the executive director and the exercise of such options.

#### Meetings

The Compensation and Appointments Committee holds at least two meetings per year. Calls to meetings are issued by the Committee Chairman and include the meeting agenda.

### 5.1.2.6 Director's Charter

To comply with the best practices of corporate governance, on June 29, 2010 the Company's Board of Directors adopted a Director's Charter that applies to all directors, irrespective of whether they meet the independence criteria set out in the AFEP/MEDEF Corporate Governance Code of April 2010.

#### Duty of due care

Directors must carry out their duties as they see fit in the best interests of the Company. They must be committed to constantly improving their knowledge of the Group and its businesses, and they have a duty of vigilance which includes warning of any problems of which they may become aware. They must devote the necessary time and attention to their duties as a director, making every effort to attend all meetings of the Committees to which they belong, meetings of the Board of Directors and Shareholders Meetings.

In addition to complying with the legal and regulatory provisions related to multiple directorships, each director is responsible for ascertaining whether his/her duties as a director of the Company are compatible with the directorships or positions that he/she holds in other companies in particular as regards the workload. Each director is required to disclose periodically to the Company the directorships that he/she holds in any other company in order to enable the Company to comply with its statutory disclosure obligations in this regard.

#### Duty of information

Directors have a duty to request the information that they consider necessary to carry out their duties from the Company's management *via* the Chairman and Chief Executive Officer or the Board Secretary. They can ask the Chairman and Chief Executive Officer to arrange meetings for them with members of the Group's senior management, to be held with or without the Chairman and Chief Executive Officer being present.

When a new director takes up office, the Board Secretary provides him/her with an information pack containing the Company's bylaws, the Board of Directors' bylaws, the Director's Charter as well as the principal laws and regulations dealing with directors' responsibilities.

Directors may ask the Board Secretary at any time for explanations of the scope of these laws and regulations and their resulting rights and obligations.

#### Directors' independence and conflicts of interests

Directors are expected to demonstrate a high level of independence in all circumstances, in terms of their analyses, judgments, decisions and actions.

They agree not to solicit or accept any benefit that would be likely to affect their independence.

Any director that is directly or indirectly in a position of a conflict of interest – even potentially – with respect to the interest of the Company because of the positions that he/she holds, and/or any interests that he/she has elsewhere, must inform the Chairman and Chief Executive Officer or any individual designated by the Chairman and Chief Executive Officer. A director in a position of a conflict of interest may not take part in the discussion of the matter concerned or the related vote and may therefore be asked to leave the room while the discussion and vote are taking place.

When they are first elected and every year thereafter, no later than January 31, directors are required to disclose in writing all ties that they have with Group companies, their managers, suppliers, customers, partners or competitors. The disclosure document is sent to the Chairman and Chief Executive Officer with a copy to the Board Secretary.

#### Duty of discretion and confidentiality

Directors have a general duty of discretion and confidentiality in the interest of the Company. To that end, they undertake to treat as strictly confidential all non-public information to which they have access, as well as all matters discussed during meetings of the Board and any of its Committees of which they are members, the opinions expressed and the votes cast during the meetings.

In addition, except for the Chief Executive Officer and Chief Operating Officer, who are called upon to act as the Company's spokesperson, directors are required to liaise with the Chairman and Chief Executive Officer before engaging in any communications with the media on subjects that concern or may affect the Group, the Company, or its corporate governance structures.

### Trading in Company securities by the directors

Directors have access to inside information which, if made public, could affect the price of the Company's shares or any other securities issued by the Company. Consequently, in accordance with the applicable laws and regulations, directors must not:

- use inside information to trade in the Company's securities either directly or through an intermediary;
- knowingly allow a third party to carry out transactions in the Company's securities based on inside information;
- disclose inside information to third parties, deliberately or through indiscretion.

In addition, without prejudice to the laws and regulations on insider trading, periods known as "negative windows" are determined each year, during which directors may not trade in the Company's shares or any other securities issued by the Company (including exercising stock options), either directly or through an intermediary, even *via* the trading of derivatives. The negative windows correspond to (i) the 30 calendar days preceding the date of publication of the annual and interim consolidated financial statements, the day of publication and the following day, and (ii) the 15 calendar days preceding the date of publication of quarterly revenue figures, the day of publication and the following day.

Directors are given details of the negative windows each year by the Board Secretary. In addition, they are notified immediately by the Board Secretary of any specific negative windows that will apply due to financial or strategic transactions planned by the Group.

Directors may not hedge the risks of losses on their Company shares or stock options.

Each director is responsible for reporting to the French securities regulator (Autorité des marchés financiers) and to the Company (through the Board Secretary) any transactions in the Company's shares or any other securities issued by the Company carried out by him/her or any persons closely associated with him/her.

Directors may consult the Board Secretary at any time regarding the implications of the negative windows system and the conditions of its application to any specific case.

## 5.1.2.7 Secretary to the Board of Directors

Pursuant to the Company's bylaws, the Board of Directors names a Secretary who need not be a director.

The Board Secretary calls members to meetings of the Board of Directors on behalf of the Chairman and Chief Executive Officer and draws up the minutes of Board meetings, which are then submitted to the Board for approval. He/she sends the meeting files to directors according to the procedure described in Article 3 of the Board of Directors' bylaws and generally responds to requests from directors for information about their rights and obligations, the Board's practices or the life of the Company.

His/her duties also include obtaining up-to-date copies of the documents disclosing directors' potential conflicts of interest, as provided for in Article 3 of the Director's Charter.

Lastly, the Board Secretary attends the meetings of the Board Committees as needed, at the request of the Chairman and Chief Executive Officer or the Committee Chairmen, and may also be given the task of sending meeting files to the Committee members.

Philippe Rélland-Bernard was named Secretary to the Board of Directors at the Board meeting of June 29, 2010.

## 5.1.2.8 Directors' fees

On the recommendation of the Compensation and Appointments Committee, the Board of Directors allocates the annual amount of directors' fees awarded by the Shareholders Meeting based in particular on each director's attendance rate at Board meetings and meetings of any Committee of which he or she is a member.

Allocation is based on the following principles:

- the duties of Vice-Chairman of the Board of Directors are compensated with a fixed portion of a flat amount defined by the Board of Directors;
- the duties of Committee Chairman are compensated with a fixed portion of a flat amount defined by the Board of Directors for each Committee;
- the duties of Committee member are compensated with a fixed portion of a flat amount defined by the Board of Directors and with a variable portion based on attendance at meetings, which will not exceed the amount of the fixed portion;
- half of the available balance of the directors' fees is allocated equally between all of the directors and any non-voting directors. The other half is allocated based on the number of Board meetings attended by each director (and non-voting director, if any) during the previous year;
- directors who also hold the position of Chairman of the Board, Chairman and Chief Executive Officer, Chief Executive Officer or Chief Operating Officer shall not receive directors' fees;
- directors' fees are paid within three months of the fiscal year-end.

# 5.2 SHAREHOLDERS MEETINGS

## 5.2.1 NOTICE OF MEETING (ARTICLE 23 OF THE BYLAWS)

Shareholders Meetings are called as provided for by law.

In accordance with the applicable regulations, all shareholders are entitled to attend and take part in Shareholders Meetings in person or by proxy, whatever the number of shares held. The shares must be registered in the name of the bank or broker that manages the shareholder's securities account in accordance with Article L.228-1, paragraph 7, of France's Commercial Code (or, if the shares are not traded on a regulated market, in the shareholder's name) in the Company's share register no later than midnight Paris time on the fourth business day preceding the Shareholders Meeting. If the shares are held in bearer form (and are traded on a regulated market), they must be recorded in a bearer share account kept by one of the accredited intermediaries mentioned in Article L.542-1, paragraphs 2 to 7, of France's Monetary and Financial Code, by the same deadline. These formalities must be carried out in compliance with the applicable laws and regulations.

The recording of bearer shares in an account kept by an accredited intermediary is evidenced by an *attestation de participation* to be issued by the intermediary in accordance with the applicable laws and regulations.

Shareholders Meetings take place at the Company's registered office or at any other venue specified in the notice of meeting.

## 5.2.2 CONDUCT OF SHAREHOLDERS MEETINGS (ARTICLE 24 OF THE BYLAWS)

All shareholders have the right to attend or be represented at Shareholders Meetings on the basis specified by law.

They may vote by post in accordance with Article L.225-107 of France's Commercial Code. The proxy/postal voting form may be sent to the Company or to the Company's registrar in paper form or, by decision of the Board of Directors published in the notice of meeting, by electronic mail in accordance with the applicable laws and regulations.

The Board may decide, when the Meeting is called, to include in the calculation of the quorum and voting majority, shareholders who are participating by videoconference or by any other telecommunications medium that allows them to be identified, in accordance with the laws and regulations that determine the acceptable types of media and the conditions for their application.

Electronic signatures of proxy/postal voting forms by shareholders or their legal representative must be:

- secure signatures complying with the applicable laws and regulations; or
- registered by the shareholder with a unique username and password on the Company's dedicated website, if one exists, in accordance with the applicable laws and regulations. This electronic signature process will be considered as a reliable process of identifying shareholders and matching them with their votes/proxies within the meaning of the first sentence of the second paragraph of Article 1316-4 of France's Civil Code.

Shareholders Meetings are chaired by the Chairman of the Board of Directors or, in his or her absence, by a director designated by the Board. Otherwise, the meeting elects its own Chairman.

The function of Scrutineer of the Meeting is fulfilled by the two shareholders present at the Meeting who hold or represent the largest number of voting rights and who consent to take on the role. The Bureau thus formed names a Secretary, who may or may not be a shareholder.

An attendance register is kept, pursuant to the law.

Copies or excerpts of the Meeting minutes may be certified by the Chairman of the Board of Directors, the Chairman of the meeting, or the meeting Secretary.

Ordinary and Extraordinary Shareholders Meetings fulfilling the relevant quorum and voting majority requirements exercise the powers vested in them by law.

# 5.3 CORPORATE GOVERNANCE

The Group's system of corporate governance is based on the AFEP/MEDEF Corporate Governance Code for Listed Companies published in October 2003, as amended by AFEP/MEDEF recommendations dated October 6, 2008 and April 19, 2010. The only exception to the Code concerns the principle that executive directors should not also have an employment contract. The Chairman and Chief Executive Officer continues to have an employment contract with the Company for the reasons explained in section 5.4 Executive Director's Compensation, of this Registration Document.

# 5.4 EXECUTIVE DIRECTOR'S COMPENSATION, DIRECTORS' AND MANAGERS' INTERESTS

## 5.4.1 EXECUTIVE DIRECTOR'S COMPENSATION AND POTENTIAL COMMITMENTS TOWARDS THE EXECUTIVE DIRECTOR

The policy concerning the Chairman and Chief Executive Officer's compensation complies with the provisions of the April 2010 version of the AFEP/MEDEF Corporate Governance Code for Listed Companies concerning executive directors.

### Chairman and Chief Executive Officer's compensation

The Chairman and Chief Executive Officer's annual compensation is set by the Board of Directors based on the recommendation of the Compensation and Appointments Committee and on a comparative analysis of compensation practices in comparable companies.

At its meeting of February 23, 2011, the Board set the Chairman and Chief Executive Officer's gross annual salary at €700,000 and, at its meeting of February 22, 2012, decided to maintain his gross annual salary at the same amount for 2012.

The Board also set the criteria for determining the Chairman and Chief Executive Officer's 2012 bonus, based on Group performance objectives. These performance objectives include: (i) quantitative targets based on consolidated EBIT for the year and, more specifically, total shareholder return (TSR), an overall indicator combining share price appreciation and dividends; and (ii) qualitative targets, such as the deployment of the Group's strategy worldwide and fulfillment of management objectives. For reasons of confidentiality, the level to which precisely determined quantitative targets must be achieved cannot be made public.

Depending on his performance in relation to various performance objectives for the year, the bonus may range from 0% to 100% of his salary, rising to up to 150% if the objectives are exceeded.

### Chairman and Chief Executive Officer's employment contract

In addition to being an executive director since 2009, the Chairman and Chief Executive Officer has an employment contract signed with Accor SA in 1992 and transferred to Edenred on June 29, 2010 at the time of the Services division Spin-Off.

The Board of Directors decided that applying the AFEP/MEDEF recommendation of terminating the Chairman and Chief Executive Officer's employment contract when he took up this position would deprive him of the rights he had accumulated during his time with the Group, particularly his seniority-based rights. In line with the recommendation of the Compensation and Appointments Committee, the Board of Directors therefore decided to maintain Jacques Stern's employment contract and suspend it for the duration of his term as Chairman and Chief Executive Officer.

At its meeting on June 29, 2010, the Board of Directors authorized the signature of an addendum to Mr. Stern's employment contract, providing for the payment of a termination benefit corresponding to the sum of the severance pay attributable to him by law and under the collective bargaining agreement based on his 18 years' service as an employee of the Group. The addendum also states that if Mr. Stern were to leave the Group, resulting in the termination of his employment contract, his cumulative rights to (i) termination benefits (other than statutory severance pay) under his employment contract and (ii) compensation for loss of office as Chairman and Chief Executive Officer would be capped at an amount equal to two years' compensation as Chairman and Chief Executive Officer, in line with AFEP/MEDEF recommendations.

At its meeting on February 23, 2011, the Board of Directors also authorized the signature of a second addendum to Mr. Stern's employment contract, providing for the payment of a special termination benefit if his employment contract were to be terminated within six months of a decision by the Board of Directors not to renew his appointment as Chairman and Chief Executive Officer. This special termination benefit would be in addition to the severance pay attributable to him by law and under the collective bargaining agreement, provided that the sum of these benefits did not exceed the equivalent of two years' average compensation (including bonuses) paid to him as Chairman and Chief Executive Officer. The special termination benefit would be payable only if at least three of the five performance criteria applicable for the determination of his compensation for loss of office as Chairman and Chief Executive Officer (as decided at the Board meetings of June 29 and August 24, 2010) were to be met. In addition, the reductions applicable to the compensation for loss of office if only two, one or none of the performance criteria were to be met would also apply to the special termination benefit.

## Compensation for loss of office payable to the Chairman and Chief Executive Officer

Jacques Stern will be entitled to compensation for loss of office in the event that his appointment as Chairman of the Board or as Chief Executive Officer is terminated, other than as a result of serious offence or gross negligence, or is not renewed.

No compensation for loss of office will be payable if, within twelve months of his departure, Jacques Stern becomes eligible for a basic State pension and, consequently, for pension benefits under the Company's supplementary pension plan.

The compensation payable would not exceed the equivalent of two years' total gross annual compensation as Chairman and Chief Executive Officer, defined as:

- his annual salary as of the date when his appointment as Chairman and Chief Executive Officer ends; plus
- the average annual bonus received or receivable for his last two years as Chairman and Chief Executive Officer prior to his appointment ending.

The compensation for loss of office as defined above would be subject to certain performance criteria, including:

- like-for-like growth in issue volume compared with the previous year;
- like-for-like growth in operating revenue compared with the previous year;
- operating revenue/issue volume margin of at least 5%;
- like-for-like growth in free cash flow compared with the previous year;
- increase in the Company's share price at least equal to 85% of the increase in the NYSE Euronext Paris SBF 120 index over the Reference Period or, if the index falls over the Reference Period, decline in the Company's share price of no more than 125% of that of the index over the Reference Period.

Performance in meeting each of these five criteria will be measured over the three years (including 2010 as the case may be) preceding the year in which his appointment as Chairman and Chief Executive Officer is terminated (the "Reference Period"). Each of the first four criteria would be deemed to have been met if the related objective is achieved for at least two of the three years in the Reference Period (or a single year if the appointment is terminated before three full years have passed, including 2010 as the case may be).

Payment of the maximum compensation for loss of office will depend on at least three of these five performance criteria being met, as observed by the Board of Directors on the basis prescribed by the laws in force when his appointment as Chairman and Chief Executive Officer is terminated. If only two of the criteria are met, 75% of the maximum compensation for loss of office will be paid; if only one of the criteria is met, 50% of the maximum compensation will be paid; and if no criterion is met, no compensation will be paid.

The compensation for loss of office payable to Jacques Stern will be reduced, if necessary, so that the sum of (i) the compensation for loss of office and (ii) the termination benefit payable under his employment contract (excluding statutory severance pay) does not exceed the equivalent of two years' gross annual compensation as Chairman and Chief Executive Officer as described above.

The Board of Directors also decided that, in the event that his appointment is terminated in one of the circumstances described above, Jacques Stern will retain the benefit of all of the stock options and performance shares initially allocated to him under plans in force when his appointment is terminated, provided that the performance conditions attached to the options or performance shares are met.

## Unemployment insurance

The Company has taken out private unemployment insurance for the Chairman and Chief Executive Officer under a plan set up by the Association pour la Garantie Sociale des Chefs et Dirigeants d'Entreprise (GSC). After participating in the plan for 12 months, the Chairman and Chief Executive Officer may opt for a 24-month benefit period. He is covered by the GSC's "Formule 70" plan entitling him to benefits equal to 70% of his taxable professional income, capped at eight times the ceiling for calculating Social Security contributions (€282,816 for 2011).

## Death/disability insurance and supplementary pension benefits

The Chairman and Chief Executive Officer is covered by a death/disability insurance plan set up for employees, which has been extended to include the executive director.

He also participates in the Group's top-hat pension plan set up for certain senior executives whose annual compensation represents five times the annual ceiling for calculating Social Security contributions.

This plan comprises a defined contribution plan ("Article 83" plan) and a defined benefit plan ("Article 39" plan).

- under the defined contribution plan, the Company pays an annual contribution representing up to 5% of five times the annual ceiling for calculating Social Security contributions;
- under the defined benefit plan, the Company is committed to paying an annuity to plan participants when they retire, based on principles that comply with AFEP/MEDEF recommendations:
  - rights to potential supplementary pension benefits are accumulated gradually by year of participation and correspond on average to 2% of gross annual compensation,
  - the overall replacement rate represented by all benefits paid under compulsory plans and Edenred supplementary pension plans is capped at 35% of the average reference compensation for the three best years out of the executive's last ten years before retirement,
  - to qualify for benefits under the plan, executive directors must end their career with the Group, have participated in the plan for at least five years and completed at least fifteen years' service with the Group. The pension payable under the top-hat plan is reduced by the amount of the pension payable under the defined contribution plan referred to above.

  if the executive director leaves the Group before being eligible to claim pension benefits under the general plan, he or she forfeits the right to benefits under the defined benefit top-hat plan but retains the right to benefits under the defined contribution plan.

### Commitments given to the executive director

| Executive Director | Employment contract | Supplementary pension benefits | Compensation or benefit payable in the case of appointment to a new position, termination/removal from office or transfer | Non-compete indemnity |
|---|---|---|---|---|
| **Jacques Stern** | | | | |
| Current term: from June 29, 2010 until the close of the Annual Meeting to be called to approve the accounts for the year ending December 31, 2013. | Yes (suspended since June 29, 2010) | Yes | Yes | No |

### Table 1: compensation, stock options and performance shares granted to the executive director (in €)

| | 2009 | 2010 (Accor) | 2010 (Edenred) | 2011 |
|---|---|---|---|---|
| M. Jacques Stern, Chairman and Chief Executive Officer | | | | |
| Compensation for the year (see Table 2 for details) | 1,206,704 | 612,491 | 1,135,756 | 1,512,176 |
| Value of stock options granted during the year | 144,500 | - | 628,634 | 365,040 |
| Value of performance shares granted during the year | 151,625 | - | 747,357 | 783,300 |
| **TOTAL** | **1,502,829** | **612,491** | **2,511,747** | **2,626,736** |

Table 2: compensation paid to the corporate officer (in €)

| | 2010 (Accor) | | 2010 (Edenred) | | 2011 | |
|---|---|---|---|---|---|---|
| | Due | Paid | Due | Paid | Due | Paid |
| Salary | 300,000 | 300,000 | 312,639 | 312,639 | 700,000 | 700,000 |
| Incentive bonus | - | 400,007 | 785,104 | - | 805,000 | 785 104 |
| Exceptional bonus | 300,000 | 500,000 | - | - | - | - |
| Directors' fees | 8,903* | 8,903* | - | - | - | - |
| Benefits-in-kind | 3,588 | 3,588 | 3,588 | 3,588 | 7,176 | 7,176 |
| Vacation pay under the employment contract | -, | - | 34,425 | - | - | - |
| **TOTAL** | **612,491** | **1,212,498** | **1,135,756** | **316,227** | **1,512,176** | **1,492,280** |

* *Corresponding to directors' fees paid by Groupe Lucien Barrière to Jacques Stern as permanent representative of Accor on the Groupe Lucien Barrière Supervisory Board.*

### 5.4.1.1 Directors' fees

The Shareholders Meeting of May 13, 2011 set the total annual fees payable to directors at €500,000, which the Board of Directors has powers to allocate on the recommendation of the Compensation and Appointments Committee.

In accordance with the Corporate Governance Code, principles governing the allocation of total annual directors' fees among the members of the Board of Directors include:

- a variable portion that takes into account directors' attendance at Board meetings;
- an additional amount for members of the Board Committees;
- an amount that reflects the level of responsibility assumed and time spent.

In accordance with the above,

- no fees were allocated to the Chairman and Chief Executive Officer;
- a fixed fee of €10,000 was allocated to the Vice-Chairman of the Board of Directors;
- the members of the Board Committees each received a fixed fee of €8,500 and the Chairmen of the Committees of the Board each received an additional €5,000;
- in addition, the Chairmen and other members of the Committees of the Board received a fee of €2,115 for each meeting attended during the year (including by teleconference);
- lastly, all Board members received a fixed fee of €12,430 each plus a fee of €2,486 for each meeting attended during the year (including by teleconference).

| Board of Directors | Fees payable for 2010 | Fees paid in 2010 | Fees payable for 2011 | Fees paid in 2011 |
|---|---|---|---|---|
| **Jean-Paul Bailly** (1) | 19,930 | N/A | 48,205 | 19,930 |
| **Sébastien Bazin** (2) | 25,040 | N/A | 52,834 | 25,040 |
| **Anne Bouverot** | 19,890 | N/A | 37,219 | 19,890 |
| **Philippe Citerne** | 38,840 | N/A | 71,665 | 38,840 |
| **Gabriele Galateri di Genola** | 24,290 | N/A | 39,632 | 24,290 |
| **Françoise Gri** | 20,185 | N/A | 41,820 | 20,185 |
| **Bertrand Meheut** | 16,090 | N/A | 28,388 | 16,090 |
| **Virginie Morgon** (3) | 19,890 | N/A | 39,705 | 19,890 |
| **Nadra Moussalem** (2) | 19,890 | N/A | 39,705 | 19,890 |
| **Roberto Oliveira de Lima** | 14,485 | N/A | 33,360 | 14,485 |
| **Patrick Sayer** (3) | 23,140 | N/A | 45,719 | 23,140 |

(1) *The fees shown in the table are paid to La Poste.*
(2) *The fees shown in the table are paid to Colony Capital.*
(3) *The fees shown in the table are paid to Eurazeo.*

### 5.4.1.2 Directors' and Managers' Interests

#### Stock option plans

Under the terms of the May 10, 2010 shareholder authorization, the number of options granted may not be exercisable for shares representing more than 7% of the Company's share capital as determined immediately after the Spin-Off.

A stock option plan was set up in 2011 under which a total of 611,700 stock options were granted to 58 grantees at an exercise price of €18.81, corresponding to the average of the closing prices quoted for Edenred shares over the twenty trading days preceding the grant date (March 11, 2011).

Under the March 11, 2011 plan, a total of 72,000 options were granted to the Chairman and Chief Executive Officer, in line with the decision of the Board of Directors on February 23, 2011 based on the recommendation of the Compensation and Appointments Committee.

The executive director and members of the Executive Committee who receive stock options are banned by the Company from hedging the related equity risk.

#### Stock option plans (1)

| Grant date | Total options granted | Options granted to the executive director | Options granted to the top ten grantees | Total number of grantees | Start of exercise period | End of exercise period | Exercise price *(in euros)* | Number of options canceled | Options outstanding at December 31, 2011 |
|---|---|---|---|---|---|---|---|---|---|
| 06/08/2010 (1) | 4,235,500 | 240,000 | 915,000 | 455 | Aug. 7, 2014 | Aug. 6, 2018 | 13.69 | 172,500 | 4,063,000 |
| 11/03/2011 (2) | 611,700 | 72,000 | 264,000 | 58 | Mar. 12, 2015 | Mar. 11, 2019 | 18.81 | 0 | 611,700 |

*(1) Granted by the Chairman and Chief Executive Officer pursuant to the Board authorization of June 29, 2010.*

*(2) Granted by the Chairman and Chief Executive Officer pursuant to the Board authorization of February 23, 2011.*

#### Stock options granted to the executive director during 2011

| Grantee | Grant date | Type of options | Value based on the method used in the consolidated financial statements *(in euros)* | Number of options | Exercise price *(in euros)* | Exercise period |
|---|---|---|---|---|---|---|
| Jacques Stern | March 11, 2011 | Options to purchase new shares | 365,040 (1) | 72,000 | 18.81 | March 12, 2015 to March 11, 2019 |

*(1) Stock options are measured at their theoretical value at the grant date determined using the Black & Scholes option pricing model, in accordance with AFEP/MEDEF guidelines set out in the Corporate Governance Code for Listed Companies, rather than at the value of the compensation received. Stock options are forfeited if the grantee leaves the Group before the start of the exercise period.*

Shares representing 40% of the net gain realized on exercise of the options must be held in registered form by the Chairman and Chief Executive Officer for as long as he remains in office.

Depending on the number of Edenred shares held when the first options are exercised, the number of shares concerned by this restriction may be reduced in line with the spirit of the AFEP/MEDEF recommendations of October 2008 and April 2010.

Based on the recommendation of the Compensation and Appointments Committee, the Board of Directors decided not to attach any performance conditions to the stock options granted to the executive director as recommended by AFEP/MEDEF, as the Company also has a performance share plan and Edenred's stock market performance constitutes in itself a condition for exercising the options.

#### Stock options granted to the top ten grantees other than the executive director

| | Number of options |
|---|---|
| Options granted in 2010 to the ten employees other than the executive director who received the largest number of options | 915,000 |
| Options granted in 2011 to the ten employees other than the executive director who received the largest number of options | 264,000 |

*(1) See Note 18 to the consolidated financial statements page 149.*

## Performance share plans [1]

The Group's performance objectives, measured year-on-year over three years, are as follows:

- in 2010 = consolidated EBIT and like-for-like growth in issue volume;
- in 2011 and 2012 = like-for-like growth in issue volume and funds from operations (FF0).

A performance share plan was set up pursuant to the authorization given by the Shareholders Meeting of May 10, 2010. The 912,875 shares granted under this plan, to 260 grantees in some forty countries, represent 0.40% dilution.

The plan period is five years. Performance shares granted to French tax residents are subject to a three-year vesting period followed by a two-year lock-up and shares granted to residents of other countries are subject to a five-year vesting period without any lock-up.

Under the terms of the May 10, 2010 shareholder authorization, the number of performance shares granted may not represent more than 4% of the Company's share capital as determined immediately after the Spin-Off.

A performance share plan was introduced in 2011 under which 805,025 shares were granted to 313 grantees in around 40 countries.

A total of 42,000 performance shares were granted to the Chairman and Chief Executive Officer, in line with the decision of the Board of Directors on February 23, 2011 based on the recommendation of the Compensation and Appointments Committee. The shares are subject to the same performance conditions as for the other grantees.

The executive director and the member of the Executive Committee who receive performance shares are banned by the Company from hedging the related equity risk.

### Performance share plans [2]

| Grant date | Total options granted | Options granted to the executive director | Options granted to the top ten grantees | Total number of grantees | Vesting date | End of lock-up period [3] | Number of shares canceled | Performance conditions |
|---|---|---|---|---|---|---|---|---|
| Aug. 6, 2010 [1] | 912,875 | 60,000 | 228,750 | 260 | Aug. 7, 2013 or Aug. 7, 2015 [2] | Aug. 7, 2015 | 40,956 | In 2010 = Consolidated EBIT and like-for-like growth in issue volume In 2011 and 2012 = like-for-like growth in issue volume and funds from operations (FFO)* |
| Mar. 11, 2011 [4] | 805,025 | 42,000 | 154,000 | 313 | Mar. 12, 2014 or Mar. 12, 2016 [2] | Mar. 12, 2016 | 16,000 | Like-for-like growth in issue volume and funds from operations (FFO)* |

** Before non-recurring items.*

*(1) Act of the Chairman and Chief Executive Officer pursuant to the Board delegation of June 29, 2010.*

*(2) A three-year vesting period for French tax residents and a five-year vesting period for non-residents.*

*(3) Only concerns French tax residents.*

*(4) Act of the Chairman and Chief Executive Officer pursuant to the Board delegation of February 23, 2011.*

*(1) See Note 18 to the consolidated financial statements, page 149.*

### Performance shares granted to the executive director during 2011

| Grantee | Grant date | Number of shares | Value based on the method used in the consolidated accounts *(in euros)* | Vesting date | End of lock-up period | Performance conditions |
|---|---|---|---|---|---|---|
| Jacques Stern | Mar. 11, 2011 | 42,000 | 783,300 (1) | Mar. 12, 2014 | Mar. 12, 2016 | Like-for-like growth in issue volume and funds from operations (FFO)* |

* *Before non-recurring items.*

(1) *Performance shares are measured at their theoretical value at the grant date determined using the Black & Scholes option pricing model, in accordance with AFEP/MEDEF guidelines set out in the Corporate Governance Code for Listed Companies, rather than at the value of the compensation received. Performance shares are forfeited if the grantee leaves the Group before the vesting date or if the performance conditions are not met.*

Fifteen percent of the performance shares granted on August 6, 2010 and March 11, 2011 must be held in registered form for as long as the Chairman and Chief Executive Officer remains in office. Depending on the number of Edenred shares held when the lock-up period expires, the number of shares concerned by this requirement may be reduced in line with the spirit of the AFEP/MEDEF recommendations of October 2008 and April 2010.

### Performance shares granted to the top ten grantees other than the executive director

| | Number of shares |
|---|---|
| Performance shares granted in 2010 to the ten employees other than the executive director who received the largest number of shares | 228,750 |
| Performance shares granted in 2011 to the ten employees other than the executive director who received the largest number of shares | 154,000 |

## 5.4.2 STATUTORY AND DISCRETIONARY PROFIT-SHARING PLANS

### 5.4.2.1 Statutory profit-sharing

The profit-sharing agreement set up by Accor on September 29, 1997 stated that any company that ceased to be a direct or indirect subsidiary of Accor would be excluded from the agreement as of the first day of the year in which it ceased to be part of the Group.

A new Group profit-sharing agreement was therefore signed on November 15, 2010 covering the employees of Edenred SA and all of its French subsidiaries.

### 5.4.2.2 Discretionary profit-sharing

In accordance with Articles L.3311-11 *et seq.* of France's Labor Code, a discretionary profit-sharing plan has been set up for employees, governed by the applicable laws and regulations and by specific internal agreements.

The discretionary profit-sharing plan covers all employees of the various Edenred companies in France, under separate agreements set up on a company-by-company basis.

# 5.5 REPORT OF THE CHAIRMAN OF THE BOARD OF DIRECTORS TO THE ANNUAL SHAREHOLDERS MEETING ON THE PREPARATION AND ORGANIZATION OF BOARD OF DIRECTORS' MEETINGS AND INTERNAL CONTROL PROCEDURES

This report to shareholders for the year ended December 31, 2011 on the preparation and organization of Board of Directors' meetings and on internal control procedures has been drawn up in compliance with Article 225-37 of France's Commercial Code.

The report was approved by the Board of Directors on February 22, 2012. It is based on the document entitled "The Internal Control System Reference Framework" issued by the Working Group set up by French securities regulator Autorité des marchés financiers. The following description of the Company's internal control procedures is organized in line with the template provided in the Reference Framework.

Edenred complies with the April 2010 AFEP/MEDEF Corporate Governance Code for Listed Companies, except for the recommendation that the Chairman and Chief Executive Officer should not have an employment contract. The reasons for this exception are explained in the section "Executive Director's Compensation". The April 2010 consolidated version of the Corporate Governance Code is available on request from AFEP and MEDEF and from the Company's headquarters.

## 5.5.1 ORGANIZATION AND PROCEDURES OF THE BOARD OF DIRECTORS

The framework for the preparation and organization of Board meetings results from French company law and the related regulations, from the Company's bylaws and also from the Board of Directors' bylaws which also describe the procedures of the Committees of the Board (see the section "Board of Directors' Bylaws in this Registration Document").

For details of the membership of the Board of Directors, application of the principle of balanced gender representation on corporate boards, and the criteria used to assess directors' independence, see the sections "Members of the Administrative and Management Bodies" and "Practices of the Administrative and Management Bodies of this Registration Document".

Each Board member is required to comply with the Director's Charter, which is also presented in this Registration Document.

The Board of Directors met five times in 2011. Calls to meeting were sent by e-mail and by mail, with the agenda, generally ten days before the meeting date. The directors received all necessary information to enable them to fulfill their duties. Background information about agenda items was sent to them sufficiently well in advance (generally eight days ahead of the meeting) to allow them to make an informed contribution to the Board's discussions. In the period between two meetings, directors were kept regularly informed of significant events and transactions involving the Group and were sent copies of all press releases issued by the Company.

The Board meetings lasted three hours and a half on average. The attendance rate was around 86%.

During the various meetings, the Board of Directors approved the interim and annual financial statements, as well as the Group's financial communication processes, reviewed the budget, prepared the Annual Shareholders Meeting and approved the resolutions to be tabled at the meeting. Part of each meeting was devoted to discussing the Group's business, strategy, results and cash position.

Pursuant to Article 9 of the AFEP/MEDEF Code, the Board is required to assess its ability to meet the needs of shareholders, which have entrusted it with the Company's management. This self-assessment entails the regular review of its membership, organization, practices and procedures, and includes a review of the Committees of the Board. Once a year, the Board is required to dedicate one item on its meeting agenda to a discussion of its procedures, independently of a later, more formal evaluation.

In 2011, the Board's procedures were evaluated in a discussion held by its members based on an anonymous questionnaire specific to Edenred that was sent to all of the directors earlier in the year. The questionnaire will continue to be used for evaluation purposes in future years.

This discussion enabled the directors to share their observations and unanimously conclude that the work of the Board of Directors and its Committees was entirely satisfactory.

Board discussions and decisions in some areas are prepared by specialized Board Committees made up of directors appointed by the Board for the duration of their term as director. These Committees examine matters falling within their terms of reference, as well as any matters referred to them for consideration by the Chairman and Chief Executive Officer. They report regularly to the Board on their work, and inform the Board of their observations, opinions, proposals or recommendations.

To assist them in their work, the Board Committees may commission technical reports from Company management or external consultants. In both cases, the Chairman and Chief Executive Officer is notified in advance. The Committees may also arrange meetings with members of

Company management responsible for the areas under review, without the executive director being present. In this case also, the Chairman and Chief Executive Officer is informed in advance.

Since June 29, 2010 the Board has had three standing committees:

- the Audit and Risks Committee;
- the Commitments Committee;
- the Compensation and Appointments Committee.

The Board can also set up one or several special committees. No special committees were created in 2011.

Each Committee is chaired by one of its members, designated by the Board of Directors.

The Committee Chairman appoints a person (who need not be a Committee member) to act as Secretary.

The Chairman of each Committee may ask for the Committee to be consulted on any matters falling within its terms of reference that have not been referred to it.

Each Committee is required to periodically review its rules of procedure and propose to the Board any changes that are considered necessary.

The Board Committees do not have any decision-making authority.

The **Audit and Risks Committee** met three times in 2011, to prepare the Board's review and approval of the annual financial statements of the Company, the interim and annual consolidated financial statements and the annual budget, in line with its terms of reference as set out in the Board of Directors' bylaws. Audit and Risks Committee meetings are attended not only by its members but also by the Chairman and Chief Executive Officer, the Vice President, Finance, Information Systems and Legal Affairs, and the Auditors. The Board Secretary, the head of Group Management Control, the head of Group Internal Audit and the head of Group Information Systems Audit may also be invited to attend.

The Audit and Risks Committee has between three and five members with the expert knowledge of financial and accounting matters needed to fulfill the Committee's duties. At least two-thirds of the members, including the Committee Chairman, are independent directors.

Audit and Risks Committee meetings in 2011 lasted on average two and a half hours. The attendance rate was 100%.

The **Commitments Committee** is responsible for preparing Board meetings and making recommendations to the Board, mainly on the following matters:

- any transactions that have a material impact on the Group's strategy or lead to a material change in the Group's business scope;
- any mergers, demergers or significant asset transfers;
- changes to the Company's corporate purpose;
- financial commitments in excess of €50 million per transaction;
- bilateral or syndicated borrowings equal to or in excess of €250 million;
- transactions involving the Company's shares carried out in application of Article 225-209 of France's Commercial Code which exceed one million shares per transaction and a cumulative two million shares per year.

No meetings of the Commitments Committee were held in 2011 as no financial commitments falling within its terms of reference were planned during the period.

The **Compensation and Appointments Committee** met four times in 2011, to draw up recommendations to the Board on the executive director's compensation, in line with its terms of reference as set out in the Board of Directors' bylaws [1].

The compensation and benefits paid to the executive director are decided by the Board of Directors, based on the recommendation of the Compensation and Appointments Committee. See the section "Executive director's compensation, directors' and managers' interests" of this Registration Document for details, including a description of the policies for determining management compensation and the directors' fees payable to the members of the Board, as well as a summary of directors' transactions in Edenred shares, and of directors' and employees' interests in the Company's capital (presentations of stock option plans, performance share plans, statutory and discretionary profit-sharing plans).

The Compensation and Appointments Committee has between three and five members. A majority of these members, including the Committee Chairman, must be independent directors.

Meetings of the Compensation and Appointments Committee lasted an average of one and a half hours. The attendance rate was 95%.

Calls to meetings of the Committees of the Board are issued by the Committee Chairman and include the meeting agenda.

*(1) See section 5.5.4 for details on internal control.*

## 5.5.2 CONDITIONS AND PROCEDURES FOR PARTICIPATING IN SHAREHOLDERS MEETINGS

The conditions and procedures for participating in Shareholders Meetings are set out in Article 24 of the Company's bylaws.

A summary is provided in the section "Capital and Ownership Structure" of this Registration Document, page 205.

## 5.5.3 RESTRICTIONS ON THE POWERS OF THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER

As allowed by French law and the Company's bylaws, the Board of Directors decided not to separate the positions of Chairman of the Board of Directors and Chief Executive Officer.

The Board of Directors deals with all matters falling within the powers vested in it under the applicable laws and regulations.

In addition, the Board of Directors:

**a)** approves the annual budget and financing plan and the multi-year plan presented by the Chairman and Chief Executive Officer;

**b)** reviews and approves the Group's overall strategy, at least once a year, in accordance with Article 2 of the Board's Bylaws;

**c)** authorizes in advance the following decisions:

- any and all immediate or deferred financial commitments representing more than €50 million per transaction. "Financial commitments" are defined as:
  - any and all acquisitions or disposals of assets and majority or minority interests in other companies; in the latter case, the amount of the commitment is considered as being equal to the entity's enterprise value,
  - any and all direct investments, for example for the creation of a business or expenditure on technological developments,
  - lease commitments, measured on the basis of the market value of the leased asset,
  - any and all loans or advances to entities in which the Company or one of its subsidiaries does not hold the majority of the shares and voting rights, and any and all commitments to participate in share issues by such entities,
  - any and all bilateral or syndicated bank loans for amounts over €250 million per year, the Chairman and Chief Executive Officer being authorized to obtain bank loans of up to €250 million per year without obtaining prior approval from the Board of Directors, provided that such commitment is consistent and undertaken in accordance with the annual Group financing policy as previously approved by the Board of Directors. In this case, the Chairman and Chief Executive Officer informs the Board of Directors of the transactions after they have been completed. The Board's prior approval is not required for borrowings due in less than one year, whatever the amount borrowed;
- any and all transactions that have a material impact on the Group's strategy or lead to a material change in the Group's business base (mainly entry in a new business or withdrawal from an existing business), whatever the amount of the commitment,
- any and all transactions involving the Company's shares carried out in application of Article 225-209 of France's Commercial Code which exceed one million shares per transaction and a cumulative two million shares per year;

**d)** Sets, each year, the total amount up to which the Chairman is authorized to issue guarantees, bonds and endorsements, which may not exceed €250 million per year, with the Chairman and Chief Executive Officer being required to report to the Board of Directors each year on the amount and nature of guarantees, bonds and endorsements issued under the authorization;

**e)** Sets, each year, the total amount of bond issues that can be undertaken by the Chairman and Chief Executive Officer pursuant to Article L. 228-40 of the French Commercial Code, which may not exceed €250 million per year;

**f)** Discusses and decides on any proposed changes to the Group's management structure and reviews information about the main organizational changes.

## 5.5.4 INTERNAL CONTROL AND RISK MANAGEMENT PROCEDURES

### 5.5.4.1 Internal control definition and objectives

The Edenred Group observes the highest standards in terms of internal control and financial information. Internal control is a process defined and implemented by the Board of Directors, management and employees to provide reasonable assurance regarding the achievement of objectives in the following areas:

- application of the instructions and directional guidelines fixed by Executive Management;
- compliance with the applicable laws and regulations, and adherence to the Group's corporate values;
- prevention and control of operational risks, financial risks and the risks of error or fraud;
- optimization of internal processes to guarantee operational efficiency and efficient use of resources;
- production of high quality, fairly stated accounting, financial and management information.

To fulfill each of these objectives, the Group has defined and implemented the main principles of internal control, based to a large extent on the Internal Control Framework defined in the 1992 report of the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and on the Internal Control Reference Framework issued by the AMF, as last updated in July 2010.

These principles are underpinned by:

- management policies that foster the development of an internal control culture and promote integrity;
- the identification and analysis of risk factors that may prevent the Group from meeting its objectives;
- an organization and procedures designed to ensure that the strategies defined by Executive Management are implemented;
- periodic reviews of control activities to seek out potential areas of improvement;
- procedures for the communication of information about internal control.

By helping to anticipate and control the risks involved in not meeting the objectives the Company has set for itself, the internal control system plays a key role in conducting and monitoring its various activities. However, internal control cannot provide an absolute guarantee that the Company's objectives will be met.

One of the objectives of the internal control system is therefore to anticipate and control the risks arising in the course of the Company's business, as well as the risk of errors or fraud, particularly in the areas of accounting and finance. However, as stated in the AMF's Internal Control Reference Framework, internal control procedures cannot provide an absolute guarantee that the Company's objectives will be met, no matter how well the system is designed or how well the procedures are applied.

The following description of the Company's internal control systems was prepared based on the AMF's Internal Control Reference Framework and its application guide.

### 5.5.4.2 Summary description of internal control procedures

The internal control system described below covers the parent company and all of its consolidated subsidiaries, which are responsible for implementing the instructions and directional guidelines fixed by Executive Management, including internal control objectives. Each subsidiary's internal control system includes both the procedures defined at Group level and business-specific procedures that take account of the subsidiary's organization, culture, risk factors and specific operating environment. As the parent company, Edenred SA is responsible for ensuring that adequate internal controls exist and are applied, in particular to the accounting, financial and operating procedures of the subsidiaries included in the scope of consolidation.

### 5.5.4.3 Main participants in the system of internal control

Internal control procedures are part of the policies defined by the Board of Directors and are implemented under the direct responsibility of the heads of the operating divisions and corporate functions. Internal control is everyone's responsibility, from corporate officers to front-line employees.

The main structures responsible for overseeing the internal control system are as follows:

#### Executive Management

In accordance with the law and the Company's Bylaws, the Chairman and Chief Executive Officer represents the Company in its dealings with third parties and has the broadest powers to act on behalf of the Company in all circumstances. The situations where exercise of the Chairman and Chief Executive Officer's powers is subject to the prior approval of the Board of Directors are described in section 3 of this report.

For the purpose of carrying out his duties, the Chairman and Chief Executive Officer has set up an **Executive Committee** comprising representatives from all of the operating divisions and corporate functions. The Executive Committee members are:

Representing the regions and countries:

- Chief Operating Officer, Hispanic Latin America and North America;
- Chief Operating Officer, France;
- Chief Operating Officer, Central Europe and Scandinavia;
- Chief Operating Officer, Italy;
- Chief Operating Officer, Brazil;
- Chief Operating Officer, Southern Europe and South Africa;
- Chief Operating Officer, Northern Europe, Middle East and Africa.

Representing the corporate functions:

- Vice President, Strategy and Development;
- Vice President, Finance and Legal Affairs;
- Vice President, Information Systems and Technology;
- Vice President, Human Resources;
- Vice President, Corporate Communication, Investor Relations and Corporate Social Responsibility.

The Chief Operating Officer for the Asia-Pacific Region and the Chief Executive Officer of the PrePay Solutions joint venture with MasterCard report directly to the Chairman and Chief Executive Officer.

## Group Finance

The Vice President, Finance and Legal Affairs is responsible for implementing the Group's financial policies, in particular by communicating to the subsidiaries the accounting principles and standards used to prepare the consolidated financial statements.

Group Finance is organized around the following departments:

- Legal Affairs, including the Tax, Risk Management and Insurance units;
- Group Treasury, Financing and Credit Management;
- Group Management Control, responsible for overseeing the following units:
  - Consolidation,
  - Financial Control,
  - Group Accounting;
- Corporate Finance, Mergers and Acquisitions;
- Group Accounting Principles and Standards;
- the Group Internal Audit Department, which includes the Operational Internal Audit teams and Information Systems Internal Audit teams.

The Financial Controllers for the different operating regions report directly to the Vice President, Finance and Legal Affairs and Middle Office Systems Projects, working closely and regularly with the Regional Managing Directors.

Group Finance maintains regular contact with the external Auditors, who audit the financial statements of the Company and the Group in accordance with the applicable laws and regulations.

## Group Internal Audit and Group Information Systems Audit

Reporting to the Vice President, Finance and Legal Affairs and Middle Office Systems Projects, the Group Internal Audit and Information Systems Audit department is one of the cornerstones of the internal control system, responsible for helping to develop internal control tools and standards, and for performing audits based on the annual audit program approved by the Audit and Risks Committee of the Board of Directors.

Internal audit is defined in professional standards as "an independent, objective assurance and consulting activity designed to add value and improve an organization's operations and information systems. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluating and improving the effectiveness of risk management, control, and governance processes."

The Internal Audit Department's procedures are fully aligned with this definition.

The role of the Group Internal Audit team is to assess whether all of the Group's facilities and business processes comply with internal rules and procedures, detect any cases of non-compliance with the applicable laws and obtain assurance that the Group's assets are adequately protected. They also assess the efficiency of the Group's business processes and ensure that appropriate measures are in place to prevent and control operational risks.

Group Internal Audit coordinates its audit plans with the external Auditors' work plans. The Group Information Systems Audit Department comprised six operations auditors, two information systems auditors and one manager in 2011. Another information systems auditor is due to be hired in 2012.

## Legal Affairs, Risk Management, Tax and Insurance

The Group Legal Department is responsible for ensuring that the Group complies with all applicable laws and regulations in all of its host countries, protecting the Group's assets and businesses as a whole and defending the interests of the Group, as well as the professional interests of the executive director and employees.

It contributes to internal control in four main areas:

- by drafting and updating standard contracts and contract templates for the most common transactions (purchases of IT and other goods and services, general conditions of sale, product claims, etc.), along with procedures for their use;
- by making proposals to the Executive Committee regarding the rules to be applied for delegations of authority and for the distribution and protection of confidential information, introducing these rules and monitoring their correct application worldwide;
- by selecting external legal advisors, monitoring their services and performance, and tracking their billings in liaison with the management control Department;
- by transposing international standards and guidelines into Group operational requirements.

The Legal Affairs Department's Insurance unit is tasked with purchasing adequate insurance cover for the Group's risk exposures. The Group determines its insurance policy on a global, consolidated basis as well as on a local basis. Global insurance programs have been set up with pools of leading insurers and specific additional cover is purchased locally when required.

The Group Risk Manager in charge of the Insurance unit is responsible for mapping the Group's major risks with input from the Internal Audit and Information Systems Audit teams.

The Group Tax Department's responsibilities in the area of internal control are to ensure that the Group fulfills its obligations and complies with the applicable tax rules. They include:

- identifying the Group's risk exposures and implementing policies and procedures to address and attenuate tax risks;
- monitoring material tax disputes and tax audits of Group entities;
- aligning the tax practices of the various Group entities and checking with the Group's tax advisors that major transactions comply with the applicable tax laws;
- selecting tax advisors for all Edenred geographies, monitoring their services and related billings.

### Group Treasury and Financing

This department is responsible for the tracking, security, transparency and efficiency of the Group's cash management and financing transactions. Its activities include:

- managing financial resources to preserve the Group's liquidity position, in agreement with the Vice President, Finance;
- managing cash positions;
- quantifying and hedging financial risks (particularly currency and interest rate risks);
- managing banking relationships;
- supporting subsidiaries in their management choices and assisting executive management in arranging financing for new projects.

### Group Financial Control

Group Financial Control is responsible for producing monthly, quarterly and annual consolidated income statements. The items in the income statements of the subsidiaries and the corporate functions are tracked and analyzed by means of physical and financial indicators, which are compared at monthly intervals with the budget and prior year actual results. The department also produces the data for the Group's published quarterly revenue reports.

This work serves as the basis for the preparation and transmission to the Executive Committee of management reports, supported by variance analyses and analyses of material trends identified from the subsidiaries' monthly management reporting packages.

The Executive Committee attaches considerable importance to the Group's planning process, leading to the preparation of the annual budget that rolls down the Group's strategy into operational action plans. It is the responsibility of Group Financial Control to issue appropriate instructions and guidelines for the teams involved in preparing the budgets.

It coordinates the planning and budget control system, which is backed by an instruction manual describing the management rules to be applied by all entities, as well as the budgeting, forecasting and management reporting procedures.

### Consolidation

The consolidation process consists of consolidating Group companies at the level of the ultimate parent company, Edenred S.A., which owns all of these companies either directly or indirectly. Each consolidated subsidiary produces a consolidation package in accordance with Group accounting policies and IFRSs, based on accounting data generated by their local information systems.

The Consolidation Department issues instructions prior to each period-end, setting out the reporting deadlines and describing any changes in standards, rules or principles that will apply for the first time. It also provides regular training on consolidation tools and standards. On receipt of the packages, the Consolidation Department performs the customary checks and controls before launching the consolidation process. The package reviews are an opportunity to check the accounting treatment applied to recognize and measure significant, unusual and non-recurring transactions.

To help improve the quality of financial information reported by consolidated subsidiaries, the Chief Executive Officer and the Finance Director of each consolidated or non-consolidated subsidiary is required to issue to the Group a representation letter at each half-yearly and annual close, certifying that (i) the financial statements comply with Group accounting policies and principles, (ii) internal controls over the preparation and processing of the financial statements are effective and (iii) there have been no irregularities involving employees or management. The subsidiaries' management also provide additional human resources information for the calculation of pension obligations, as well as comments on material events for the period and a description of any items that - individually or cumulatively - have a material impact on the understanding and measurement of the subsidiary's financial statements.

The Consolidation Department also produces the financial statements and notes published in the Group's Annual Reports.

### Group Financial Information Systems

The Group's accounting and financial information system is designed to ensure the security, reliability, timely availability and traceability of information.

It is based on a reporting and consolidation system that covers all of the Group's operations, thereby ensuring consistency of accounting data at company and Group levels. A specifically designed user manual has been prepared and issued to the employees concerned, in order to guarantee that the systems are correctly used and that the information obtained is appropriate and relevant.

The Group has also set up processes to ensure the security of the accounting and financial information system, as well as the integrity of the data involved. These include regular back-ups and programmed controls that trigger warnings in the event of incorrect data entries.

The accounting and financial information system is regularly updated to keep pace with changes in the Group's specific needs.

The network and all centralized applications are tested periodically to ensure that they are adequately protected against intrusion risk, and regular security audits are also performed.

### 5.5.4.4 Internal communication of information and procedures related to accounting and financial information

The Group ensures that relevant information is communicated in a timely manner to all persons concerned by the system of internal control so that they can perform their duties in accordance with the Group's standards. To this end, a set of procedures describing best practices and reporting processes has been circulated internally.

Internal controls over accounting and financial information are designed to provide assurance that (i) the financial information produced by consolidated subsidiaries is reliable, (ii) the financial information published by the Group is fairly stated and complies with the true and fair view principle and (iii) adequate safeguards are in place to protect against the risk of errors, inaccuracies or omissions in the Group's financial statements. Edenred refers to the AMF's Internal Control Reference Framework and the guide to its application to internal controls over accounting and financial information.

#### Corporate values and principles

The Group's internal control system forms part of the corporate values expressed by the Board of Directors and Executive Management and communicated to all employees. Rules of conduct and integrity have been drawn up covering the areas of employee behavior and relations with customers, shareholders, business partners and competitors.

The Internal Audit Charter aims to provide a Group-level cross-functional view of internal audit resources and methodologies, as well as the methods used to communicate the results of internal audits. It defines the framework for internal audit activities within the Group, based on the professional guidelines issued by IFACI and other bodies which require internal auditors to observe the highest ethical standards. The Internal Audit Charter is signed by the Group's Chairman and Chief Executive Officer, the Vice President, Finance and Legal Affairs, the Director of Group Internal Audit, and the members of the Executive Committee whose names and responsibilities are presented in section 5.1.1.2 of this Registration Document, page 74.

#### Procedure manuals and accounting principles

A Finance Manual is issued to all Group Finance Departments, describing the closing process for the monthly management accounts and setting out the Group's charts of accounts, consolidation principles, accounting standards and policies. The Manual also includes the Treasury Charter, which describes cash management procedures, the principles to be followed concerning the holding of payment instruments and the approval of expenditures, as well as the role and organization of cash pooling systems.

In addition, a presentation of International Accounting Standards/ International Financial Reporting Standards has been prepared by the Group Management Control Department and made available to all Group employees concerned.

Lastly, consolidation instructions detailing the financial reporting schedule and specific adjustments to be made to the subsidiaries' local financial statements are issued every six months to various Finance Directors and consolidation teams, and are archived on the Finance Intranet.

The subsidiaries' consolidation packages, including adjustments to comply with Group policies, are prepared by the local accounting teams using as a reference the Group Finance Manual which describes the accounting recognition and measurement rules. The manual presents the basic concepts applied for the preparation of the financial statements, such as the going concern, accounting period and reliability concepts. It is regularly updated to reflect changes in French laws and regulations governing the preparation of consolidated financial statements.

The Finance Manual also describes in detail Group principles for the recognition, measurement and presentation of the main financial statement items, including:

- descriptions and definitions of income statement items, and the consistency tests to be performed such as the tax proof;
- rules governing the recognition and presentation of balance sheet and off-balance sheet items;
- rules governing the measurement of certain items based on estimates;
- accounting and reporting principles for intra-group transactions.

#### Reporting procedure

Group Financial Control is responsible for overseeing the reporting procedure specified in the Finance Manual. This procedure requires local teams to submit monthly reporting packages comprising an analysis of key business indicators and the main components of income, in the format prescribed by the Group. All reporting data submitted by local subsidiaries must be analyzable both by nature and by function.

The reporting procedure is designed to provide a detailed analysis of monthly changes in consolidated financial and operating results, to support resource allocation decisions and measure the efficiency of the various organizations. Reported data are compared to the budget and to prior year actuals, to detect any emerging trends or unexplained variances.

#### Internal audit reports

A draft report is prepared after each internal audit, setting out the auditors' observations, identified risks and related recommendations. This report is sent to the management of the audited entity, which prepares an action plan when required. A summarized version of this draft report may also be sent on request to the members of the Executive Committee.

The final report, which includes the corrective action plan prepared by the audited entity, is then sent to the members of the Group Executive Committee in charge of overseeing operational and financial matters for the entity concerned.

The Audit and Risks Committee receives a half-yearly summary from the Group Internal Audit Department of the internal audits carried out during the period, including a status report on the annual audit plan, an assessment of the quality of internal control in the audited entities, the internal auditors' main observations, and action plans decided on by the parties concerned.

### 5.5.4.5 Identifying and analyzing risks

The Group identifies and analyzes the key risks that, if they occurred, would affect its ability to fulfill its objectives. It takes the appropriate measures to limit the probability of these risks occurring and the consequences if they do.

#### Identifying risks

The Group is exposed to a number of risks in the normal course of business.

These risks, together with the related control procedures, are described in the "Risk Factors" section of this Registration Document. They include liquidity risks, counterparty risks, currency and interest rate risks, business risks and legal risks (including litigation and arbitration risks). The "Risk Factors" section also includes a description of the Group's insurance policy.

Internal control procedures are implemented under the direct responsibility of the heads of the operating divisions and corporate functions and Group Internal Audit, and form part of an ongoing process of identifying, assessing and managing risks.

In line with this overall process the Group has developed internal control self-assessments, based on analyzing the internal control risks inherent in each business and identifying key control issues.

#### Internal control self-assessments

The Group places considerable emphasis on preparing, issuing and monitoring internal control self-assessment procedures alongside existing internal control standards and processes. The self-assessment procedures are implemented by all Edenred subsidiaries that sell prepaid vouchers and cards.

Data obtained from the internal control self-assessment process are periodically centralized at country level, with the assistance of the Group Internal Audit team. The results are analyzed by Group Internal Audit, which prepares an annual executive summary for the Group Executive Committee and the Audit and Risks Committee.

Internal audit programs for units where the self-assessment system has been deployed include a quantitative measurement, via a rating system, of the gap between the self-assessment and the internal auditors' assessment of the level of internal control. By analyzing these gaps, it is possible to evaluate the quality of the self-assessment procedures implemented by the unit manager.

#### Risk mapping

Internal control risk maps are prepared based on the results of internal audits and above-mentioned self-assessments. These maps, which highlight issues that require priority action, are included in the relevant internal audit reports and are periodically presented in summary form to the Executive Committee and the Audit and Risks Committee.

A mapping system covering all internal and external risk factors is in the process of being developed by the Risk Management unit, assisted by Group Internal Audit and Group Information Systems Audit. The system will provide data in a standard form concerning each entity's perceived level of risk exposure, to be used to prepare any necessary action plans.

The Risk Management unit of the Legal Department will support the operating divisions in implementing the corrective measures in order to mitigate the major identified risks.

#### Risk management

The Risk Management unit of the Legal Department is responsible for implementing procedures in association with the Executive Committee that anticipate and appropriately address the Group's risk exposures, with the support of the operating divisions and corporate functions.

The unit's approach consists of (i) developing tools to monitor risk trends and prioritize the Group's main risks, and (ii) devising a risk prevention strategy aimed at reducing the frequency and seriousness of identified risks.

The Insurance unit, which is part of the Risk Management unit, is responsible for financing Group risks, in particular by setting up appropriate insurance cover.

#### Information systems security

The Information Systems Security Department advises and assists Group management in defining its IT security policy. It is also responsible for ensuring that the policy is properly implemented and applied, by identifying, organizing, coordinating and leading security programs, prevention programs and corrective measures in all of the Group's host countries.

### 5.5.4.6 Control activities

To improve control of identified risks, the Group has set up control procedures that comply with its standards and cover both operating and financial information processes.

#### Preparing and controlling the consolidated financial statements

The consolidated financial statements are prepared by the Consolidation Department of Group Finance based on information reported by the subsidiaries' Chief Executive Officers and Finance Directors. The format of the consolidation packages is determined by the Group.

The subsidiaries are responsible for the information contained in their consolidation packages and are required to make formal representations to Group Finance about the fairness of reporting data and its conformity with Group accounting standards and policies.

The Consolidation Department carries out systematic controls of the consolidation packages submitted by the subsidiaries. A detailed schedule for reviewing the packages has been prepared and sent to the employees concerned.

In connection with their audit of the consolidated financial statements, the Auditors review the consolidation packages transmitted by the subsidiaries included in the scope of their audit. Group Internal Audit also reviews from time to time the proper application of Group accounting standards and policies by the subsidiaries, and reports to Group Finance any issues identified during the review.

The consolidated financial statements are examined by the Vice President, Finance and Legal Affairs prior to their review by the Audit and Risks Committee in preparation for approval by the Board of Directors.

#### Group Internal Audit and Group Information Systems Audit assignments

Group Internal Audit carries out its audit assignments based on an audit program validated by the Executive Committee and the Audit and Risks Committees. The main types of assignments, as described in the Internal Audit Charter, are as follows:

- **operations audits**, which are aimed at evaluating the reliability and effectiveness of the operating entities' internal control systems, as well as ensuring that they comply with Group standards. These audits mainly include checking that the internal control self-assessments have been properly and regularly performed by the operating entities. Comparing the results of the internal audits with the results of the self-assessments serves to close the internal control loop;
- **organizational and procedural audits**, which are aimed at helping the divisions to optimize and adapt their procedures and operating processes, notably when rolling out cross-functional projects that lead to a change in organization structures;
- **specific audits**. Review assignments are referred to as specific audits when they comply with the professional standards applicable to internal auditors and fall within their remit. They can concern issues applicable to one or more operating units or to a particular country, function or process;
- **IT function audits**, which are performed by the two specialized Information Systems Auditors to ensure that best practices are applied in relation to the organization and management of the audited entities' information systems;
- **audits of applications and processes**, which are aimed at ensuring that the manual and automated checks in place provide an appropriate level of internal control in view of the operations covered by the applications concerned;
- **project management audits**, which are designed to validate the implementation of best IT project management practices;
- **acquisition audits**, which are conducted as part of the decision-making process for Group acquisitions when the target's business has highly technological components. Their scope depends on the underlying objectives of the acquisition, but their general aim is to identify any risks relating to the Group's ability to maintain and develop the target's information systems.

Internal audit plans are determined based on the internal control risk map and self-assessment questionnaires. The objective is for each entity to be audited at least once every three or four years. The duration of each internal audit depends on the context, but they generally involve three auditors spending two weeks on-site. A report is drawn up at the end of each audit, describing the organization of each process and the auditors' recommendations. Copies of the report are given to the audited entity, the manager responsible for the entity, the members of the Executive Committee and the Chairman and Chief Executive Officer.

Measures are taken by the management of the audited entities to eliminate the identified internal control weaknesses and make any necessary improvements. Where necessary, the Group Internal Audit team performs a follow-up visit within the next twelve months, to check that the action plans have been duly implemented.

The head of Group Internal Audit prepares half-yearly and yearly summaries of the internal audits carried out during the year for presentation to the Executive Committee and to the Audit and Risks Committee, which checks that the department has the necessary resources and makes any observations or recommendations that it considers necessary.

Lastly are IT security audits, which help to ensure the security of the Group's technological platforms. They are primarily performed by the Information Systems Security Department, which reports to Group Information Systems, but they may also fall within the scope of assignments carried out by Information Systems Internal Audit.

### 5.5.4.7 Monitoring internal control

Internal control procedures are regularly reviewed to ensure that they are appropriate and aligned with the Group's objectives, particularly in view of the risks specific to each business and the costs of performing the controls.

The main structures responsible for overseeing the internal control system are as follows:

#### The Audit and Risks Committee

The Board of Directors' bylaws define the Audit and Risks Committee's membership, terms of reference and procedures. The Audit and Risks Committee is responsible for ensuring that the accounting policies applied for the preparation of the financial statements of the Company and the Group are appropriate and applied consistently from one period to the next. Its terms of reference also include checking that internal reporting and control procedures provide adequate assurance concerning the reliability and completeness of financial information and the control of Group risk exposure. To this end, the Committee:

- reviews the interim and annual consolidated financial statements and the annual financial statements of the Company, prior to their examination by the Board of Directors. This includes reviewing draft results press releases and announcements to be issued by the Company;
- reviews the scope of consolidation and the reasons for excluding any entities;
- reviews the Group's risk management policy and ensures that adequate systems are in place;
- assesses the Group's risk exposures and material off-balance sheet commitments, and receives a copy of the Vice President, Finance's detailed report on these matters;
- obtains assurance concerning the effectiveness of the Group's system of internal control, by reviewing the methods used to identify risks and the organizational principles and procedures of the Internal Audit Department. It is also informed of the internal audit program and of the results of the internal audits carried out since the last presentation;
- reviews the external Auditors' audit plan and the results of their audits. It receives a copy of the Auditors' post-audit letter setting out the main issues identified during their audit and describing the main accounting options selected;
- when the Auditors' appointment is due to expire, oversees the auditor selection procedure and reviews the proposals submitted by the various candidates, expresses an opinion on the proposed fee budgets for statutory audit work and makes recommendations to the Board of Directors on the choice of auditor;
- validates the categories of additional audit-related work that the Auditors and the members of their networks may be asked to perform in accordance with the applicable laws and regulations;
- is informed, at the end of each year, of the fees paid by Group companies to the Auditors and the members of their networks during the year, including a detailed breakdown by type of engagement, and reports to the Board of Directors on these fees, as well as on its assessment of the Auditors' level of independence.

The Audit and Risks Committee has between three and five members with the expert knowledge of financial and accounting matters needed to fulfill the Committee's duties. At least two-thirds of the members, including the Committee Chairman, are independent directors.

The Audit and Risks Committee meets at least three times a year. One meeting – attended by the Heads of Group Internal Audit and Group Information Systems Audit – is devoted to reviewing the effectiveness of the internal control system.

The Committee may make enquiries of the Auditors without the executive director and/or the Vice President, Finance, being present, after first notifying the Chairman and Chief Executive Officer.

Calls to meeting shall be issued by the Committee Chairman and include the meeting agenda. Meetings to review the interim and annual financial statements are held at least three days prior to the Board meeting called to approve the financial statements. The members of the Audit and Risks Committee receive all necessary documents on a timely basis. When members are first appointed to the Committee, they are given detailed information about accounting, financial and operational issues that are specific to the Group.

The Chairman and Chief Executive Officer, the Vice President, Finance, and the Auditors have a standing invitation to attend Audit and Risks Committee meetings.

# 5.6 STATUTORY AUDITORS' REPORT, PREPARED IN ACCORDANCE WITH ARTICLE L. 225-235 OF THE FRENCH COMMERCIAL CODE ON THE REPORT PREPARED BY THE CHAIRMAN OF THE BOARD OF DIRECTORS

Year ended December 31, 2011

*This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.*

To the Shareholders,

In our capacity as Statutory Auditors of Edenred and in accordance with article L. 225-235 of the French Commercial Code (*Code de commerce*), we hereby report to you on the report prepared by the Chairman of your Company in accordance with article L. 225-37 of the French Commercial Code for the year ended December 31, 2011.

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

It is our responsibility:

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

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

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

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

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

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

## Other information

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

Neuilly-sur-Seine and Paris, March 12, 2012

The Statutory Auditors

| DELOITTE & ASSOCIÉS | CABINET DIDIER KLING & ASSOCIÉS |
|---|---|
| David DUPONT-NOEL | Didier KLING |

# 6 FINANCIAL STATEMENTS

# 6.1 STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended December 31, 2011

*This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking readers. The Statutory Auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the opinion on the consolidated financial statements and includes explanatory paragraphs discussing the Auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the consolidated financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the consolidated financial statements. This report also includes information relating to the specific verification of information given in the Group's management report. This report should be read in conjunction and construed in accordance with French law and professional auditing standards applicable in France.*

To the Shareholders,

In compliance with the assignment entrusted to us by your Annual General Meetings, we hereby report to you, for the year ended December 31, 2011, on:

- the audit of the accompanying consolidated financial statements of Edenred;
- the justification of our assessments;
- the specific verification required by law.

These consolidated financial statements have been approved by the Board of Directors. Our role is to express an opinion on these consolidated financial statements, based on our audit.

## I. Opinion on the consolidated financial statements

We conducted our audit in accordance with professional standards applicable in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group at December 31, 2011 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

## II. Justification of our assessments

In accordance with the requirements of Article L. 823-9 of French Commercial Code *(Code de commerce)* relating to the justification of our assessments, we bring to your attention the following matters:

- as indicated in Note 1.A.3 to the consolidated financial statements "Basis of preparation of pro forma financial statements", the pro forma information in respect of the 2010 fiscal year prepared for the purposes of simulating the impacts of the Accor Group June 29, 2010 demerger might have had on the Edenred income statement for fiscal year 2010, had the transaction taken effect as from January 1, 2010, is not necessarily representative of the financial position or the performance which may have been recognized, had the transaction been conducted prior to its actual completion date. We have verified the consistency of such pro forma information with that presented in the 2010 reference document, on which we issued a report dated March 10, 2011, as provided for by Regulation (EC) No. 809/2004;
- Edenred performs impairment tests on goodwill and intangible assets with indefinite useful lives at least once a year and whenever there is an indication that an asset may be impaired, in accordance with the method set out in Note 2.E.5 to the consolidated financial statements "Recoverable amount of assets". We have reviewed the method used to perform such impairment tests and the overall consistency of the assumptions used.

These assessments were made as part of our audit of the consolidated financial statements taken as a whole, and therefore contributed to theopinion expressed in the first part of this report.

## III. Specific verification

As required by law and in accordance with professional standards applicable in France, we have also verified the information presented in the Group's management report. We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

Paris and Neuilly-sur-Seine, March 12, 2012

The Statutory Auditors

| CABINET DIDIER KLING & ASSOCIÉS | DELOITTE & ASSOCIÉS |
|---|---|
| Didier KLING | David DUPONT-NOEL |

# 6.2 CONSOLIDATED FINANCIAL STATEMENTS AND NOTES

## 6.2.1 CONSOLIDATED INCOME STATEMENT

| *(in € millions)* | Notes | Dec. 2010 Pro forma * | Dec. 2010 IFRS | Dec. 2011 |
|---|---|---|---|---|
| **Issue volume** | 5 | **13,875** | **13,875** | **15,188** |
| Operating revenue | 5 | 885 | 885 | 940 |
| Financial revenue | 5 | 80 | 80 | 92 |
| **Total revenue** | 5 | **965** | **965** | **1,032** |
| Operating expenses | 6 | (608) | (606) | (648) |
| Depreciation, amortization and provisions | 7 | (29) | (29) | (29) |
| **EBIT** | 5 | **328** | **330** | **355** |
| Net financial expense | 8 | (62) | (25) | (40) |
| **Operating profit before tax and non-recurring items** | | **266** | **305** | **315** |
| Non-recurring income and expenses, net | 9 | (100) | (100) | (7) |
| **Profit before tax** | | **166** | **205** | **308** |
| Income tax expense | 10 | (89) | (99) | (103) |
| **NET PROFIT** | | **77** | **106** | **205** |
| **Net Profit, Group share** | | **68** | **97** | **194** |
| Net Profit, Non-controlling interests | | 9 | 9 | 11 |
| Weighted average number of shares outstanding *(in thousands)* | 11 | 225,897 | 225,897 | 225,828 |
| **Earnings per share, group share** *(in €)* | 11 | **0.30** | **0.43** | **0.86** |
| Diluted earnings per share *(in €)* | 11 | 0.30 | 0.43 | 0.85 |

* *The pro forma financial statements for the period ended December 31, 2010 include an operating expense of €2 million and a financial expense of €37 million, representing the impact of setting up the new organization as from January 1, 2010 (the asset contribution and demerger was carried out on June 29, 2010).*

*The Auditors have issued a report on their audit of the pro forma information for the period ended December 31, 2010.*

*The report relating to the financial statements for the period ended December 31, 2010 is presented on page 98 of the 2010 Registration Document filed on April 13, 2011 with the Autorité des marchés financiers under number R. 11-013.*

## 6.2.2 CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| | Dec. 2010 | | |
|---|---|---|---|
| *(in € millions)* | Pro forma * | IFRS | Dec. 2011 |
| **Net profit** | **77** | **106** | **205** |
| Currency translation adjustement | 99 | 99 | (46) |
| Change in fair value of financial instruments | - | - | (4) |
| Actuarial gains and losses on defined benefit plans | (1) | (1) | (4) |
| **Tax impact recognized in equity** | **-** | **-** | **2** |
| **Other comprehensive income, net of tax** | **98** | **98** | **(52)** |
| **TOTAL COMPREHENSIVE INCOME** | **175** | **204** | **153** |
| **Comprehensive income, Group share** | **166** | **195** | **142** |
| Comprehensive income, Non-controlling interests | 9 | 9 | 11 |

* *The pro forma financial statements for the period ended December 31, 2010 include an operating expense of €2 million and a financial expense of €37 million, representing the impact of setting up the new organization as from January 1, 2010 (the asset contribution and demerger was carried out on June 29, 2010).*

*The Auditors have issued a report on their audit of the pro forma information for the period ended December 31, 2010.*

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## 6.2.3 CONSOLIDATED BALANCE SHEET

### Assets

| | | Dec. 2010 | | |
|---|---|---|---|---|
| *(in € millions)* | Notes | Pro forma * | IFRS | Dec. 2011 |
| **Goodwill** | 12 | **551** | **551** | **509** |
| **Intangible assets** | 13 | **96** | **96** | **101** |
| **Property, plant and equipment** | 14 | **40** | **40** | **55** |
| Non-current financial assets | | 5 | 5 | 4 |
| Deferred tax assets | 10 | 28 | 28 | 39 |
| **TOTAL NON-CURRENT ASSETS** | | **720** | **720** | **708** |
| Trade receivables | 16 | 951 | 951 | 990 |
| Inventories and other receivables and accruals | 16 | 328 | 328 | 301 |
| Restricted cash | 27 | 631 | 631 | 689 |
| Current financial assets | 20 | 5 | 5 | 11 |
| Other marketable securities | 21 | 1,148 | 1,148 | 1,085 |
| Cash and cash equivalents | 21 | 404 | 404 | 437 |
| **TOTAL CURRENT ASSETS** | | **3,467** | **3,467** | **3,513** |
| **TOTAL ASSETS** | | **4,187** | **4,187** | **4,221** |

* *The pro forma financial statements for the period ended December 31, 2010 include an operating expense of €2 million and a financial expense of €37 million, representing the impact of setting up the new organization as from January 1, 2010 (the asset contribution and demerger was carried out on June 29, 2010).*

*The Auditors have issued a report on their audit of the pro forma information for the period ended December 31, 2010.*

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## Equity and liabilities

| *(in € millions)* | Notes | Dec. 2010 Pro forma * | Dec. 2010 IFRS | Dec. 2011 |
|---|---|---|---|---|
| Issued capital | | 452 | 452 | 452 |
| Treasury shares | | - | - | (6) |
| Consolidated retained earnings | | (1,694) | (1,723) | (1,740) |
| Cumulative compensation costs - share-based payments | | 6 | 6 | 14 |
| Cumulative fair value adjustments to financial instruments | | - | - | (3) |
| Cumulative actuarial gains (losses) on defined benefit plans | | - | - | (3) |
| Currency translation reserve | | 107 | 107 | 61 |
| Net profit, Group share | | 68 | 97 | 194 |
| **Equity attributable to owners of the parent** | | **(1,061)** | **(1,061)** | **(1,031)** |
| Non-controlling interests | 19 | 17 | 17 | 20 |
| **Total equity** | | **(1,044)** | **(1,044)** | **(1,011)** |
| Non-current debt | 22 | 1,487 | 1,487 | 1,390 |
| Other non-current financial liabilities | 22 | 12 | 12 | 8 |
| Non-current provisions | 25 | 18 | 18 | 24 |
| Deferred tax liabilities | 10 | 72 | 72 | 86 |
| **TOTAL NON-CURRENT LIABILITIES** | | **1,589** | **1,589** | **1,508** |
| Current debt | 22 | 10 | 10 | 3 |
| Bank overdrafts | 22 | 66 | 66 | 35 |
| Other current financial liabilities | 22 | 7 | 7 | 23 |
| Current provisions | 25 | 31 | 31 | 29 |
| Vouchers in circulation | 27 | 3,278 | 3,278 | 3,400 |
| Trade payables | 16 | 76 | 76 | 73 |
| Other payables and income tax payable | 16 | 174 | 174 | 161 |
| **TOTAL CURRENT LIABILITIES** | | **3,642** | **3,642** | **3,724** |
| **TOTAL EQUITY AND LIABILITIES** | | **4,187** | **4,187** | **4,221** |

* *The pro forma financial statements for the period ended December 31, 2010 include an operating expense of €2 million and a financial expense of €37 million, representing the impact of setting up the new organization as from January 1, 2010 (the asset contribution and demerger was carried out on June 29, 2010).*

*The Auditors have issued a report on their audit of the pro forma information for the period ended December 31, 2010.*

*The report relating to the financial statements for the period ended December 31, 2010 is presented on page 98 of the 2010 Registration Document filed on April 13, 2011 with the Autorité des marchés financiers under number R.11-013.*

## 6.2.4 CONSOLIDATED STATEMENT OF CASH FLOWS

| | | Dec. 2010 | | |
|---|---|---|---|---|
| *(in € millions)* | Notes | Pro forma * | IFRS | Dec. 2011 |
| + EBITDA | | 357 | 359 | 384 |
| - Net financial expense (1) | 8 | (62) | (25) | (40) |
| - Income tax paid | 10 | (91) | (101) | (97) |
| - Elimination of non-cash revenue and expenses included in EBITDA | | 10 | 10 | 9 |
| - Elimination of provision movements included in net financial expense, income tax expense | | (1) | (1) | 1 |
| **= Funds from operations** | | **213** | **242** | **257** |
| + Decrease (increase) in working capital (3) | 27 | 142 | 142 | 140 |
| + Recurring decrease (increase) in restricted cash | 27 | (42) | (42) | (56) |
| **= Net cash from operating activities** | | **313** | **342** | **341** |
| + Non-recurring gains (losses) (including restructuring costs) received/paid (3) | 27 | (52) | (52) | (22) |
| + Non-recurring decrease (increase) in restricted cash (2) | 27 | (23) | (23) | - |
| **= Net cash from (used in) operating activities including non-recurring transactions (A)** | | **238** | **267** | **319** |
| - Recurring expenditure | 28 | (32) | (32) | (35) |
| - Development expenditure | 28 | (29) | (29) | (34) |
| + Proceeds from disposals of assets | | 6 | 6 | 47 |
| **= Net cash from (used in) investing activities (B)** | | **(55)** | **(55)** | **(22)** |
| + Non-controlling interests in share issues by subsidiaries | | 2 | 2 | 3 |
| - Dividends paid | | (5) | (5) | (124) |
| + (Purchases) sales of treasury shares | | - | - | (6) |
| **+ Increase (Decrease) in debt** | | **(240)** | **1,734** | **(33)** |
| + Technical demerger impact | | - | - | - |
| + Impact on equity of transfers between the Hospitality and Services businesses | | (17) | (1,483) | - |
| + Impact on short-term debt of transfers between the Hospitality and Services businesses | | 7 | (62) | - |
| **= Impact of the demerger and inter-business transfers** | | **(10)** | **(1,545)** | **-** |
| **= Net cash from (used in) financing activities (C)** | | **(253)** | **186** | **(160)** |
| **- Net foreign exchange difference (D) (3)** | | **97** | **97** | **(73)** |
| **= Net increase (decrease) in cash and cash equivalents (E) = (A) + (B) + (C) + (D)** | 24 | **27** | **495** | **64** |
| + Cash and cash equivalents at beginning of period | | 311 | (157) | 338 |
| - Cash and cash equivalents at end of period | | 338 | 338 | 402 |
| **= NET CHANGE IN CASH AND CASH EQUIVALENTS** | 24 | **27** | **495** | **64** |

* *The pro forma financial statements for the period ended December 31, 2010 include an operating expense of €2 million and a financial expense of €37 million, representing the impact of setting up the new organization as from January 1, 2010 (the asset contribution and demerger was carried out on June 29, 2010).*
*The Auditors have issued a report on their audit of the pro forma information for the period ended December 31, 2010.*
*The report relating to the financial statements for the period ended December 31, 2010 is presented on page 98 of the 2010 Registration Document filed on April 13, 2011 with the Autorité des marchés financiers under number R. 11-013.*

(1) *Including €40 million of cash financial interests. No dividend had been received from external companies.*

(2) *Reclassification from cash and cash equivalents to restricted cash.*

(3) *To make periods more comparable, the working capital variation in the consolidated statement of cash flows was adjusted with non-recurring costs relating to the demerger for €19 million for the period ended December 31, 2010. This adjustment has no effect on the net change in cash and cash equivalents for the periods presented.*

Cash and cash equivalents at end of the period can be analyzed as follows:

| | | Dec. 2010 | | |
|---|---|---|---|---|
| *(in € millions)* | **Notes** | **Pro forma *** | **IFRS** | **Dec. 2011** |
| + Cash and cash equivalents | | 404 | 404 | 437 |
| - Bank overdrafts | | (66) | (66) | (35) |
| **= CASH AND CASH EQUIVALENTS AT END OF THE PERIOD** | 24 | **338** | **338** | **402** |

## 6.2.5 CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| *(in € millions)* | Currency translation reserve [1] | Cumulative actuarial gains (losses) on defined benefit plans | Cumulative fair value of financial instruments | Cumulative compensation costs - share based payments | Treasury Shares | Retained earnings and profit for the period | Transactions with Accor [2] | External changes in consolidation scope [3] | Shareholders equity | Total non-controlling interests | Total equity |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **December 31, 2009 IFRS** | **8** | **(1)** | **-** | **6** | **-** | **641** | **(687)** | **264** | **231** | **19** | **250** |
| Issue of share capital | | | | | - | | | | | | |
| • in cash | - | - | - | - | - | - | - | - | - | 2 | 2 |
| Dividends paid | - | - | - | - | - | - | - | - | - | (5) | (5) |
| Effect of changes in consolidation scope | - | 2 | - | (6) | - | - | (1,207) | (282) | (1,493) | (4) | (1,497) |
| Compensation costs for the period - share-based payments | - | - | - | 6 | - | - | - | - | 6 | - | 6 |
| (Acquisitions)/disposals of treasury shares | - | - | - | - | - | - | - | - | - | - | - |
| Other comprehensive income | 99 | (1) | - | - | - | - | - | - | 98 | (4) | 94 |
| Net profit for the period | - | - | - | - | - | 97 | - | - | 97 | 9 | 106 |
| **TOTAL COMPREHENSIVE INCOME** | **99** | **(1)** | **-** | **-** | **-** | **97** | **-** | **-** | **195** | **5** | **200** |
| **December 31, 2010 IFRS** | **107** | **-** | **-** | **6** | **-** | **738** | **(1,894)** | **(18)** | **(1,061)** | **17** | **(1,044)** |
| Issue of share capital | | | | | - | | | | | | |
| • in cash | - | - | - | - | - | - | - | - | - | 3 | 3 |
| Dividends paid [4] | - | - | - | - | - | (113) | - | - | (113) | (11) | (124) |
| Effect of changes in consolidation scope | - | - | - | - | - | (0) | - | (1) | (1) | (0) | (1) |
| Compensation costs for the period - share-based payments | - | - | - | 8 | - | - | - | - | 8 | - | 8 |
| (Acquisitions)/disposals of treasury shares | - | - | - | - | (6) | - | - | - | (6) | - | (6) |
| Other comprehensive income | (46) | (3) | (3) | - | - | - | - | - | (52) | 0 | (52) |
| Net profit for the period | - | - | - | - | - | 194 | - | - | 194 | 11 | 205 |
| **TOTAL COMPREHENSIVE INCOME** | **(46)** | **(3)** | **(3)** | **-** | **-** | **194** | **-** | **-** | **142** | **11** | **153** |
| **DECEMBER 31, 2011** | **61** | **(3)** | **(3)** | **14** | **(6)** | **819** | **(1,894)** | **(19)** | **(1,031)** | **20** | **(1,011)** |

*(1) The €(46) million unfavorable net exchange difference on foreign operations between December 31, 2010 and December 31, 2011 is mainly due to the depreciation of the Brazilian Real (€44 million negative impact), and the Mexican Peso (€2 million negative impact) against the euro.*

Euro exchange rates used to translate foreign operations in the consolidated financial statements were as follows:

| | GBP | BRL | MXN | ARS | SEK | VEF | USD |
|---|---|---|---|---|---|---|---|
| **December 2009** | 0.89 | 2.51 | 18.92 | 5.47 | 10.25 | 6.19 | 1.44 |
| **December 2010** | 0.86 | 2.22 | 16.55 | 5.31 | 8.97 | 7.08 | 1.34 |
| **December 2011** | 0.84 | 2.42 | 18.05 | 5.57 | 8.91 | 6.86 | 1.29 |
| **Dec. 2011 *vs.* Dec. 2010** | +3.0% | -8.9% | -9.1% | -4.9% | +0.6% | +3.1% | +3.2% |

*(2) Transactions with Accor.*
*These correspond mainly to the impact of acquiring Edenred entities previously owned by Accor.*
*(3) External changes in consolidation scope.*
*In 2009, these are mainly prepaid services companies acquired by Accor.*
*In December 2010, this impact was reclassified in "Transactions with Accor".*
*(4) As decided by shareholders at the Annual Meeting on May 13, 2011, Edenred paid out dividends totaling €113 million (€0.50 per share) during first-half 2011.*

## COMPARISON BETWEEN PRO FORMA AND IFRS

| *(in € millions)* | Currency translation reserve [1] | Cumulative actuarial gains (losses) on defined benefit plans | Cumulative fair value of financial instruments | Cumulative compensation costs - share based payments | Treasury Shares | Retained earnings and profit for the period | Transactions with Accor [2] | External changes in consolidation scope [3] | Shareholders equity | Total non-controlling interests | Total equity |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **December 31, 2009 Pro Forma *** | **8** | **(1)** | **-** | **6** | **-** | **(1,691)** | **210** | **264** | **(1,204)** | **17** | **(1,187)** |
| Issue of share capital | | | | | - | | | | | | |
| • in cash | - | - | - | - | - | - | - | - | - | 2 | 2 |
| Dividends paid | - | - | - | - | - | - | - | - | - | (5) | (5) |
| Effect of changes in consolidation scope | - | 2 | - | (6) | - | - | 257 | (282) | (29) | (2) | (31) |
| Compensation costs for the period - share-based payments | - | - | - | 6 | - | - | - | - | 6 | - | 6 |
| (Acquisitions)/disposals of treasury shares | - | - | - | - | - | - | - | - | - | - | - |
| Other comprehensive income | 99 | (1) | - | - | - | - | - | - | 98 | (4) | 94 |
| Net profit for the period | - | - | - | - | - | 68 | - | - | 68 | 9 | 77 |
| **TOTAL COMPREHENSIVE INCOME** | **99** | **(1)** | **-** | **-** | **-** | **68** | **-** | **-** | **166** | **5** | **171** |
| **December 31, 2010 Pro Forma *** | **107** | **-** | **-** | **6** | **-** | **(1,623)** | **467** | **(18)** | **(1,061)** | **17** | **(1,044)** |
| Issue of share capital | | | | | - | | | | | | |
| • in cash | - | - | - | - | - | - | - | - | - | 3 | 3 |
| Dividends paid [4] | - | - | - | - | - | (113) | - | - | (113) | (11) | (124) |
| Effect of changes in consolidation scope | - | - | - | - | - | (0) | - | (1) | (1) | (0) | (1) |
| Compensation costs for the period - share-based payments | - | - | - | 8 | - | - | - | - | 8 | - | 8 |
| (Acquisitions)/disposals of treasury shares | - | - | - | - | (6) | - | - | - | (6) | - | (6) |
| Other comprehensive income | (46) | (3) | (3) | - | - | - | - | - | (52) | 0 | (52) |
| Net profit for the period | - | - | - | - | - | 194 | - | - | 194 | 11 | 205 |
| **TOTAL COMPREHENSIVE INCOME** | **(46)** | **(3)** | **(3)** | **-** | **-** | **194** | **-** | **-** | **142** | **11** | **153** |
| **DECEMBER 31, 2011** | **61** | **(3)** | **(3)** | **14** | **(6)** | **(1,542)** | **467** | **(19)** | **(1,031)** | **20** | **(1,011)** |

* *The pro forma financial statements for the period ended December 31, 2010 include an operating expense of €2 million and a financial expense of €37 million, representing the impact of setting up the new organization as from January 1, 2010 (the asset contribution and demerger was carried out on June 29, 2010).*

*The Auditors have issued a report on their audit of the pro forma information for the period ended December 31, 2010.*

*The report relating to the financial statements for the period ended December 31, 2010 is presented on page 98 of the 2010 Registration Document filed on April 13, 2011 with the Autorité des marchés financiers under number R.11-013.*

(1) *The €(46) million unfavorable net exchange difference on foreign operations between December 31, 2010 and December 31, 2011 is mainly due to the depreciation of the Brazilian Real (€44 million negative impact), and the Mexican Peso (€2 million negative impact) against the euro.*

Euro exchange rates used to translate foreign operations in the consolidated financial statements were as follows:

| | GBP | BRL | MXN | ARS | SEK | VEF | USD |
|---|---|---|---|---|---|---|---|
| **December 2009** | 0.89 | 2.51 | 18.92 | 5.47 | 10.25 | 6.19 | 1.44 |
| **December 2010** | 0.86 | 2.22 | 16.55 | 5.31 | 8.97 | 7.08 | 1.34 |
| **December 2011** | 0.84 | 2.42 | 18.05 | 5.57 | 8.91 | 6.86 | 1.29 |
| **Dec. 2011 *vs.* Dec. 2010** | +3.0% | -8.9% | -9.1% | -4.9% | +0.6% | +3.1% | +3.2% |

*(2) Transactions with Accor.*
*These correspond mainly to the impact of acquiring Edenred entities previously owned by Accor.*

*(3) External changes in consolidation scope.*
*In 2009, these are mainly prepaid services companies acquired by Accor.*
*In December 2010, this impact was reclassified in "Transactions with Accor".*

*(4) As decided by shareholders at the Annual Meeting on May 13, 2011, Edenred paid out dividends totaling €113 million (€0.50 per share) during first-half 2011.*

## 6.2.6 KEY RATIOS AND INDICATORS

| | Notes | Dec. 2010 pro forma | Dec. 2011 |
|---|---|---|---|
| Like-for-like growth in issue volume | | +10.0% | +9.7% |
| Total net margin (EBIT/Issue volume) | | 2.4% | 2.3% |
| Net operating margin (EBIT- financial revenue)/Issue volume | | 1.8% | 1.7% |
| Like-for-like growth in funds from operations | (a) | 15.1% | 20.8% |
| *Unlevered free cash flow (in € millions)* | (b) | 268 | 268 |
| Adjusted funds from operations/adjusted net debt | (c) | 57.3% | 92.8% |

*(a) Growth in funds from operations is calculated as follows:*

| *(in € millions)* | Notes | Dec. 2010 pro forma | Dec. 2011 |
|---|---|---|---|
| + EBITDA | | 357 | 384 |
| - Net financial expense | 8 | (62) | (40) |
| - Income tax paid | 10 | (91) | (97) |
| - Elimination of non-cash revenue and expenses included in EBITDA | | 10 | 9 |
| - Elimination of provision movements included in net financial expense, income tax expense and non-recurring taxes | | (1) | 1 |
| **Funds from Operations** | | **213** | **257** |
| Growth in Funds from Operations | | +15.8% | +20.8% |
| Like-for-like growth in Funds from Operations | | +15.1% | +20.8% |

*(b) Unlevered free cash flow:*

| *(in € millions)* | Notes | Dec. 2010 pro forma | Dec. 2011 |
|---|---|---|---|
| **EBIT** | 5 | **328** | **355** |
| Elimination of financial revenue from unrestricted float | 5 | (66) | (76) |
| **Adjusted EBIT** | | **262** | **279** |
| Standard tax rate | 10 | 34.6% | 32.0% |
| **Tax on adjusted EBIT** | | **(91)** | **(89)** |
| **Elimination of depreciation, amortization and provisions** | 7 | **29** | **29** |
| **Recurring expenditure** | 28 | **(32)** | **(35)** |
| **Decrease/(Increase) in working capital [(1)]** | 27 | **142** | **140** |
| **Recurring decrease/(increase) in restricted cash** | 27 | **(42)** | **(56)** |
| **UNLEVERED FREE CASH FLOW** | | **268** | **268** |
| **Net debt at end of period** | 24 | **25** | **(74)** |

*(1) See statement of cash flows.*

*(c) Adjusted Funds from Operations/Adjusted net debt:*

| *(in € millions)* | Notes | Dec. 2010 pro forma | Dec. 2011 |
|---|---|---|---|
| Net Debt/(cash) at period end | 24 | 25 | (74) |
| Standard & Poor's adjustement: 20% of Treasury and current financial assets | | 311 | 304 |
| Standard & Poor's adjustement: Capitalization of rents and pensions | | 64 | 67 |
| **Net Debt/(cash) adjusted** | | **400** | **297** |
| Funds from operations | 26 | 213 | 257 |
| Standard & Poors adjustement: capitalization of rents and pensions | | 16 | 18 |
| **Adjusted Funds from Operations** | | **229** | **275** |
| **ADJUSTED FUNDS FROM OPERATIONS/ADJUSTED NET DEBT** | | **57.3%** | **92.8%** |

## 6.2.7 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## NOTE 1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

### A. Introduction

#### A.1 Business description

Edenred, which invented the *Ticket Restaurant®* meal voucher and is the world leader in prepaid corporate services, designs and delivers solutions that make employees' lives easier and improve the efficiency of organizations.

By ensuring that allocated funds are used as intended, these solutions enable companies to more effectively manage their:

- Employee benefits (*Ticket Restaurant®*, *Ticket Alimentación®*, *Ticket CESU, Childcare Vouchers®*, etc.);
- Expense management process (*Ticket Car®*, *Ticket Cleanway®*, etc.);
- Incentive and rewards programs (*Ticket Compliments®*, *Ticket Kadéos®*, etc.).

The Group also supports public institutions in managing their social programs.

#### A.2 Management of the Group's capital structure

The Group's main capital management objective is to maintain a satisfactory credit rating and robust capital ratios in order to facilitate business operations and maximize shareholder value.

Its capital structure is optimized to keep pace with changes in economic conditions by adjusting dividends, returning capital to shareholders or issuing new shares.Capital management policies and procedures were unchanged for the two periods presented.

#### A.3 Basis of preparation of pro forma financial statements

The Edenred Group did not exist as a separate legal entity prior to the legal restructuring operations and the asset contribution completed on June 29, 2010. Consequently, in connection with the listing of the Edenred shares, in order to present an economic view of the Edenred business as a whole, combined financial statements have been prepared for the year 2010 based on the financial statements of companies historically included in the consolidated financial statements of Accor.

Pro forma financial statements have also been prepared for the year 2010, prepared on the basis of Edenred's consolidated financial statements for those periods.

These pro forma financial statements are intended to simulate the effect that the demerger from Accor would have had on Edenred's balance sheet, income statement, statement of cash flows and consolidated statement of changes in equity if it had taken place on January 1, 2010 and if Edenred had operated as a separate, self-managing listed group from that date.

The pro forma financial information is provided for illustrative purposes only. It is not necessarily representative of the financial position or performance that would have been reported if the demerger had taken place before the actual date. Similarly, it does not purport to be indicative of Edenred's financial position or performance at any future date or in any future period.

The basis of preparation of the pro forma financial statements for the year 2010 and this until the legal creation of the group Edenred on June 29, 2010 are detailed in the consolidated financial statements included in the 2010 Registration Document.

### B. Accounting standards

#### B.1 General framework

As required by European Commission regulation 1606/2002/EC dated July 19, 2002, the Edenred consolidated financial statements for the year ended December 31, 2011, have been prepared in accordance with the International Financial Reporting Standards (IFRSs) adopted by the European Union as of that date. They include comparative financial information for the year 2010, prepared in accordance with the same principles and conventions and the same standards.

IFRS are downloadable from the European Commission's website: **http://www.ec.europa.eu/internal_market/accounting/ias/index_en.htm**.

At December 31, 2011, the accounting standards and interpretations adopted by the European Union were the same as the International Financial Reporting Standards (including IFRSs, IASs and Interpretations) published by the International Accounting Standards Board ("IASB"), with the exception of IAS 39, which was only partially adopted.

The difference between the standard as published by the IASB and as adopted by the European Union does not have a material impact on the Edenred consolidated financial statements because the currently unadopted provisions of IAS 39 will have no impact on the Group's financial statements when they are adopted by the European Union and become applicable by the Group.

As a result, the Group's consolidated financial statements have been prepared in accordance with International Financing Reporting Standards as published by the IASB.

The financial statements of consolidated companies prepared in accordance with local accounting principles have been restated to conform to Group policies prior to consolidation. All consolidated companies have a December 31 year-end.

#### B.2 Standards, amendments and interpretations applicable from January 1, 2011

The following new standards and amendments to existing standards adopted by the European Union were applicable from January 1, 2011:

- IAS 24 (revised) "Related Party Disclosures": this revised standard had no impact on the consolidated financial statements for the periods presented;
- amendment to IAS 32 "Classification of Rights Issues": the purpose of this amendment is to clarify the accounting treatment of rights, options and warrants issued in a currency other than the entity's functional currency. If the rights, options or warrants are issued to existing shareholders on the basis of the number of shares they already own and in exchange for a fixed amount of cash, they are classified as equity instruments even if their exercise price is denominated in a currency other than the entity's functional currency. The amendment had no impact on the consolidated financial statements for the periods presented;
- amendment to IFRIC 14 "Prepayments of a Minimum Funding Requirement": this amendment had no impact on the consolidated financial statements for the periods presented;

- IFRIC 19 "Extinguishing Financial Liabilities with Equity Instruments": this amendment clarifies the accounting treatment of equity instruments issued by an entity to extinguish all or part of a financial liability. This interpretation had no impact on the consolidated financial statements for the periods presented;
- improvements to IFRS (May 2010): application of the amendments to standards had no effect on the consolidated financial statements for the periods presented.

### B.3 Standards, amendments and interpretations adopted by the European Union and optional

Edenred has elected not to early adopt IFRS 7, adopted by the European Union at December 31, 2011 and applicable after that date. This amendment concerns the disclosures related to transfers of financial assets.

### B.4 Standards, amendments and interpretations not yet adopted by the European Union

Standards, amendments and interpretations in the process of being adopted by the European Union at December 31, 2011 are as follows:

| | | Application date (period beginning on or after) | Estimate of the possible impact on Edenred's consolidated financial statements in the period of initial application |
|---|---|---|---|
| **STANDARDS** | | | |
| IFRS 10 | Consolidated Financial Statements | 01/01/2013 | These standards are currently not expected to have a material impact on the Edenred consolidated financial statements |
| IFRS 11 | Joint Arrangements | 01/01/2013 | |
| IFRS 12 | Disclosures of Interests in Other Entities | 01/01/2013 | |
| IFRS 13 | Fair Value Measurement | 01/01/2013 | |
| IAS 27 revised | Separate Financial Statements | 01/01/2013 | |
| IAS 28 revised | Investments in Associates and Joint Ventures | 01/01/2013 | |
| IFRS 9 | Financial Instruments – Classification and Measurement | 01/01/2015 | |
| **AMENDMENTS** | | | |
| IAS 12 | Deferred tax – Recovery of Underlying Assets | 01/01/2012 | These amendments are currently not expected to have a material impact on the Edenred consolidated financial statements |
| IAS 1 | Presentation of Items of Other Comprehensive Income | 07/01/2012 | |
| IAS 19 | Employee Benefits | 01/01/2013 | |
| IFRS 7 | Disclosures – Offsetting Financial Assets and Financial Liabilities | 01/01/2013 | |
| IAS 32 | Offsetting Financial Assets and Financial Liabilities | 01/01/2014 | |
| **INTERPRETATIONS** | | | |
| IFRIC 20 | Stripping Costs in the Production Phase of a Surface Mine | 01/01/2013 | Not applicable to Edenred |

IFRS 10, IFRS 11 and IFRS 12 on consolidation:

- redefine the concept of control;
- eliminate the possibility of using proportionate consolidation to consolidate jointly controlled entities which are now to be accounted for solely using the equity method; and
- introduce additional disclosure requirements in the notes to the consolidated financial statements.

The application of these standards is not expected to have any material impact on the Edenred consolidated financial statements. The Group has only three jointly controlled entities which are proportionately consolidated and they are not material (see Note 31 "Additional information about jointly-controlled entities").

## C. Use of estimates and judgment

The preparation of financial statements implies the use of estimates and assumptions that can affect the reported amount of certain assets and liabilities, income and expenses, as well as the information disclosed in the notes to the financial statements. Edenred's management reviews these estimates and assumptions on a regular basis to ensure that they are appropriate based on past experience and the current economic situation. Reported amounts in future financial statements may differ from current estimates as a result of changes in these assumptions.

The main estimates and judgments made by management in preparing the financial statements relate to the following items:

- the valuation of the goodwill and the acquired intangible assets (see Note 2.C, Note 12, and Note 13);
- the estimation of the recoverable amount of assets (see Note 2.E. 5, Note 12, Note 13, Note 14 and Note 15);
- the provisions and post-employment benefits (see Note 2.K, Note 2.L, Note 25 and Note 29);
- the deferred taxes (see Note 2.N and Note 10.E);
- the share-based payments (see Note 2.O and Note 18);
- the financial instruments (see Note 2.Q, and Note 23).

When a specific transaction is not covered by any standards or interpretations, management uses its judgment in developing and applying an accounting policy that results in the production of relevant and reliable information. As a result, the financial statements provide a true and fair view of the Group's financial position, financial performance and cash flows and reflect the economic substance of transactions.

The main accounting policies and methods are presented hereafter.

# NOTE 2 ACCOUNTING POLICIES

## A. Consolidation methods

The companies over which the Group exercises exclusive de jure or de facto control, directly or indirectly, are fully consolidated.

Companies controlled and operated jointly by Edenred and a limited number of partners under a contractual agreement are proportionally consolidated.

Companies over which the Group exercises significant influence are accounted for by the equity method. Significant influence is considered as being exercised when the Group owns between 20% and 50% of the voting rights.

In accordance with IAS 27 – Consolidated and Separate Financial Statements, potential voting rights held by the Group that are currently exercisable or convertible (call options) are taken into account to determine the existence of control over the company concerned. However, no account is taken of potential rights that cannot be exercised until the occurrence of a future event.

## B. Business combinations

Since January 1, 2010, following the adoption of IFRS 3 (revised) – Business Combinations and IAS 27 (revised) – Consolidated and Separate Financial Statements, the Group has accounted for business combinations and changes in percentage ownership in accordance with the new standards, in line with the accounting policies described above.

## C. Goodwill

In the year following the acquisition of a consolidated company, fair value adjustments are made to the identifiable assets and liabilities acquired. For this purpose, fair values are determined in the new subsidiary's local currency.

In subsequent years, these fair value adjustments follow the same accounting treatment as the items to which they relate.

### C.1 Positive goodwill

Goodwill, representing the excess of the cost of a business combination over the Group's interest in the net fair value of the identifiable assets and liabilities acquired at the acquisition date, is recognized in assets under "Goodwill". Goodwill mainly results from the expected synergies and other benefits arising from the business combination.

In accordance with IFRS 3 (revised), which is applicable to business combinations carried out on or after January 1, 2010, each time it acquires a less than 100% interest in an entity, the Group must choose whether to measure the non-controlling interest at fair value or as the non-controlling interest's proportionate share of the acquiree's identifiable net assets (with no change possible later in the event of an additional interest being acquired that does not transfer control). If the business is measured at its total fair value including non-controlling interests, goodwill attributable to non-controlling interests is also recognized.

Goodwill arising on the acquisition of associates – corresponding to companies over which the Group exercises significant influence – is included in the carrying amount of the associate concerned.

Goodwill arising on the acquisition of subsidiaries and jointly controlled entities is reported separately.

In accordance with IFRS 3 – Business Combinations, goodwill is not amortized but is tested for impairment at least once a year and more frequently if there is any indication that it may be impaired. The methods used to test goodwill for impairment are described in Note 2.E. 5. If the carrying amount of goodwill exceeds its recoverable amount, an irreversible impairment loss is recognized in profit.

### C.2 Negative goodwill

Negative goodwill, representing the excess of the Group's interest in the net fair value of the identifiable assets and liabilities acquired at the acquisition date over the cost of the business combination, is recognized immediately in profit.

## D. Foreign currency translation

The presentation currency is the Euro.

The balance sheets of foreign subsidiaries are translated into euros at the exchange rate on the balance sheet date (closing exchange rate), and their income statements are translated at the average rate for the period. Differences arising from translation are recorded as a separate component of equity and recognized in profit on disposal of the business.

## E. Non-current assets

### E.1 Intangible assets

Intangible assets are measured at cost less accumulated amortization and any accumulated impairment losses, in accordance with IAS 38 – Intangible Assets.

The Group's main brands are considered as having indefinite useful lives and are therefore not amortized. Their carrying amount is reviewed at least once a year and more frequently if there is any indication that they may be impaired. If their recoverable amount determined according to the criteria applied at the acquisition date is less than their carrying amount, an impairment loss is recognized (see Note 2.E. 5).

Other intangible assets (software, licenses and contractual customer relationships) are considered as having finite useful lives. They are amortized on a straight-line basis over their useful lives, as follows:

- licenses: life of the license;
- contractual customer relationships: 3 to 15 years;
- software: 2 to 7 years.

Identifiable intangible assets recognized in a business combination are initially recognized at amounts determined by independent valuations, performed using relevant criteria for the business concerned that can be applied for the subsequent measurement of the assets. Identifiable brands are measured based on multiple criteria, taking into account both brand equity and their contribution to profit. Contractual customer relationships are measured based on the cost of acquiring new customers.

### E.2 Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses, in accordance with IAS 16 – Property, Plant and Equipment.

Assets under construction are measured at cost less any accumulated impairment losses. They are depreciated from the date when they are put in service.

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives, determined by the components method, from the date when they are put in service. The main depreciation periods applied are as follows:

- building improvements, fixtures and fittings: 5 to 15 years;
- equipment and furniture: 4 to 7 years.

### E.3 Investment properties

Investment properties are those properties held to earn rentals and for capital appreciation.

Investment properties are measured at cost less accumulated depreciation and impairment losses if any.

Investment properties are depreciated on a straight-line basis over their estimated useful lives, determined by the components method. Buildings are depreciated over 40 years. Other components are depreciated over the same periods as other property, plant and equipment.

### E.4 Other non-current financial assets

Investments in non-consolidated companies are classified as "Available-for-sale financial assets" and are therefore measured at fair value. Gains and losses arising from remeasurement at fair value are recognized directly in equity (under "Cumulative fair value adjustments to financial instruments") and are reclassified to the income statement when the investment is sold. In the case of a significant or prolonged decline in value, an irreversible impairment loss is recognized in profit.

An impairment test is performed whenever there is objective evidence indicating that an investment's recoverable amount may be less than its carrying amount. Possible indications of impairment include a fall in the share price if the investee is listed, evidence of serious financial difficulties, observable data indicating a measurable decline in estimated cash flows, or information about significant changes in the economic, financial or political environment with an adverse effect on the investee. Whenever there is an indication that an investment may be impaired, an impairment test is performed by comparing the investment's recoverable amount to its carrying amount. Recoverable amount is estimated using the methods described in Note 2 – E.5.

### E.5 Recoverable amount of assets

In accordance with IAS 36 – Impairment of Assets, the carrying amounts of goodwill, intangible assets, property, plant and equipment, and investment properties are tested for impairment when there is any indication that they may be impaired. Assets with an indefinite useful life – corresponding solely to goodwill and brands – are tested at least once a year.

#### Indications of impairment

Indications of impairment are as follows:

- a 15% drop in like-for-like operating revenue ; or
- A 20% drop in like-for-like EBITDA ; or
- any events or changes in the economic environment indicating a current risk of impairment.

### Cash-generating units

Impairment tests are performed at the level of the Cash-Generating Unit (CGU).

CGUs are homogeneous groups of assets whose continuous use generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

All intangible assets, including goodwill, and all items of property, plant and equipment are allocated to CGUs.

CGUs are identified by country. For the main countries, they are identified by type of solution (Employee Benefits, Expense Management and Incentive & Rewards).

### Methods used to determine recoverable amounts

Impairment tests consist of comparing the carrying amount of a CGU with its recoverable amount.

The recoverable amount of a CGU is the higher of its fair value less costs to sell and its value in use. The recoverable amount of a CGU is determined by comparing the results obtained by two methods, the EBITDA multiples method (fair value approach) and the discounted cash flows method (value in use approach).

***a) Valuation by the EBITDA multiples method***

The EBITDA multiples method is considered to be the best method of calculating fair value less costs to sell, representing the best estimate of the price at which a CGU could be sold on the market on the valuation date.

The method consists of calculating the CGU's average EBITDA for the last two years and applying a multiple based on the CGU's geographic location and the specific country risk.

The multiples applied correspond to the average transaction multiples observed on the market.

If the recoverable amount is less than the carrying amount, it is recalculated using the discounted cash flows method.

***b) Valuation by the discounted cash flows method***

The projection period is limited to five years, unless the use of a longer period is justified such as at the bottom of the economic cycle. Cash flows are discounted at a rate corresponding to the year-end weighted average cost of capital. The perpetuity growth rate is aligned with the economic outlook in each of the countries concerned.

### Measurement of impairment losses

If the recoverable amount is less than the carrying amount, an impairment loss is recognized in an amount corresponding to the lower of the impairments calculated by the EBITDA multiples and discounted cash flows methods. Impairment losses are recognized in the income statement under "Non-recurring income and expenses" (see Note 2.T. 9).

### Reversal of impairment losses

In accordance with IAS 36 – Impairment of Assets, impairment losses on goodwill as well as on intangible assets with a finite useful life, such as licenses and software, are irreversible. Impairment losses on property, plant and equipment and on intangible assets with an indefinite useful life, such as brands, are reversible in the case of a change in estimates used to determine their recoverable amount.

## F. Inventories

Inventories are measured at the lower of cost and net realizable value, in accordance with IAS 2 – Inventories. Cost is determined by the weighted average cost method.

## G. Trade and other receivables

Trade and other receivables are initially recognized at fair value. They are subsequently measured at amortized cost, net of any impairment losses recorded in the income statement. An impairment loss is recognized when the total amount receivable is not recoverable in accordance with the originally agreed terms.

## H. Restricted cash

Restricted cash corresponds to service voucher reserve funds. These funds, which are equal to the face value of service vouchers in circulation, are subject to specific regulations in some countries such as France for the products *Ticket Restaurant*® and Ticket CESU, United Kingdom and Romania. In particular, use of the funds is restricted and they must be clearly segregated from the Group's other cash. The funds remain Edenred's property and are invested in interest-bearing financial instruments.

## I. Prepaid expenses

Prepaid expenses correspond to expenses paid during the period that relate to subsequent periods. They are reported in the balance sheet under "Other receivables and accruals".

## J. Treasury stock

Edenred shares held by the Group are recorded as a deduction from consolidated equity at purchase cost. Capital gains/losses on disposal of Edenred shares are recognized directly in equity and do not affect profit for the financial year.

## K. Provisions

In accordance with IAS 37 – Provisions, Contingent Liabilities and Contingent Assets, a provision is recognized when the Group has a present obligation (legal, contractual or implicit) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation. Provisions are determined based on the best estimate of the expenditure required to settle the obligation.

Provisions for restructuring costs are recorded when the Group has a detailed formal plan for the restructuring and the plan's main features have been announced to those affected by it.

Provisions for losses due to voucher theft are calculated for reported thefts based on a percentage of the stolen vouchers' aggregate face value corresponding to the Group's best estimate of the proportion of those vouchers that will be cashed in.

## L. Pensions and other post-employment benefits

The Group operates various supplementary pension, length-of-service award and other post-employment benefit plans in accordance with the laws and practices of the countries where it operates.

These plans are either defined contribution or defined benefit plans.

Under defined contribution plans, the Group pays fixed contributions into a separate fund and has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay benefits. Contributions to these plans are recognized immediately as an expense.

For defined benefit plans, the Group's obligation is determined in accordance with IAS 19 – Employee Benefits.

The Group's obligation is determined by the projected unit credit method based on actuarial assumptions related to future salary levels, retirement age, mortality, staff turnover and discount rates. These assumptions take into account the macroeconomic situation and other specific circumstances in each country.

Pension and other retirement benefit obligations recognized in the balance sheet correspond to the discounted present value of the defined benefit obligation less the fair value of plan assets. Any surpluses, corresponding to the excess of the fair value of plan assets over the projected benefit obligation, are recognized only when they represent the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. For post-employment benefits, actuarial gains and losses arising from changes in actuarial assumptions and experience adjustments are recognized immediately in equity.

The net defined benefit obligation is recognized in the balance sheet under "Long-term provisions".

## M. Translation of foreign currency transactions

Foreign currency transactions are recognized and measured in accordance with IAS 21 – Effects of Changes in Foreign Exchange Rates. As prescribed by this standard, each Group entity translates foreign currency transactions into its functional currency at the exchange rate on the transaction date.

Foreign currency receivables and payables are translated into euros at the exchange rate on the balance sheet date (closing exchange rate). Foreign currency financial liabilities measured at fair value are translated at the exchange rate on the valuation date. Gains and losses arising from translation are recognized in "Net financial expense", except for gains and losses on financial liabilities measured at fair value which are recognized in equity.

## N. Taxes

The income tax is the aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred tax.

In accordance with IAS 12 – Income Taxes, deferred taxes are recognized for temporary differences between the carrying amount of assets and liabilities and their tax base using the liability method. This method consists of adjusting deferred taxes at each period-end, based on the tax rates that have been enacted or substantively enacted by the balance sheet date. The effects of changes in tax rates are recognized in the income statement for the period in which the change is announced.

Deferred taxes are recognized for all temporary differences, except when the difference arises from the initial recognition of non-deductible goodwill or the initial recognition of an asset or liability in a transaction that is not a business combination and which, at the time of the transaction, affects neither accounting profit nor taxable profit.

A deferred tax liability is recognized for all taxable temporary differences associated with investments in subsidiaries, associates and joint ventures except when:

- the Group is able to control the timing of the reversal of the temporary difference; and
- it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred tax asset is recognized for ordinary and evergreen tax loss carry forwards only when it is probable that the asset will be recovered in the foreseeable future.

Deferred taxes are normally recognized in the income statement. However, when the underlying transaction is recognized in equity, the related deferred tax is also recorded in equity.

Since January 1, 2010, adjustments to deferred tax assets acquired in a business combination are recognized in profit or loss without a corresponding adjustment to goodwill.

In accordance with IAS 12, deferred taxes are not discounted.

In France, the "taxe professionnelle" local business tax has been replaced in the 2010 Finance Act by the "Contribution Economique Territoriale" tax (CET). The CET comprises two separate taxes, as follows:

- a tax assessed on the rental value of real estate ("CFE"). Similar to the "taxe professionnelle", it fulfills the criteria for recognition as an operating expense;
- a tax assessed on the value added by the business ("CVAE"), which has some of the characteristics of a tax on income, as defined in IAS 12.

In a press release dated January 14, 2010, France's National Accounting Board, the Conseil National de la Comptabilité, stated that each business should exercise its own judgment to determine the accounting classification of the CVAE.

After analyzing the CVAE, Edenred decided that it had characteristics of an income tax. This change had no material impact on the consolidated financial statements.

## O. Share-based payments

### O.1 Stock option plans

IFRS 2 "Share-based Payment" applies to the stock option plans set up by the Board of Directors on August 6, 2010 and March 11, 2011. These plans do not have any specific vesting conditions except for the requirement for grantees to continue to be employed by the Group at the end of the vesting period.

The fair value of services received as consideration for the stock options is measured by reference to the fair value of the options at the grant date. The fair value of the options is determined using the Black & Scholes option pricing model. The grant date is defined as the date when the plan's terms and conditions are communicated to Group employees: it corresponds to the date on which the Board of Directors approved the plan.

The fair value of the options is recognized on a straight-line basis over the vesting period for the relevant plan. The cost is included in employee benefit expense, with a corresponding adjustment to equity. When the option is exercised, the cash amount received by the Group in settlement of the exercise price is booked in cash and cash equivalents, with a corresponding adjustment to equity.

### O.2 Performance share plans

IFRS 2 "Share-based Payment" also applies to the performance share plans set up by the Board of Directors on August 6, 2010 and March 11, 2011.

The recognition principles are the same as those applied to stock option plans.

The number of performance shares is reviewed annually based on changes in the probability of the performance objectives being met.

## P. Service vouchers in circulation

Service vouchers in circulation are recognized as short-term liabilities at face value.

## Q. Financial instruments

Financial assets and liabilities are recognized and measured in accordance with IAS 39 – Financial Instruments, Recognition and Measurement, and its amendments.

Financial assets and liabilities are recognized in the balance sheet when the Group becomes a party to the contractual provisions of the instrument.

### Q.1 Financial assets

Financial assets are classified between the three main categories defined in IAS 39, as follows:

- "Loans and receivables" mainly comprise time deposits and loans to non-consolidated companies. They are initially recognized at fair value and are subsequently measured at amortized cost at each balance-sheet date. If there is an objective indication of impairment, an impairment loss is recognized at the balance-sheet date. The impairment loss - corresponding to the difference between the carrying amount and the recoverable amount (i.e. the present value of expected cash flows discounted using the original effective interest rate) - is recognized in the income statement. It may be reversed if the recoverable amount increases in a subsequent period;
- "Held-to-maturity investments" mainly comprise bonds and other marketable securities intended to be held to maturity. They are initially recognized at fair value and are subsequently measured at amortized cost at each balance-sheet date. If there is an objective indication of impairment, an impairment loss is recognized at the balance-sheet date. The impairment loss - corresponding to the difference between the carrying amount and the recoverable amount (*i.e.* the present value of expected cash flows discounted using the original effective interest rate) - is recognized in the income statement. It may be reversed if the recoverable amount increases in a subsequent period.

  For these two categories, initial fair value is equivalent to acquisition cost, because no material transaction costs are incurred;
- "Available-for-sale financial assets" mainly comprise investments in non-consolidated companies, mutual fund units and money market securities. These assets are measured at fair value, with changes in fair value recognized in equity. The fair value of listed securities corresponds to market price (level 1 valuation technique) and that of mutual funds corresponds to their published net asset value (level 2 valuation technique). For unlisted securities, fair value is estimated based on the most appropriate criteria applicable to each individual investment using valuation techniques that are not based on observable data (level 3 valuation technique). Securities that are not traded on an active market, for which fair value cannot be reliably estimated, are carried in the balance sheet at historical cost plus any transaction expenses. When there is objective evidence of a significant or prolonged decline in value, the cumulative unrealized loss recorded in equity is reclassified to the income statement.

### Q.2 Bank borrowings

Interest-bearing drawdowns on lines of credit and bank overdrafts are recognized for the amounts received, net of direct drawdown costs.

### Q.3 Other financial liabilities

Other financial liabilities are measured at amortized cost. Amortized cost is determined by the effective interest method, taking into account the costs of the issue and any issue or redemption premiums.

## R. Cash and cash equivalents

Cash and cash equivalents include bank balances, and short-term investments in money market instruments. These instruments mainly correspond to bank time deposits risk free and interest-bearing demand deposits. They have initial maturities of three months or less, are readily convertible into known amounts of cash, and are subject to an insignificant risk of changes in value.

In accordance with IAS 39, marketable securities are measured at fair value, with changes in fair value recognized in profit under "Net financial expense".

## S. Other marketable securities

Instruments that have initial maturities of more than three months are reported under "Other marketable securities". These instruments are highly liquid and are subject to an insignificant risk of changes in value due to interest rate and foreign exchange rate changes. However, they are no longer classified as cash and cash equivalents in line with the guidance issued by France's securities regulator (AMF recommendation no. 2011-16 applicable for the 2011 year-end closing). This line item also includes restricted cash, corresponding to cash and cash equivalents subject to restrictions due to regulations such as exchange controls that are specific to a country.

Both Cash and cash equivalents and Other marketable securities are taken into account for the calculation of net debt. Net debt is presented in Note 24 "Net debt and net cash".

## T. Presentation of the income statement and the statement of cash flows

### T.1 Issue volume

Issue volume corresponds to the face value of prepaid vouchers issued during the period plus the amount loaded on prepaid cards.

It is tracked for all vouchers and cards in circulation that are managed by Edenred.

### T.2 Operating revenue

In accordance with IAS 18 – Revenue, operating revenue corresponds to the value of goods and services sold in the ordinary course of business by fully and proportionally consolidated companies.

It is measured at the fair value of the consideration received or receivable, net of all discounts and rebates, VAT and other sales taxes, in compliance with IAS 18.

Operating revenue is recognized when it is probable that future economic benefits will flow to the entity and these benefits can be measured reliably. If there is significant uncertainty about the collectability of revenue, it is not recognized until the uncertainty is removed.

There are two types of operating revenue:

#### T.2.1 Operating revenue generated by issue volume

Operating revenue generated by issue volume corresponds to operating revenue generated by prepaid vouchers managed by Edenred.

For all of these products, recognized revenue comprises:

- commissions received from client companies on the sale of prepaid vouchers and cards and all related amounts billed to clients such as delivery costs, card sales and voucher customization costs. These amounts are recognized in revenue when the prepaid vouchers and cards are issued and delivered to clients;
- affiliate contributions ("Network fees"), corresponding to the margin deducted from the amount reimbursed to the affiliate that provides the service, and any related billings such as up-front payments, monthly subscription fees and electronic payment terminal sales or rentals. These contributions and billings are recognized in revenue when the vouchers or cards are issued to the extent that the processing transaction cannot be dissociated from the issuance transaction, and an accrual is booked for the future processing costs;
- profits on vouchers and cards that expire without being reimbursed. To take into account commercial practices in each country (refunds of expired service vouchers and other commercial gestures), these profits are recognized gradually once the vouchers have expired;
- revenue from advertisements printed on vouchers and cards. This revenue is recognized on the billing date to the advertiser.

#### T.2.2 Other operating revenue

Other operating revenue corresponds essentially to revenue from value-added services such as incentive programs, human services and event-related services. The corresponding revenue is the amount billed to the client and is recognized on delivery of the solutions.

### T.3 Financial revenue

This is interest generated by investing cash over the period between

- the issue date and the reimbursement date for vouchers; and
- the loading date and the redeeming date for cards.

The interest represents a component of operating revenue and as such is included in the determination of revenue.

### T.4 EBITDA

EBITDA includes operating revenue and expenses and rental expenses.

### T.5 Depreciations, amortization and provisions

Depreciation, amortization and provision expenses reflect the operating costs of holding assets.

### T.6 EBIT

EBIT corresponds to EBITDA after the operating costs of holding mainly non-tangible assets. It is used as the benchmark for determining senior management and other executive compensation, as it reflects the economic performance of the business.

It is also the basis for calculating operating margin (EBIT/Issue volume ratio).

### T.7 Net financial expense

This item includes:

- interest expense or income on borrowings, other financial liabilities and loans and receivables;
- exchange gains and losses on financial transactions;
- movements on financial provisions.

### T.8 Operating profit before tax and non-recurring items

Operating profit before tax and non-recurring items corresponds to the results of operations of the Group's businesses less the related financing cost. Net financial expense represents an integral part of operating profit before tax and non-recurring items, as it contributes to the performance indicator used by Edenred in its investor communications.

### T.9 Non-recurring income and expenses

Non-recurring income and expenses include:

- restructuring costs, corresponding to all the costs incurred in connection with restructuring operations;
- impairment losses recorded in accordance with IAS 36 - Impairment of Assets;
- gains and losses on disposals of fixed assets, non-operating provision movements and other non-operating gains and losses.

The transactions concerned are not directly related to the management of continuing operations.

### T.10 Operating profit before tax

Operating profit before tax corresponds to profit after income and expenses that are unusual in terms of their amount and frequency that do not relate directly to the Group's ordinary activities.

### T.11 Operating profit before non-recurring items

Operating profit before non-recurring items corresponds to operating profit before tax and non-recurring items less income tax on recurring income for the period. It is stated net of non-controlling interests.

### T.12 Statement of cash flows

The statement of cash flows is presented on the same basis as the management reporting schedules used internally to manage the business. It shows cash flows from operating, investing and financing activities.

Cash flows from operating activities include:

- funds from operations, before non-recurring items (the definition of non-recurring items is the same as that applied in Note T.9) and after changes in deferred taxes and gains and losses on disposals of assets;
- cash received and paid on non-recurring transactions;
- changes in working capital.

Cash flows from investing activities comprise:

- recurring expenditure to maintain in a good state of repair operating assets held at January 1 of each year;
- development expenditure, including the fixed assets and working capital of newly consolidated subsidiaries and additions to fixed assets of existing subsidiaries;
- proceeds from disposals of assets.

Cash flows from financing activities include:

- changes in equity;
- changes in debt;
- dividend payments;
- purchases/sales of treasury shares.

## U. Earnings per share

### U.1 Net earnings per share

Basic earnings per share are calculated by dividing net profit (Group share) by the weighted average number of shares outstanding during the year (adjusted with the average number of treasury shares owned over the period).

For the year 2010, the average number of outstanding shares used to calculate earnings per share corresponds to the average number of outstanding Edenred shares for the period since the Group became a separate legal entity on June 29, 2010.

### U.2 Diluted earnings per share

Diluted earnings per share are calculated based on the average number of outstanding shares, as adjusted to include the weighted average number of shares that would result from the exercise, during the year, of existing stock options and any other dilutive instruments.

## V. Other information

Current assets and liabilities are assets and liabilities that the Group expects to recover or settle:

- in the normal course of business; or
- within twelve months of the period-end.

## W. Information about Edenred SA

Registered name: Edenred SA

Registered office: Immeuble Colombus, 166-180 Boulevard Gabriel Péri, 92245 MALAKOFF - France

Société anonyme with a Board of Directors. Share capital: €451,794,792

Registered in Nanterre: RCS 493 322 978

NAF code: 6420Z

**The Board of Directors of Edenred approved these financial statements for publication on February 22, 2012.**

# NOTE 3 CHANGES IN CONSOLIDATION SCOPE AND SIGNIFICANT EVENTS

## A. 2011 changes in consolidation scope

### A.1 Organic growth and acquisitions

**In January 2011,** Edenred announced the acquisition of **RistoChef**, Italy's seventh-largest provider of meal vouchers. With more than 1,800 customers and a nearly 3% market share, RistoChef, a wholly-owned subsidiary of the Elior group, generated an estimated issue volume of around €70 million in 2010.

This transaction enables Edenred to consolidate its leadership position in Italy, with more than 40% market share.

The transaction was completed at a price of €13 million, of which €4 million (before deferred tax) was recognized under "contractual customer relationships". The remaining excess amount accounted for as goodwill amounted to €10 million.

**In October 2011,** Edenred acquired the petrol card business of **CGI**, Mexico's sixth largest petrol card seller. The transaction was completed at a price of €2 million, paid in cash, plus estimated contingent consideration of €2 million payable in 2012. Based on initial analyses, the total cost has been temporarily allocated to "contractual customer relationships".

### A.2 Disposal of assets

Based on the strategic review of its business portfolio, Edenred divested certain business assets relating to employee assistance programs that provide employees with advice and psychological support.

#### A.2.1 Divestment of the stake in EAP France and its interest in BEA

**In April 2011**, Edenred sold its entire stake in EAP France and its interest in corporate concierge provider BEA to Europ Assistance France (51%) and Malakoff Médéric (49%) for €4 million, giving rise to a capital gain of €3 million.

The business, which does not have any issue volume, contributed €5 million to consolidated revenue in 2010.

#### A.2.2 Divestment of the stake in WorkPlace Benefits and its subsidiaries

**In May 2011**, Edenred sold its stake in the American company WorkPlace Benefits and its subsidiaries to the main shareholder (a private individual) for €3 million, giving rise to a capital gain of €1 million.

The business, which does not have any issue volume, contributed €9 million to consolidated revenue in 2010.

#### A.2.3 Divestment of the stake in Davidson Trahaire and its subsidiaries

**In August 2011**, Edenred sold its stake in the Australian company Davidson Trahaire, a human resources consultancy specialized in employee assistance programs and other corporate psychology services. The business, which does not have any issue volume, contributed respectively €18 million and €13 million to consolidated revenue in 2010 and in 2011.

Based on a total consideration of AUD 48.5 million, or around €35 million, this transaction gave rise to a capital gain of €16 million.

## B. 2010 changes in the consolidation scope

### B.1 Organic growth and acquisitions

**In May 2010**, Edenred raised its interest in **ACE** to 100% by acquiring BPCE's 40% stake for €4 million.

In accordance with IFRS 3 (revised), the buyout of non-controlling interests did not lead to any increase in goodwill as the company was already controlled exclusively by Edenred.

**In December 2010**, Edenred acquired the business of **Euroticket**, Romania's fourth-largest provider of meal and gift vouchers. With more than 3,000 customers and a nearly 5% market share, Euroticket issued €53 million worth of vouchers in 2009. The transaction has enabled Edenred to consolidate its leadership position in Romania, where it now serves close to 40% of the market.

The transaction was completed at a price of €5 million, paid in cash, plus estimated contingent consideration of €1 million. The total cost has been allocated to "contractual customer relationships".

### B.2 Disposal of assets

No disposal of assets occurred in 2010.

## C. Significant events

### C.1 Partnership with venture capital firm Partech International

**In December 2011**, in line with its Invent 2016 strategy to prepare its expansion into new territories, Edenred announced a partnership with venture capital firm **Partech International**.

The Group has undertaken to invest €15 million in the Partech International VI fund, which has raised an initial €100 million. The fund will invest in young, fast-growing companies involved in the digital economy and offering new web-based, e-commerce and e-marketing services as well as new payment media solutions.

The investment will enable Edenred to explore new opportunities in adjacent sectors. Edenred will also be able to track emerging developments, with the goal of anticipating changes that impact its shareholders: client companies, employees and affiliates.

Through its support for high potential companies, Edenred – in keeping with its pioneering spirit – has made innovation a priority driver of future growth.

## NOTE 4 SEGMENT INFORMATION

### Chief operating decision maker

Edenred's chief operating decision maker is executive management assisted by the Executive Committee. Executive management makes decisions about resources to be allocated to the operating segments and assesses their performance.

Executive management decisions are based on data produced by the Group's internal reporting system. The internal reporting system presents information at the country level.

### Aggregation

In the Group's internal reporting system, country-level information is aggregated into four geographical areas:

- France;
- Rest of Europe;
- Latin America;
- Rest of the world.

Except France, the presented segments are thus an aggregation of operating segments performed in accordance with IFRS 8 principles.

In addition to the similarity of long-term economic characteristics, IFRS 8 lists five aggregation criteria:

**a)** the nature of the products and services;

**b)** the nature of the production processes;

**c)** the type or class of customer for their products and services;

**d)** the methods used to distribute their products or provide their services; and

**e)** if applicable, the nature of the regulatory environment, for example, banking, insurance or public utilities.

The "Rest of Europe" and "Latin America" aggregations meet all the criteria mentioned above.

The "Rest of the world" segment aggregates the countries that are not included in "France", "Rest of Europe" and "Latin America".

Finally, the "Worldwide structures" include the Edenred SA holding company, regional headquarters and companies with no operating activity.

Transactions between segments are not material.

# A. 2011 information

## A.1 Income statements

| *(in € millions)* | France | Rest of Europe | Latin America | Rest of the world | Worldwide Structures | TOTAL Dec. 2011 |
|---|---|---|---|---|---|---|
| **ISSUE VOLUME** | **2,598** | **4,770** | **7,337** | **484** | **-** | **15,188** |
| Operating revenue generated by issue volume | 120 | 255 | 386 | 22 | - | 782 |
| Other operating revenue | 24 | 72 | 28 | 34 | - | 158 |
| **Operating Revenue** | **144** | **327** | **414** | **56** | **-** | **940** |
| **Financial Revenue** | **20** | **32** | **36** | **3** | **-** | **92** |
| **TOTAL REVENUE** | **164** | **359** | **450** | **59** | **-** | **1,032** |
| **EBIT** | **46** | **111** | **206** | **3** | **(11)** | **355** |

## A.2 Balance sheet

| *(in € millions)* | France | Rest of Europe | Latin America | Rest of the world | Worldwide Structures | TOTAL Dec. 2011 |
|---|---|---|---|---|---|---|
| Goodwill | 91 | 187 | 215 | 16 | - | 509 |
| Intangible assets | 22 | 50 | 23 | 1 | 5 | 101 |
| Property, plant and equipment | 7 | 11 | 32 | 4 | 1 | 55 |
| Non-current financial assets | 1 | 1 | 1 | 1 | - | 4 |
| Deferred tax assets | 3 | 15 | 11 | 2 | 8 | 39 |
| **Non-current assets** | **124** | **264** | **282** | **24** | **14** | **708** |
| **Current assets** | **764** | **734** | **1,391** | **142** | **482** | **3,513** |
| **TOTAL ASSETS** | **888** | **998** | **1,673** | **166** | **496** | **4,221** |
| **Equity and non-controlling interests** | **153** | **424** | **541** | **21** | **(2,150)** | **(1,011)** |
| **Non-current liabilities** | **12** | **63** | **26** | **1** | **1,406** | **1,508** |
| **Current liabilities** | **723** | **511** | **1,106** | **144** | **1,240** | **3,724** |
| **TOTAL EQUITY AND LIABILITIES** | **888** | **998** | **1,673** | **166** | **496** | **4,221** |

## B. 2010 information

### B.1 Income statements

| *(in € millions)* | France | Rest of Europe | Latin America | Rest of the world | Worldwide Structures | TOTAL Dec. 2010 IFRS |
|---|---|---|---|---|---|---|
| **ISSUE VOLUME** | **2,564** | **4,679** | **6,185** | **446** | **-** | **13,875** |
| Operating revenue generated by issue volume | 117 | 248 | 341 | 23 | - | 729 |
| Other operating revenue | 29 | 68 | 17 | 42 | - | 156 |
| **Operating Revenue** | **146** | **316** | **358** | **65** | **-** | **885** |
| **Financial Revenue** | **19** | **31** | **27** | **3** | **-** | **80** |
| **TOTAL REVENUE** | **165** | **347** | **386** | **68** | **-** | **965** |
| **EBIT** [(1)] | **47** | **119** | **167** | **9** | **(12)** | **330** |

*(1) In 2011, the Group changed the management fee billing system between Edenred SA (classified in "Worldwide structures") and its various subsidiaries. To reflect this change, €(11) million have been reclassified from Worldwide Structures to the other operating segments in the table above. These reclassifications have no effect on total EBIT.*

### B.2 Balance sheet

| *(in € millions)* | France | Rest of Europe | Latin America | Rest of the world | Worldwide Structures | TOTAL Dec. 2010 IFRS |
|---|---|---|---|---|---|---|
| Goodwill | 91 | 189 | 231 | 40 | - | 551 |
| Intangible assets | 22 | 51 | 17 | 3 | 3 | 96 |
| Property, plant and equipment | 8 | 12 | 15 | 4 | 1 | 40 |
| Non-current financial assets | 1 | 1 | - | 3 | - | 5 |
| Deferred tax assets | 1 | 13 | 5 | 2 | 7 | 28 |
| **Non-current assets** | **123** | **266** | **268** | **52** | **11** | **720** |
| **Current assets** | **773** | **696** | **1,284** | **130** | **584** | **3,467** |
| **TOTAL ASSETS** | **896** | **962** | **1,552** | **182** | **595** | **4,187** |
| **Equity and non-controlling interests** [(1)] | **147** | **(1,068)** | **487** | **38** | **(648)** | **(1,044)** |
| **Non-current liabilities** | **12** | **59** | **21** | **2** | **1,495** | **1,589** |
| **Current liabilities** [(1)] | **737** | **1,971** | **1,044** | **142** | **(252)** | **3,642** |
| **TOTAL EQUITY AND LIABILITIES** | **896** | **962** | **1,552** | **182** | **595** | **4,187** |

*(1) In 2011, the Group changed the management fee billing system between Edenred SA (classified in "Worldwide structures") and its various subsidiaries. To reflect this change, €11 million in "Current Liabilities" and €(11) million in "Equity" have been reclassified from Worldwide Structures to the other operating segments in the table above. These reclassifications have no effect on total current liabilities or total equity.*

## C. Change in issue volume

| *(in € millions)* | France | Rest of Europe | Latin America | Rest of the world | Worldwide Structures | TOTAL |
|---|---|---|---|---|---|---|
| 2011 Issue volume | 2,598 | 4,770 | 7,337 | 484 | - | 15,188 |
| 2010 Issue volume | 2,564 | 4,679 | 6,185 | 446 | - | 13,875 |
| Reported change | +34 | +91 | +1,151 | +37 | - | +1,313 |
| Reported change in % | +1.3% | +1.9% | +18.6% | +8.3% | - | +9.5% |
| **LIKE-FOR-LIKE CHANGE** | **+34** | **(16)** | **+1,240** | **+92** | **-** | **+1,350** |
| **LIKE-FOR-LIKE CHANGE IN %** | **+1.3%** | **-0.4%** | **+20.1%** | **+20.7%** | **-** | **+9.7%** |

## D. Change in revenues

### D.1 Total revenue

| *(in € millions)* | France | Rest of Europe | Latin America | Rest of the world | Worldwide Structures | TOTAL |
|---|---|---|---|---|---|---|
| 2011 Total revenue | 164 | 359 | 450 | 59 | - | 1,032 |
| 2010 Total revenue | 165 | 347 | 386 | 68 | - | 965 |
| Reported change | (1) | +12 | +65 | (9) | - | +67 |
| Reported change in % | -0.6% | +3.5% | +16.7% | -12.8% | - | +6.9% |
| **LIKE-FOR-LIKE CHANGE** | **+0** | **+11** | **+75** | **+7** | **-** | **+93** |
| **LIKE-FOR-LIKE CHANGE IN %** | **+0.2%** | **+3.0%** | **+19.5%** | **+10.8%** | **-** | **+9.7%** |

### D.2 Operating revenue

| *(in € millions)* | France | Rest of Europe | Latin America | Rest of the world | Worldwide Structures | TOTAL |
|---|---|---|---|---|---|---|
| 2011 Operating revenue | 144 | 327 | 414 | 56 | - | 940 |
| 2010 Operating revenue | 146 | 316 | 358 | 65 | - | 885 |
| Reported change | (3) | +11 | +56 | (9) | - | +55 |
| Reported change in % | -1.7% | +3.4% | +15.6% | -13.9% | - | +6.2% |
| **LIKE-FOR-LIKE CHANGE** | **(1)** | **+9** | **+66** | **+7** | **-** | **+81** |
| **LIKE-FOR-LIKE CHANGE IN %** | **-0.9%** | **+3.0%** | **+18.5%** | **+10.1%** | **-** | **+9.2%** |

### D.3 Financial revenue

| *(in € millions)* | France | Rest of Europe | Latin America | Rest of the world | Worldwide Structures | TOTAL |
|---|---|---|---|---|---|---|
| 2011 Financial revenue | 20 | 32 | 36 | 3 | - | 92 |
| 2010 Financial revenue | 19 | 31 | 27 | 3 | - | 80 |
| Reported change | +1 | +1 | +9 | - | - | +12 |
| Reported change in % | +8.1% | +4.0% | +31.5% | +14.0% | - | +14.7% |
| **LIKE-FOR-LIKE CHANGE** | **+1** | **+1** | **+9** | **+1** | **-** | **+12** |
| **LIKE-FOR-LIKE CHANGE IN %** | **+8.1%** | **+3.4%** | **+32.4%** | **+26.8%** | **-** | **+15.2%** |

## E. Change in EBIT

| *(in € millions)* | France | Rest of Europe | Latin America | Rest of the world | Worldwide Structures | TOTAL |
|---|---|---|---|---|---|---|
| 2011 EBIT | 46 | 111 | 206 | 3 | (11) | 355 |
| 2010 EBIT (1) | 47 | 119 | 167 | 9 | (12) | 330 |
| Reported change | (1) | (8) | +39 | (6) | +1 | +25 |
| Reported change in % | -1.1% | -6.2% | +23.2% | -61.8% | -3.5% | +7.8% |
| **LIKE-FOR-LIKE CHANGE** | **(3)** | **(6)** | **+42** | **(0)** | **+2** | **+35** |
| **LIKE-FOR-LIKE CHANGE IN %** | **-5.6%** | **-5.3%** | **+25.0%** | **-0.9%** | **-18.5%** | **+10.6%** |

*(1) In 2011, the Group changed the management fee billing system between Edenred SA (classified in "Worldwide structures") and its various subsidiaries. To reflect this change, €(11) million have been reclassified from Worldwide Structures to the other operating segments in the table above. These reclassifications have no effect on total EBIT.*

## NOTE 5 CHANGE IN ISSUE VOLUME, REVENUE AND EBIT

Changes in issue volume, revenue and EBIT between 2010 and 2011 break down as follows:

| | | | Δ Dec. 2011/Dec. 2010 | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | Organic growth | | Changes in consolidation scope | | Currency effect | | Total change | |
| *(in € millions)* | Dec. 2010 IFRS | Dec. 2011 | In €M | In % | In €M | In % | In €M | In % | In €M | In % |
| **ISSUE VOLUME** | **13,875** | **15,188** | **1,350** | **+9.7%** | **110** | **+0.8%** | **(147)** | **-1.0%** | **1,313** | **+9.5%** |
| Operating revenue generated by issue volume | 729 | 782 | 66 | +9.0% | (7) | -0.8% | (6) | -0.9% | 53 | +7.3% |
| Other operating revenue | 156 | 158 | 15 | +9.6% | (13) | -8.5% | 0 | +0.1% | 2 | +1.2% |
| **Operating Revenue** | **885** | **940** | **81** | **+9.2%** | **(20)** | **-2.3%** | **(6)** | **-0.7%** | **55** | **+6.2%** |
| Financial revenue - Unrestricted float | 66 | 76 | 11 | +17.1% | (1) | -0.3% | (0) | -0.6% | 10 | +16.2% |
| Financial revenue - Restricted cash | 14 | 16 | 1 | +6.7% | 1 | +1.4% | (0) | -0.1% | 2 | +8.0% |
| **Financial Revenue** | **80** | **92** | **12** | **+15.2%** | **0** | **+0.0%** | **(0)** | **-0.5%** | **12** | **+14.7%** |
| **TOTAL REVENUE** | **965** | **1,032** | **93** | **+9.7%** | **(20)** | **-2.1%** | **(6)** | **-0.7%** | **67** | **+6.9%** |
| **EBIT** | **330** | **355** | **35** | **+10.6%** | **(7)** | **-1.9%** | **(3)** | **-0.9%** | **25** | **+7.8%** |

Comparison between Pro forma and IFRS:

| | | | Δ Dec. 2011/Dec. 2010 | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | Organic growth | | Changes in consolidation scope | | Currency effect | | Total change | |
| *(in € millions)* | Dec. 2010 pro forma * | Dec. 2011 | In €M | In % | In €M | In % | In €M | In % | In €M | In % |
| **ISSUE VOLUME** | **13,875** | **15,188** | **1,350** | **+9.7%** | **110** | **+0.8%** | **(147)** | **-1.0%** | **1,313** | **+9.5%** |
| Operating revenue generated by issue volume | 729 | 782 | 66 | +9.0% | (7) | -0.8% | (6) | -0.9% | 53 | +7.3% |
| Other operating revenue | 156 | 158 | 15 | +9.6% | (13) | -8.5% | 0 | +0.1% | 2 | +1.2% |
| **Operating Revenue** | **885** | **940** | **81** | **+9.2%** | **(20)** | **-2.3%** | **(6)** | **-0.7%** | **55** | **+6.2%** |
| Financial revenue – Unrestricted float | 66 | 76 | 11 | +17.1% | (1) | -0.3% | (0) | -0.6% | 10 | +16.2% |
| Financial revenue – Restricted cash | 14 | 16 | 1 | +6.7% | 1 | +1.4% | (0) | -0.1% | 2 | +8.0% |
| **Financial Revenue** | **80** | **92** | **12** | **+15.2%** | **0** | **+0.0%** | **(0)** | **-0.5%** | **12** | **+14.7%** |
| **TOTAL REVENUE** | **965** | **1,032** | **93** | **+9.7%** | **(20)** | **-2.1%** | **(6)** | **-0.7%** | **67** | **+6.9%** |
| **EBIT** | **328** | **355** | **37** | **+11.2%** | **(7)** | **-1.9%** | **(3)** | **-0.8%** | **27** | **+8.5%** |

* *The pro forma financial statements for the period ended December 31, 2010 include an operating expense of €2 million, representing the impact of setting up the new organization as from January 1, 2010 (the asset contribution and demerger was carried out on June 29, 2010).*

## NOTE 6 OPERATING EXPENSES

| | Dec. 2010 | | |
|---|---|---|---|
| *(in € millions)* | Pro forma * | IFRS | Dec. 2011 |
| Employee benefit expense | (274) | (273) | (284) |
| Other operating expenses [(1)] | (334) | (333) | (364) |
| **TOTAL OPERATING EXPENSES [(2)]** | **(608)** | **(606)** | **(648)** |

* *The pro forma financial statements for the period ended December 31, 2010 include an operating expense of €2 million, representing the impact of setting up the new organization as from January 1, 2010 (the asset contribution and demerger was carried out on June 29, 2010).*

(1) *Other operating expenses consist mainly of production, supply chain, information systems, marketing, advertising and promotional costs as well as various fee payments. They also include rental expenses for €(18) million in December 2011.*

(2) *As December 31, 2011 the currency effect impact the operating expenses for €4 million.*

## NOTE 7 DEPRECIATION, AMORTIZATION, AND PROVISIONS

Depreciation, amortization and provisions can be analyzed as follows:

| *(in € millions)* | Dec. 2010 IFRS | Dec. 2011 |
|---|---|---|
| Amortization | (32) | (31) |
| Provisions and depreciation | 3 | 2 |
| **TOTAL** | **(29)** | **(29)** |

## NOTE 8 NET FINANCIAL EXPENSE

| | Dec. 2010 | | |
|---|---|---|---|
| *(in € millions)* | Pro forma * | IFRS | Dec. 2011 |
| Gross borrowing cost | (62) | (25) | (47) |
| Hedging instruments | - | - | - |
| Interests income from short term bank deposits and equivalent | 5 | 5 | 8 |
| **Net borrowing cost** | **(57)** | **(20)** | **(39)** |
| Net foreign exchange gains/(losses) | 2 | 2 | 4 |
| Other financial income and expenses, net | (7) | (7) | (5) |
| **NET FINANCIAL EXPENSE** | **(62)** | **(25)** | **(40)** |

* *The additional financial expense arising for the period ended December 31, 2010, from the debt allocated to Edenred as part of the reallocation of Accor debt and used to prepare the pro forma financial statements, is estimated at approximately €37 million based on an interest rate of 4.35%.*

## NOTE 9 NON-RECURRING INCOME AND EXPENSES

Non-recurring income and expenses can be analyzed as follows:

| *(in € millions)* | Dec. 2010 IFRS | Dec. 2011 |
|---|---|---|
| Movements on restructuring provisions | 4 | (1) |
| Restructuring costs | (11) | (4) |
| **Restructuring costs** | **(7)** | **(5)** |
| Impairment of goodwill | (32) | (20) |
| Impairment of intangible assets | (11) | (4) |
| **Total impairment losses** | **(43)** | **(24)** |
| Other capital gains or losses | 1 | 25 |
| Provision movements | (9) | 1 |
| Non-recurring gains and losses, net | (42) | (4) |
| **Other non-recurring income and expenses, net** | **(50)** | **22** |
| **TOTAL NON-RECURRING INCOME AND EXPENSES, NET** | **(100)** | **(7)** |

### A. Restructuring costs

Restructuring costs in 2010 correspond mainly to Group reorganization costs.

### B. Impairment losses

In 2010, the review of the goodwill and intangible assets has led to a complementary impairment of Kadéos for €24 million and €5 million, respectively as well as €6 million for Edenred Employee Benefits.

In 2011, the review of the goodwill and intangible assets has led to a complementary impairment of Edenred Incentives & Rewards Deutschland (Quasar) for €6 million and €2 million, respectively as well as €9 million for Edenred Singapour (Surfgold) and €7 million for Tintelingen.

### C. Other non-recurring income and expenses

Other non-recurring income and expenses were as follows:

- in 2010, mainly demerger costs for €(44) million;
- in 2011, mainly gains on the disposal of Davidson Trahaire in Australia for €16 million, BEA/EAP France for €3 million and Workplace Benefits in United States for €1 million (see Note 3.A.2).

## NOTE 10 INCOME TAX

### A. Income tax expense for the period

| (in € millions) | Dec. 2010 Pro forma * | Dec. 2010 IFRS | Dec. 2011 |
|---|---|---|---|
| Current taxes | (91) | (101) | (97) |
| **SUB-TOTAL: CURRENT TAXES** | **(91)** | **(101)** | **(97)** |
| Deferred taxes on temporary differences arising or reversing during the period | 2 | 2 | (6) |
| Deferred taxes arising from changes in tax rates or rules | - | - | - |
| **SUB-TOTAL: DEFERRED TAXES** | **2** | **2** | **(6)** |
| **TOTAL INCOME TAX EXPENSE** | **(89)** | **(99)** | **(103)** |

* *The pro forma financial statements for the period ended December 31, 2010 include tax savings of €10 million, representing the impact of setting up the new organization as from January 1, 2010 (the asset contribution and demerger was carried out on June 29, 2010).*

### B. Tax proof

| (in € millions) | Dec. 2010 Pro forma * | Dec. 2010 IFRS | Dec. 2011 |
|---|---|---|---|
| **Operating profit before tax (a)** | **166** | **205** | **308** |
| Non-deductible impairment losses | (0) | (0) | (11) |
| Elimination of intercompany capital gains | - | - | - |
| Other | 20 | 20 | 17 |
| **TOTAL PERMANENT DIFFERENCES (NON-DEDUCTIBLE EXPENSES) (b)** | **20** | **20** | **6** |
| **Untaxed profit and profit taxed at a reduced rate (c)** | **12** | **12** | **(25)** |
| **Profit taxable at the standard rate (d) = (a) + (b) + (c)** | **198** | **237** | **289** |
| **Standard tax rate in France (e)** | **34.43%** | **34.43%** | **34.43%** |
| **Theoretical tax at standard rate (f) = (d) x (e)** | **(68)** | **(82)** | **(100)** |
| Adjustments for: | | | |
| • Differences in foreign tax rates | 11 | 11 | 9 |
| • Unrecognized tax losses for the period | (26) | (26) | (5) |
| • Utilisation of previously unrecognised tax losses | 3 | 3 | 2 |
| • Effect of changes in future tax rates | - | - | - |
| • Other items | (8) | (4) | (6) |
| **TOTAL ADJUSTMENTS (g)** | **(20)** | **(16)** | **(0)** |
| **Actual tax at standard rate (h) = (f) + (g)** | **(88)** | **(98)** | **(100)** |
| **Tax at reduced rate (i)** | **(1)** | **(1)** | **(3)** |
| **INCOME TAX EXPENSE (j) = (h) + (i)** | **(89)** | **(99)** | **(103)** |

* *The pro forma financial statements for the period ended December 31, 2010 include an operating expense of €2 million, a financial expense of €37 million and tax savings of €10 million, representing the impact of setting up the new organization as from January 1, 2010 (the asset contribution and demerger was carried out on June 29, 2010).*

## C. Normative tax rate

| | Dec. 2010 | | |
|---|---|---|---|
| *(in € millions)* | Pro forma * | IFRS | Dec. 2011 |
| Operating profit before tax | 166 | 205 | 308 |
| Adjustment related to non-recurring income and expenses, net | 100 | 100 | 7 |
| **Operating profit before tax and non-recurring items** | **266** | **305** | **315** |
| Income tax expense | (89) | (99) | (103) |
| Tax adjustement related to the non-recurring income and expenses | (3) | (3) | 2 |
| **Standard Group Income tax expense** | **(92)** | **(102)** | **(101)** |
| **STANDARD INCOME TAX** | **34.6%** | **33.4%** | **32.0%** |

* *The pro forma financial statements for the period ended December 31, 2010 include tax savings of €10 million, representing the impact of setting up the new organization as from January 1, 2010 (the asset contribution and demerger was carried out on June 29, 2010).*

## D. Details of recognized deferred tax assets and liabilities

| *(in € millions)* | Dec. 2010 IFRS | Dec. 2011 |
|---|---|---|
| Temporary differences between taxable and book profit of the individual entities | 15 | 21 |
| Temporary differences arising from consolidation adjustments | 13 | 17 |
| Recognized deferred tax assets on tax losses | - | 1 |
| **SUB-TOTAL: DEFERRED TAX ASSETS** | **28** | **39** |
| Temporary differences between taxable and book profit of the individual entities | 2 | 15 |
| Temporary differences arising from consolidation adjustments | 70 | 71 |
| **SUB-TOTAL: DEFERRED TAX LIABILITIES** | **72** | **86** |
| **NET DEFERRED TAX ASSET (LIABILITY)** | **(44)** | **(47)** |

## E. Unrecognized deferred tax assets

Unrecognized deferred tax assets at December 31, 2011 amounted to €52 million (December 31, 2010: €50 million), in which €18 million in Worldwide Structures (Edenred SA), €16 million in United Kingdom, €5 million in China, €4 million in Brazil, €2 million in France.

At December 31, 2011 unrecognized deferred tax assets corresponded to tax losses in the amount of €52 million, including €3 million expiring in 2012, €7 million expiring in 2016 and €42 million in evergreen losses.

## NOTE 11 EARNINGS PER SHARE

### A. Net earnings per share

At December 31, 2011, the Company's share capital was made up of 225,897,396 ordinary shares.

The average number of ordinary shares outstanding during 2011 breaks down as follows:

| *(in number of shares)* | Dec. 2010 IFRS | Dec. 2011 |
|---|---|---|
| **EDENRED'S SHARE CAPITAL AT DECEMBER 31, 2011** | **225,897,396** | **225,897,396** |
| **Outstanding shares at beginning of period** | **225,897,396** | **225,897,396** |
| Treasury shares not related to the liquidity contract | - | (231,907) |
| Treasury shares under the liquidity contract | - | (79,556) |
| **Treasury shares** | **-** | **(311,463)** |
| **OUTSTANDING SHARES AT PERIOD-END** | **225,897,396** | **225,585,933** |
| **Effect of treasury shares on the weighted average number *of shares*** | **-** | **241,869** |
| **WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES OUTSTANDING DURING THE PERIOD** | **225,897,396** | **225,827,802** |

In addition, stock options representing 4,674,700 ordinary shares and 1,660,944 performance shares were granted to employees in 2010 and 2011. Conversion of all of these potential shares would have the effect of increasing the number of shares outstanding to 231,921,577.

Diluted earnings per share are based on the average number of outstanding shares that is adjusted with the effect of the potential ordinary shares.

Based on the above number of potential shares and the average Edenred share price calculated:

- from January 3, 2011 to December 31, 2011 for Plan 1 (€19.32); and
- from March 11, 2011 to December 31, 2011 for Plan 2 (€19.51),

the diluted weighted average number of shares outstanding in 2011 was 229,262,061.

| | Dec. 2010 | | |
|---|---|---|---|
| | Pro forma * | IFRS | Dec. 2011 |
| **Net Profit - Group share** *(in € millions)* | **68** | **97** | **194** |
| Weighted average number of ordinary shares *(in thousands)* | 225,897 | 225,897 | 225,897 |
| Weighted average number of treasury shares *(in thousands)* | - | - | (69) |
| **Number of shares used to calculate basic earnings per share** *(in thousands)* | **225,897** | **225,897** | **225,828** |
| **BASIC EARNINGS PER SHARE** *(IN €)* | **0.30** | **0.43** | **0.86** |
| Number of shares resulting from the exercise of stock options *(in thousands)* | - | - | 3,091 |
| Number of shares resulting from performance shares grants *(in thousands)* | 274 | 274 | 343 |
| **Number of shares used to calculate diluted earnings per share** *(in thousands)* | **226,171** | **226,171** | **229,262** |
| **DILUTED EARNINGS PER SHARE** *(IN €)* | **0.30** | **0.43** | **0.85** |

* *The pro forma financial statements for the period ended December 31, 2010 include an operating expense of €2 million, a financial expense of €37 million and tax savings of €10 million, representing the impact of setting up the new organization as from January 1, 2010 (the asset contribution and demerger was carried out on June 29, 2010).*

## B. Recurring profit after tax

Recurring profit after tax corresponds to:

- operating profit before tax and non-recurring items; and
- tax adjustment of the period related to the non-recurring income and expenses. It is stated net of non-controlling interests.

The recurring profit after tax breaks down as follows:

| | Dec. 2010 | | |
|---|---|---|---|
| | **Pro forma *** | **IFRS** | **Dec. 2011** |
| **Net profit** *(in € millions)* | **77** | **106** | **205** |
| Non-recurring income and expenses adjustement, net *(in € millions)* | 100 | 100 | 7 |
| Net Profit, Non-controlling interests adjustment (in € millions) | (9) | (9) | (11) |
| Tax adjustment related to the non-recurring income and expenses *(in € millions)* | (3) | (3) | 2 |
| **Recurring profit after tax, Group share** *(in € millions)* | **165** | **194** | **203** |
| **Number of shares used to calculate basic earnings per share** *(in thousands)* | **225,897** | **225,897** | **225,828** |
| **DILUTED RECURRING PROFIT AFTER TAX, GROUP SHARE PER SHARE** *(IN €)* | **0.73** | **0.86** | **0.90** |

* *The pro forma financial statements for the period ended December 31, 2010 include an operating expense of €2 million, a financial expense of €37 million and tax savings of €10 million, representing the impact of setting up the new organization as from January 1, 2010 (the asset contribution and demerger was carried out on June 29, 2010).*

## NOTE 12 GOODWILL

| *(in € millions)* | Dec. 2010 IFRS | Dec. 2011 |
|---|---|---|
| Goodwill | 679 | 658 |
| Less accumulated impairment losses | (128) | (149) |
| **GOODWILL, NET** | **551** | **509** |

| *(in € millions)* | Dec. 2010 IFRS | Dec. 2011 |
|---|---|---|
| Brazil | 180 | 165 |
| France (Ticket Cadeaux) | 91 | 91 |
| United Kingdom | 61 | 61 |
| Italy | 37 | 46 |
| Romania | 36 | 37 |
| Mexico | 34 | 32 |
| Sweden | 19 | 19 |
| Australia | 14 | - |
| USA | 12 | 13 |
| Czech Republic | 12 | 12 |
| Germany | 12 | 6 |
| Asia | 13 | 4 |
| Other (individually representing less than €10 million) | 30 | 23 |
| **GOODWILL, NET** | **551** | **509** |

Changes in the carrying amount of goodwill during the periods presented were as follows:

| *(in € millions)* | Notes | Dec. 2010 IFRS | Dec. 2011 |
|---|---|---|---|
| **NET GOODWILL AT BEGINNING OF PERIOD** | | **557** | **551** |
| **Goodwill recognized on acquisitions for the period and other increases** | | **3** | **11** |
| • Italy (RistoChef acquisition) | | - | 10 |
| • Germany (Quasar acquisition) | | 3 | - |
| • Czech Republic | | 1 | - |
| • Brazil (Earn-out on Accentiv' Mimetica) | | 1 | - |
| • United Kingdom (Buy-out of non controling interests) | | - | 1 |
| • Other acquisitions | | (2) | - |
| **Goodwill written off on disposals for the period** | | **(2)** | **(15)** |
| **Impairment losses** | 9 | **(32)** | **(20)** |
| **Currency translation adjustement** | | **29** | **(16)** |
| **Put options on non-controlling interests recognized/remeasured during the period and other** | | **(4)** | **(2)** |
| **Reclassification and other movements** | | **-** | **-** |
| **NET GOODWILL AT PERIOD-END** | | **551** | **509** |

## NOTE 13 INTANGIBLE ASSETS

| *(in € millions)* | Dec. 2010 IFRS | Dec. 2011 |
|---|---|---|
| **COST** | | |
| Kadéos brand [(1)] | 19 | 19 |
| Other brands | 20 | 20 |
| Contractual customer relationships [(2)] | 63 | 71 |
| Licenses and software | 114 | 130 |
| Other | 41 | 40 |
| **TOTAL COST** | **257** | **280** |
| **ACCUMULATED AMORTIZATION AND IMPAIRMENT LOSSES** | | |
| Brands | (5) | (8) |
| Contractual customer relationships | (42) | (46) |
| Licenses and software | (85) | (91) |
| Other | (29) | (34) |
| **TOTAL ACCUMULATED AMORTIZATION AND IMPAIRMENT LOSSES** | **(161)** | **(179)** |
| **INTANGIBLE ASSETS, NET** | **96** | **101** |

*(1) The Kadéos brand was recognized following the acquisition of this company in March 2007.*
*(2) Of which €19 million corresponding to Kadéos customer lists, totally depreciated at the end of 2010.*

Changes in the carrying amount of intangible assets over the period were as follows:

| *(in € millions)* | Dec. 2010 IFRS | Dec. 2011 |
|---|---|---|
| **NET INTANGIBLE ASSETS AT BEGINNING OF PERIOD** | **99** | **96** |
| Additions | 5 | 5 |
| Internally-generated assets | 18 | 23 |
| Intangible assets of newly-consolidated companies | - | 3 |
| Amortization for the period | (21) | (19) |
| Impairment losses for the period * | (11) | (4) |
| Disposals | - | (3) |
| Currency translation adjustement | 5 | (1) |
| Reclassifications | 1 | 1 |
| **NET INTANGIBLE ASSETS AT END OF PERIOD** | **96** | **101** |

* *In 2010 and 2011, see Note 9.*

The following intangible assets are considered as having an indefinite useful life:

| *(in € millions)* | Dec. 2010 IFRS | Dec. 2011 |
|---|---|---|
| Kadéos brand | 19 | 19 |
| Rikskuponger brand | 7 | 7 |
| Tintelingen brand | 2 | - |
| Prepay brand | 2 | 2 |
| Other brands | 4 | 3 |
| **INTANGIBLE ASSETS WITH INDEFINITE USEFUL LIVES** | **34** | **31** |

Most brands have been qualified as having an indefinite useful life because the Group considers that there is no foreseeable limit to the period in which they can be used.

## NOTE 14 PROPERTY, PLANT AND EQUIPMENT

| *(in € millions)* | Dec. 2010 IFRS | Dec. 2011 |
|---|---|---|
| Land | 3 | 0 |
| Buildings | 3 | 19 |
| Fixtures | 20 | 24 |
| Equipment and furniture | 87 | 89 |
| Assets under construction | 1 | 2 |
| **COST** | **114** | **134** |

| *(in € millions)* | Dec. 2010 IFRS | Dec. 2011 |
|---|---|---|
| Buildings | (1) | (1) |
| Fixtures | (10) | (11) |
| Equipment and furniture | (63) | (67) |
| **ACCUMULATED DEPRECIATION** | **(74)** | **(79)** |
| **ACCUMULATED IMPAIRMENT LOSSES** | **-** | **-** |
| **ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSSES** | **(74)** | **(79)** |

| *(in € millions)* | Dec. 2010 IFRS | Dec. 2011 |
|---|---|---|
| Land | 3 | 0 |
| Buildings | 2 | 18 |
| Fixtures | 10 | 13 |
| Equipment and furniture | 24 | 22 |
| Assets under construction | 1 | 2 |
| **PROPERTY, PLANT AND EQUIPMENT, NET** | **40** | **55** |

Changes in the carrying amount of property, plant and equipment during the period were as follows:

| *(in € millions)* | Dec. 2010 IFRS | Dec. 2011 |
|---|---|---|
| **NET PROPERTY, PLANT AND EQUIPMENT AT BEGINING OF PERIOD** | **37** | **40** |
| Property, plant and equipment of newly consolidated companies | 0 | 19 |
| Additions | 14 | 12 |
| Disposals | (1) | (4) |
| Depreciation for the period | (11) | (12) |
| Impairment losses for the period | - | - |
| Currency translation adjustement | 1 | 0 |
| Reclassifications | 0 | - |
| **NET PROPERTY, PLAND AND EQUIPMENT AT END OF PERIOD** | **40** | **55** |

## NOTE 15 IMPAIRMENT TESTS

### A. Impairment losses

Cumulated impairment losses on tangible and intangible assets amounted to €183 million at December 31, 2011 (€158 million at December 31, 2010). The net impairment expense of the period amounted to €24 million (€43 million in 2010).

CGUs impacted by impairment losses are detailed as follows:

| | Dec. 2011 | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | France – Kadéos | | | | Other countries | | | | TOTAL | | | |
| *(in € millions)* | Gross value | Accumulated depreciation | Accumulated impairment losses | Net value | Gross value | Accumulated depreciation | Accumulated impairment losses | Net value | Gross value | Accumulated depreciation | Accumulated impairment losses | Net value |
| Goodwill | 196 | - | (105) | 91 | 462 | - | (44) | 418 | 658 | - | (149) | 509 |
| Brands | 19 | - | - | 19 | 20 | (5) | (3) | 12 | 39 | (5) | (3) | 31 |
| Contractual customer relashionship | 21 | (8) | (13) | - | 50 | (17) | (8) | 25 | 71 | (25) | (21) | 25 |
| Other intangible assets | 25 | (17) | (8) | - | 145 | (98) | (2) | 45 | 170 | (115) | (10) | 45 |
| Tangible assets | 3 | (3) | 0 | 0 | 131 | (76) | - | 55 | 134 | (79) | 0 | 55 |
| **TOTAL** | **264** | **(28)** | **(126)** | **110** | **808** | **(196)** | **(57)** | **555** | **1,072** | **(224)** | **(183)** | **665** |

| | Dec. 2010 IFRS | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | France – Kadéos | | | | Other countries | | | | TOTAL | | | |
| *(in € millions)* | Gross value | Accumulated depreciation | Accumulated impairment losses | Net value | Gross value | Accumulated depreciation | Accumulated impairment losses | Net value | Gross value | Accumulated depreciation | Accumulated impairment losses | Net value |
| Goodwill | 196 | - | (105) | 91 | 483 | - | (23) | 460 | 679 | - | (128) | 551 |
| Brands | 19 | - | - | 19 | 20 | (4) | - | 16 | 39 | (4) | - | 35 |
| Contractual customer relashionship | 21 | (8) | (13) | - | 43 | (14) | (7) | 22 | 64 | (22) | (20) | 22 |
| Other intangible assets | 25 | (17) | (8) | - | 129 | (88) | (2) | 39 | 154 | (105) | (10) | 39 |
| Tangible assets | 3 | (3) | 0 | 0 | 111 | (71) | - | 40 | 114 | (74) | 0 | 40 |
| **TOTAL** | **264** | **(28)** | **(126)** | **110** | **786** | **(177)** | **(32)** | **577** | **1,050** | **(205)** | **(158)** | **687** |

Assets with indefinite useful lives were tested for impairment as of December 31, 2011 using the method described in Note 2.E. 5 “Recoverable amount of assets”.

### B. Key assumptions

In 2011, the discount rate applied is based on the Group weighted average cost of capital of 9.0% (8.8% in 2010).

As the Group has operations in a very large number of countries, discount rates are set by main geographical region taking into account specific risk factors:

| | Discount rates | | Perpetuity growth rates | |
|---|---|---|---|---|
| | 2010 | 2011 | 2010 | 2011 |
| France | 7.8% | 7.0% | 2.00% | 2.00% |
| Rest of Europe | 7.5% - 10.2% | 7.0% - 10.5% | 2.00% | 2.00% |
| Latin America | 10.0% - 10.5 % | 10.2% - 11.0% | 2.00% | 2.00% |
| Rest of the world | 10.0% - 11.9% | 10.2% - 12.9% | 2.00% | 2.00% |

### C. Sensitivity analysis

At December 31, 2011, a 50-basis point increase in the discount rate would have the effect of increasing impairment losses recognized in 2011 by €1 million. A 100-basis point increase in the discount rate would have the effect of increasing impairment losses recognized in 2011 by approximately €3 million.

At December 31, 2011, a 50-basis point decrease in the perpetuity gross rate would have the effect of increasing impairment losses recognized in 2011 by €1 million. A 100-basis point decrease in the perpetuity gross rate would have the effect of increasing impairment losses recognized in 2011 by approximately €1 million. For Kadéos, a nil perpetuity growth rate would have an impact of €7 million on net impairment losses.

## NOTE 16 RECEIVABLES AND PAYABLES

### A. Trade receivables and related provisions

| *(in € millions)* | Dec. 2010 IFRS | Dec. 2011 |
|---|---|---|
| Gross | 977 | 1,017 |
| Provisions | (26) | (27) |
| **TRADE RECEIVABLES, NET** | **951** | **990** |

Provisions for impairment in value of trade receivables correspond to numerous separate provisions, none of which are material. Past-due receivables are tracked individually and regular estimates are made of potential losses in order to increase the related provisions if and when required.

### B. Details of inventories, other receivables and accruals

| *(in € millions)* | Dec. 2010 IFRS | Dec. 2011 |
|---|---|---|
| Inventories | 12 | 11 |
| VAT recoverable | 169 | 128 |
| Employee advances and prepaid payroll taxes | 3 | 3 |
| Other prepaid and recoverable taxes | 10 | 24 |
| Other receivables | 127 | 127 |
| Other prepaid expenses | 10 | 11 |
| **GROSS** | **331** | **304** |
| Provisions | (3) | (3) |
| **INVENTORIES AND OTHER RECEIVABLES AND ACCRUALS, NET** | **328** | **301** |

## C. Details of other payables and accruals

| *(in € millions)* | Dec. 2010 IFRS | Dec. 2011 |
|---|---|---|
| VAT payable | 16 | 20 |
| Wages and salaries and payroll taxes payable | 50 | 52 |
| Other taxes payable | 23 | (8) |
| Other payables | 65 | 80 |
| Deferred income | 20 | 17 |
| **OTHER PAYABLES AND ACCRUALS** | **174** | **161** |

## D. Receivables and payables by maturity

| *(in € millions)* | Due within 1 year | Due in 1 to 5 years | Beyond 5 years | Dec. 2011 |
|---|---|---|---|---|
| Inventories | 11 | - | - | 11 |
| Trade receivables, gross amount | 1,017 | - | - | 1,017 |
| VAT recoverable | 115 | 13 | - | 128 |
| Employee advances and prepaid payroll taxes | 3 | - | - | 3 |
| Other prepaid and recoverable taxes | 24 | - | - | 24 |
| Other receivables | 127 | - | - | 127 |
| **CURRENT ASSETS** | **1,297** | **13** | **-** | **1,310** |
| Trade payables | 73 | - | - | 73 |
| VAT payable | 20 | - | - | 20 |
| Wages and salaries and payroll taxes payable | 52 | - | - | 52 |
| Other taxes payable | (8) | - | - | (8) |
| Other payables | 80 | - | - | 80 |
| **CURRENT LIABILITIES** | **217** | **-** | **-** | **217** |

# NOTE 17 SHAREHOLDER'S EQUITY

## A. Share capital

At December 31, 2011, the Company's capital was made up of 225,897,396 shares with a par value of €2 each, all fully paid.

The 225,897,396 shares are ordinary shares with rights to all distributions of interim and final dividends, reserves or equivalent amounts.

## B. Treasury stock

During 2011, the Company bought back some of its own shares under the program authorized by the Shareholders' Meeting of May 13, 2011.

The buyback program is described in the Edenred Registration Document filed with the French Securities Regulator on April 13, 2011.

The maximum purchase price under the shareholder authorization is €30 and the minimum sale price is €15. The Company would not be authorized to purchase more than 22,589,739 shares (i.e. 10% of the total shares outstanding at February 23, 2011), representing a maximum total investment of €677,692,170.

As of December 31, 2011, the Company held 311,463 shares in treasury (including 79,556 shares under the liquidity contract).

Edenred entered into a liquidity contract with EXANE BNP PARIBAS from November 3, 2011. The means provided for this agreement and credited to the liquidity account are an amount of €10 million (no shares).

Edenred shares held by the Group are recorded as a deduction from consolidated equity.

## C. Dividends

### C.1 2011 dividends

At the Edenred Shareholders' Meeting called to approve the financial statements for the fiscal year ended December 31, 2011, the Board of Directors will recommend paying a dividend of €0.70 per share, representing a total payout of €158.1 million.

Subject to approval by the Shareholders' Meeting, this dividend will be paid during the first half of 2012. The dividend is not recognized under liabilities in the financial statements at December 31, 2011 as these financial statements are presented before appropriation of profit.

### C.2 2010 dividends

The Shareholders' Meeting held on May 13, 2011 decided to pay a 2010 dividend of €0.50 per share. This dividend was paid on May 31, 2011 for a total amount of €112.9 million.

# NOTE 18 POTENTIAL ORDINARY SHARES

## A. Stock option plan

The main characteristics of the current stock option plan at December 31, 2011 are summarized in the table below:

| | Plan 1 | Plan 2 |
|---|---|---|
| Date of shareholder authorization | May 10, 2010 | May 10, 2010 |
| Grant date by the Board of Directors | August 6, 2010 | March 11, 2011 |
| Duration of the plan | 8 years | 8 years |
| Starting date of the exercise period | August 7, 2014 | March 12, 2015 |
| Expiry date of the exercise period | August 6, 2018 | March 11, 2019 |
| Expected life of the options | 6.7 years | 7.3 years |
| Exercise price | €13.69 | €18.81 |
| Number of grantees at the grant date | 455 | 58 |
| Number of options at the grant date | 4,235,500 | 611,700 |

The fair value of the options at the grant date has been determined using the Black & Scholes option-pricing model. The main data and assumptions used for the fair value calculations are as follows:

| | Plan 1 | Plan 2 |
|---|---|---|
| Grant date by the Board of Directors | August 6, 2010 | March 11, 2011 |
| **Data at the grant date** | | |
| Number of options | 4,235,500 | 611,700 |
| Edenred share price | €13.45 | €20.04 |
| Exercise price | €13.69 | €18.81 |
| Duration of the plan | 8 years | 8 years |
| Expected volatility | 27.20% | 28.80% |
| Risk-free interest rate | 1.79% | 2.73% |
| Expected dividend yield | 2.55% | 2.43% |
| **OPTION FAIR VALUE** | **€2.62** | **€5.07** |
| **PLAN FAIR VALUE** | **€11.1M** | **€3.1M** |

### Maturity of stock options

The Group has decided to base the assumed exercise dates of stock options on observed exercise dates under previous plans in the Accor Group. The schedule that is applied is as follows:

- 35% of options exercised after 4 years;
- 20% after 5 years;
- 35% after 6 years;
- 5% after 7 years;
- 5% after 8 years.

Maturity of stock options corresponds to the options' expected lives.

### Share price volatility

The volatility rate is based on historical volatility for the first twelve months since the Group Edenred was first listed, excluding the first trading month (July 2010) which has been considered as atypical.

However, as the options have an eight-year life the Group Edenred also calculated the historical volatility over eight years for three companies operating in the same business segment. Average volatility for these companies was consistent with the rate used for the Group Edenred.

### Risk free interest rate

The risk-free interest rate is the implied yield available on zero-coupon issues by the French Government at the grant date.

Stock option subscription plans at December 31, 2011 are detailed below:

| | December, 31 2010 | | December, 31 2011 | |
|---|---|---|---|---|
| | Number of options | Weighted average exercise price | Number of options | Weighted average exercise price |
| **OPTIONS OUTSTANDING AT BEGINNING OF PERIOD** | **-** | **-** | **4,208,500** | **€13.69** |
| Options granted | 4,235,500 | €13.69 | 611,700 | €18.81 |
| Options cancelled or expired | (27,000) | €13.69 | (145,500) | €13.69 |
| Options exercised | - | - | - | - |
| **OPTIONS OUTSTANDING AT END OF PERIOD** | **4,208,500** | **€13.69** | **4,674,700** | **€14.36** |
| **OPTIONS EXERCISABLE AT END OF PERIOD** | **-** | **-** | **-** | **-** |

Weighted average exercise price was €13.69 in 2010 and €14.36 in 2011.

The total cost of share-based payments granted to the Group employees amounted to €2.7 million at December 31, 2010 and €3.3 million at December 31, 2011. This amount has been recognized in employee benefit expense with a corresponding adjustment to equity.

## B. Performance share plan

Edenred's Boards Directors of August 6, 2010 and March 11, 2011 carried to the conditional attribution of respectively 912,875 and 805,025 performance shares.

Performance shares granted to French tax residents are subject to a three-year vesting period followed by a two-year lock-up and shares granted to residents of other countries are subject to five-year vesting period without any lock-up.

The performance objectives are as follows:

- for half of the shares granted under the 2010 plan and half of the shares granted under the 2011 plan, like-for-like growth in issue volume for:
  - the years 2010, 2011 and 2012 under the 2010 plan,
  - the years 2011, 2012 et 2013 under the 2011 plan;
- for half of the shares granted under the 2011 plan and one third of the shares granted under the 2010 plan, like-for-like growth in funds from operations for:
  - the years 2011 and 2012 under the 2010 plan,
  - the years 2011, 2012 et 2013 under the 2011 plan;
- for 17% of the shares granted under the 2010 plan, the 2010 consolidated EBIT target.

Performance objectives were met in 2010 and 2011.

The fair value of performance shares is recognized on a straight-line basis over the vesting period in employee benefit expense, with a corresponding adjustment to equity. It amounted to €12.46 and €18.65 under the 2010 and 2011 plans respectively for French tax residents and to €11.82 and €17.78 under the 2010 and 2011 plans respectively for residents of other countries.

Costs related to performance share plans recognized in 2010 and 2011 amounted respectively to €3.8 million and €4.3 million.

## NOTE 19 NON-CONTROLLING INTERESTS

| *(in € millions)* | |
|---|---|
| **At December 31, 2009** | **19** |
| Non-controlling interests in profit for the period | 9 |
| Dividends paid to non-controlling interests | (5) |
| Issue of share capital | 2 |
| Currency translation adjustment | (4) |
| Changes in consolidation scope | (4) |
| **At December 31, 2010** | **17** |
| Non-controlling interests in profit for the period | 11 |
| Dividends paid to non-controlling interests | (11) |
| Issue of share capital | 3 |
| Currency translation adjustment | 0 |
| Changes in consolidation scope | (0) |
| **AT DECEMBER 31, 2011** | **20** |

## NOTE 20 CURRENT FINANCIAL ASSETS

| | Dec. 2010 IFRS | | | Dec. 2011 | | |
|---|---|---|---|---|---|---|
| *(in € millions)* | Gross value | Depreciation | Net value | Gross value | Dépréciation | Net value |
| Other current financial assets | 1 | - | 1 | 1 | (1) | 0 |
| Receivables on disposal of assets | (0) | - | (0) | 1 | - | 1 |
| Derivatives | 4 | - | 4 | 10 | - | 10 |
| **CURRENT FINANCIAL ASSETS** | **5** | **-** | **5** | **12** | **(1)** | **11** |

## NOTE 21 CASH AND CASH EQUIVALENTS AND OTHER MARKETABLE SECURITIES

| | Dec. 2010 IFRS | | | Dec. 2011 | | |
|---|---|---|---|---|---|---|
| *(in € millions)* | Gross value | Depreciation | Net value | Gross value | Depreciation | Net value |
| Cash at bank and on hand | 72 | - | 72 | 146 | - | 146 |
| Term deposits in less than 3 months | 289 | - | 289 | 215 | - | 215 |
| Bonds and other negociable debt securities | - | - | - | - | - | - |
| Interest-bearing bank accounts | 42 | - | 42 | 66 | - | 66 |
| Mutual fund units in cash in less than 3 months | 1 | - | 1 | 10 | - | 10 |
| **CASH AND CASH EQUIVALENTS** | **404** | **-** | **404** | **437** | **-** | **437** |
| Term deposits in more than 3 months | 1,027 | - | 1,027 | 995 | - | 995 |
| Bonds and other negociable debt securities | 121 | (0) | 121 | 90 | (0) | 90 |
| Interest-bearing bank accounts | - | - | - | - | - | - |
| Mutual fund units in cash in more than 3 months | - | - | - | - | - | - |
| **OTHER MARKETABLE SECURITIES** | **1,148** | **(0)** | **1,148** | **1,085** | **(0)** | **1,085** |
| **TOTAL CASH AND CASH EQUIVALENTS AND OTHER MARKETABLE SECURITIES** | **1,552** | **(0)** | **1,552** | **1,522** | **(0)** | **1,522** |

## NOTE 22 DEBT AND OTHER FINANCIAL LIABILITIES

| | Dec. 2010 IFRS | | | Dec. 2011 | | |
|---|---|---|---|---|---|---|
| *(in € millions)* | Non-current | Current | Total | Non-current | Current | Total |
| Bonds | 793 | - | 793 | 794 | - | 794 |
| Bank borrowings | 694 | 10 | 704 | 596 | 3 | 599 |
| **DEBT** | **1,487** | **10** | **1,497** | **1,390** | **3** | **1,393** |
| **BANK OVERDRAFTS** | **-** | **66** | **66** | **-** | **35** | **35** |
| Deposits | 9 | - | 9 | 8 | 2 | 10 |
| Purchase commitments | 2 | - | 2 | - | 4 | 4 |
| Derivatives | - | 0 | 0 | - | 9 | 9 |
| Other | 1 | 7 | 8 | 0 | 8 | 8 |
| **OTHER FINANCIAL LIABILITIES** | **12** | **7** | **19** | **8** | **23** | **31** |
| **TOTAL DEBT AND OTHER FINANCIAL LIABILITIES** | **1,499** | **83** | **1,582** | **1,398** | **61** | **1,459** |

The contractual documents for debt and other financial liabilities do not include any particular covenants or clauses that could significantly change the terms.

## A. Debt

Debt includes the following items:

### A.1 Bonds

In September, 2010, the Group placed €800 million worth of 3.625% 7-year bonds due October 6, 2017 with European institutional investors.

### A.2 Bank borrowings

In June 2010, the Group set up a €900 million 5-year term loan in a club deal with a group of lenders. The loan is repayable in three annual installments, the first of which is due on June 30, 2013.

In October 2010, the Group repaid €200 million in advance.

In the fourth quarter of 2011, the Group repaid €100 million in advance.

The issue enabled Edenred to extend the average maturity of its debt. The remaining €600 million is repayable in installments in June 2014 (€300 million) and June 2015 (€300 million).

## B. Maturities of debt analysis

### B.1 Book value

#### B.1.1 At December 31, 2011

| *(in € millions)* | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 and beyond | Dec. 2011 |
|---|---|---|---|---|---|---|---|
| Total debt and other financial liabilities | 61 | 3 | 301 | 300 | - | 794 | 1,459 |
| **TOTAL** | **61** | **3** | **301** | **300** | **-** | **794** | **1,459** |

#### B.1.2 At December 31, 2010

| *(in € millions)* | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 and beyond | Dec. 2010 IFRS |
|---|---|---|---|---|---|---|---|
| Total debt and other financial liabilities | 83 | 11 | 98 | 298 | 298 | 794 | 1,582 |
| **TOTAL** | **83** | **11** | **98** | **298** | **298** | **794** | **1,582** |

### B.2 Credit facilities

At December 31, 2011, Edenred had available €639 million of undrawn committed borrowings facilities including €528 million expiring in June 2014. These facilities are for general corporate purposes.

## NOTE 23 FINANCIAL INSTRUMENTS AND MARKET RISK MANAGEMENT

## A. Rate risk

### A.1 Analysis by interest rate

#### A.1.1 Before hedging

Debt without hedging breaks down as follows:

| | Dec. 2010 IFRS | | | Dec. 2011 | | |
|---|---|---|---|---|---|---|
| *(in € millions)* | Amount | Rate | % of total debt | Amount | Rate | % of total debt |
| Fixed rate debt [1] | 793 | 3.63% | 53% | 794 | 3.58% | 57% |
| Variable rate debt | 704 | 2.33% | 47% | 599 | 2.67% | 43% |
| **TOTAL DEBT** | **1,497** | **3.02%** | **100%** | **1,393** | **3.18%** | **100%** |

*(1) The 3.58% rate corresponds to the contractual interest rate of 3.625% applied to the exact number of days divided by 360.*

#### A.1.2 After hedging

Debt after interest rate hedging breaks down as follows:

| | Dec. 2010 IFRS | | | Dec. 2011 | | |
|---|---|---|---|---|---|---|
| *(in € millions)* | Amount | Rate | % of total debt | Amount | Rate | % of total debt |
| Fixed rate debt | 1,041 | 3.46% | 70% | 1,142 | 3.41% | 82% |
| Variable rate debt | 456 | 2.36% | 30% | 251 | 2.50% | 18% |
| **TOTAL DEBT** | **1,497** | **3.13%** | **100%** | **1,393** | **3.24%** | **100%** |

### A.2 Interest rate hedges

At December 31, 2011, a € 598 million notional amount in interest rate hedges is outstanding, including €350 million for variable rate debt hedge and €248 million for variable rate investment hedge. Both interest rate hedges were set up with swaps and collars.

| *(in € millions)* | Notional amount | Fair value | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 and beyond |
|---|---|---|---|---|---|---|---|---|
| BRL: Receiving fixed-rate swaps [1] | 248 | 3 | | | 207 | 41 | | |
| EUR: Paying fixed-rate swaps | 250 | (4) | | 100 | | 150 | | |
| EUR: collar | 100 | (0) | | | | 100 | | |
| **TOTAL** | **598** | **(1)** | **-** | **100** | **207** | **291** | **-** | **-** |

*(1) 600 million of Brazilian real (BRL) equivalent of €248 million.*

### A.3 Sensitivity analysis

Edenred is exposed to the risk of fluctuations in interest rates, given:

- the cash flows related to variable rate debt after hedging; and
- derivative financial instruments eligible for cash flow hedge accounting for the ineffective portion of the hedging relationships.

However, changes in the effective value portion of derivatives eligible for cash flow hedge accounting are recognized directly in equity and have no effect on profit or loss.

The analysis below has been prepared assuming that the amount of the debt and the notional amounts of derivative instruments at 31 December 2011 remains constant over one year.

A 100-basis point change in interest rates (mainly the 3-month Euribor) would have the following impacts on equity and pre-tax income at year-end:

| | Result | | Equity | |
|---|---|---|---|---|
| *(in € millions)* | Decrease in interest rates of 100 bp | Increase in interest rates of 100 bp | Decrease in interest rates of 100 bp | Increase in interest rates of 100 bp |
| Debt at variable rate after hedge accounting | 3 | (3) | - | - |
| Derivatives | 0 | 1 | (7) | 5 |
| **TOTAL** | **3** | **(2)** | **(7)** | **5** |

## B. Foreign exchange risk

### B.1 Currency analysis

#### B.1.1 Before hedging

Debt without hedging breaks down as follows:

| | Dec. 2010 IFRS | | | Dec. 2011 | | |
|---|---|---|---|---|---|---|
| *(in € millions)* | Amount | Rate | % of total debt | Amount | Rate | % of total debt |
| EUR | 1,487 | 3.00% | 99% | 1,390 | 3.18% | 100% |
| Other currencies | 10 | 5.78% | 1% | 3 | 3.88% | 0% |
| **TOTAL DEBT** | **1,497** | **3.02%** | **100%** | **1,393** | **3.18%** | **100%** |

#### B.1.2 After hedging

Debt after currency hedging breaks down as follows:

| | Dec. 2010 IFRS | | | Dec. 2011 | | |
|---|---|---|---|---|---|---|
| *(in € millions)* | Amount | Rate | % of total debt | Amount | Rate | % of total debt |
| EUR | 1,483 | 3.10% | 99% | 1,387 | 3.23% | 100% |
| Other currencies | 14 | 6.46% | 1% | 6 | 5.58% | 0% |
| **TOTAL DEBT** | **1,497** | **3.13%** | **100%** | **1,393** | **3.24%** | **100%** |

## B.2 Currency hedges

For each currency, the notional amount corresponds to the amount of currency sold or purchased forward. Fair value corresponds to the difference between the amount of the currency sold (purchased) and the amount of the currency purchased (sold), converted in both cases at the period-end forward exchange rate.

All currency transactions carried out by the Group, as listed below, are hedging transactions. They consist of designated hedges of intra-group loans and borrowings in foreign currencies and correspond to documented fair value hedging relationships.

At December 31, 2011, currency derivatives had an aggregate positive fair value of €2 million, as:

| *(in € millions)* | Notional amount | Fair value | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 and beyond |
|---|---|---|---|---|---|---|---|---|
| GBP | 112 | 3 | 112 | | | | | |
| SEK | 81 | 2 | 81 | | | | | |
| MXN | 55 | 1 | 55 | | | | | |
| HUF | 27 | (3) | 27 | | | | | |
| CZK | 29 | (1) | 29 | | | | | |
| Other | | | | | | | | |
| **FORWARD PURCHASES AND CURRENCY SWAPS** | **304** | **2** | **304** | | | | | |
| ZAR | 3 | (0) | 3 | | | | | |
| HKD | 0 | (0) | 0 | | | | | |
| **FORWARD SALES AND CURRENCY SWAPS** | **3** | **(0)** | **3** | | | | | |
| **TOTAL** | **307** | **2** | **307** | | | | | |

## B.3 Sensitivity analysis

A change of 10% in currency exchange rates of the major currencies would have the following impact on the EBIT: Brazil (BRL) €14.3 million, Venezuela (VEF) €3.9 million and Mexico (MXN) €1.6 million.

## C. Liquidity risk

The tables below show the repayment schedule of debt, interest included.

Future cash flows relating to interest are calculated using market interest rates at December 31, 2011. Variable rates are estimated by reference to forecast rates and fixed rates are known in advance. Future cash flows represented by debt repayments are estimated based on the assumption that the facilities will not be rolled over at maturity.

### C.1 At December 31, 2011

| *(in € millions)* | Dec. 2011 carrying amount | Contractual flows | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 and beyond |
|---|---|---|---|---|---|---|---|---|
| Bonds | 794 | 794 | | | | | | 794 |
| Bank borrowings | 599 | 599 | 3 | | 298 | 298 | | |
| Future interests | n.a. | 212 | 44 | 43 | 41 | 33 | 29 | 22 |
| **DEBT** | **1,393** | **1,605** | **47** | **43** | **339** | **331** | **29** | **816** |
| Bank overdrafts | 35 | 35 | 35 | | | | | |
| Other financial liabilities | 31 | 31 | 23 | 3 | 3 | 2 | | |
| Future interests | n.a. | 5 | 2 | 2 | 1 | - | | |
| **BANK OVERDRAFTS AND OTHER FINANCIAL LIABILITIES** | **66** | **71** | **60** | **5** | **4** | **2** | **-** | **-** |
| **TOTAL DEBT AND OTHER FINANCIAL LIABILITIES** | **1,459** | **1,676** | **107** | **48** | **343** | **333** | **29** | **816** |

### C.2 At December 31, 2010

| *(in € millions)* | Dec. 2010 IFRS carrying amount | Contractual flows | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 and beyond |
|---|---|---|---|---|---|---|---|---|
| Bonds | 793 | 793 | | | | | | 793 |
| Bank borrowings | 704 | 704 | 10 | | 98 | 298 | 298 | |
| Future interests | n.a. | 286 | 48 | 51 | 53 | 48 | 35 | 51 |
| **DEBT** | **1,497** | **1,783** | **58** | **51** | **151** | **346** | **333** | **844** |
| Bank overdrafts | 66 | 66 | 66 | | | | | |
| Other financial liabilities | 19 | 19 | 7 | 11 | | | | 1 |
| Future interests | n.a. | - | | | | | | |
| **BANK OVERDRAFTS AND OTHER FINANCIAL LIABILITIES** | **85** | **85** | **73** | **11** | **-** | **-** | **-** | **1** |
| **TOTAL DEBT AND OTHER FINANCIAL LIABILITIES** | **1,582** | **1,868** | **131** | **62** | **151** | **346** | **333** | **845** |

## D. Credit and counterparty risk

In the normal course of business, the Group is exposed to the risk of counterparties being unable to honor their contractual obligations.

For example, the Group is exposed to credit risk in the event of default by its customers and to counterparty risk in respect of its investments of cash and its purchases of derivative instruments.

With several tens of thousands of corporate and public authority customers at December 31, 2011, the Group has a highly diversified customer base. Moreover, they include all types of entities, ranging from large and medium-sized corporates to national, regional and local public authorities.

As a result, default by a single customer would have a very limited impact on the Group.

The Group diversifies its exposure to financial counterparties by investing available cash with a variety of leading financial institutions. Over 80% of investments are with institutions rated investment grade.

At December 31, 2011, its maximum exposure to a single financial counterparty represented less than 12% of the total funds invested at that date.

## E. Financial instruments

### E.1. Fair value of financial instruments

| *(in € millions)* | Carrying value Dec. 2011 | Fair value | Financial assets at fair value through profit and loss | Available-for-sale financial assets | Financial assets carried | Financial liabilities at amortized cost | Loans and recei-vables | Derivative instruments |
|---|---|---|---|---|---|---|---|---|
| **ASSETS** | | | | | | | | |
| Non-current financial assets | 4 | 4 | | | | | 4 | |
| Trade receivables, net | 990 | 990 | | | | | 990 | |
| Employee advances and prepaid payroll taxes | 3 | 3 | | | | | 3 | |
| Other receivables, net | 125 | 125 | | | | | 125 | |
| Other prepaid expenses | 11 | 11 | | | | | 11 | |
| Restricted cash | 689 | 689 | | | 689 | | | |
| Current financial assets | 11 | 11 | | | | | 1 | 10 |
| Other marketable securities | 1,085 | 1,085 | | | 1,085 | | | |
| Cash and cash equivalents | 437 | 437 | 10 | | 166 | | 261 | |
| **TOTAL** | **3,355** | **3,355** | **10** | **-** | **1,940** | **-** | **1,395** | **10** |
| **LIABILITIES** | | | | | | | | |
| Non-current debt | 1,390 | 1,490 | | | | 1,490 | | |
| Other non-current financial liabilities | 8 | 8 | | | | 8 | | |
| Current debt | 3 | 3 | | | | 3 | | |
| Bank overdrafts | 35 | 35 | | | | 35 | | |
| Other current financial liabilities | 23 | 23 | | | | 14 | | 9 |
| Vouchers in circulation | 3,400 | 3,400 | | | | 3,400 | | |
| Trade payables | 73 | 73 | | | | 73 | | |
| Wages and salaries and payroll taxes payable | 52 | 52 | | | | 52 | | |
| Other payables | 80 | 80 | | | | 80 | | |
| Deferred income | 17 | 17 | | | | 17 | | |
| **TOTAL** | **5,081** | **5,181** | **-** | **-** | **-** | **5,172** | **-** | **9** |

### E.2 Fair value analysis of financial assets and liabilities

| *(in € millions)* | Fair value Dec. 2011 | Level 1 * | Level 2 * | Level 3 * |
|---|---|---|---|---|
| **ASSETS** | | | | |
| Current financial assets | 10 | | 10 | |
| Other marketable securities | | | | |
| Cash and cash equivalents | 10 | 10 | | |
| **TOTAL** | **20** | **10** | **10** | **-** |
| **LIABILITIES** | | | | |
| Non-current debt | | | | |
| Other non-current financial liabilities | | | | |
| Current debt | | | | |
| Bank overdrafts | | | | |
| Other current financial liabilities | 9 | | 9 | |
| **TOTAL** | **9** | **-** | **9** | **-** |

* *The fair value hierarchy comprises the following levels:*

- *level 1: fair value assessed by reference to quoted prices (unadjusted) in active markets for identical assets or liabilities;*
- *level 2: fair value assessed by reference to quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);*
- *level 3: fair value assessed by reference to inputs related to the asset or liability that is not based on market data (unobservable inputs).*

### E.3 Derivative financial instruments

| | | Dec. 2010 IFRS | | | Dec. 2011 | | |
|---|---|---|---|---|---|---|---|
| *(in € millions)* | IFRS classification | Fair value | Notional amount | Face value | Fair value | Notional amount | Face value |
| **Derivative financial instruments – asset position** | | | | | | | |
| Interest rate instruments | *Cash-Flow Hedge* | 1 | 250 | | | | |
| Currency intruments | *Fair Value Hedge* | 3 | | 304 | 7 | | 249 |
| Interest rate instruments | *Trading* | | | | 3 | 248 | |
| **Derivative financial instruments – liability position** | | | | | | | |
| Interest rate instruments | *Cash-Flow Hedge* | | | | (4) | 350 | |
| Currency intruments | *Fair Value Hedge* | | | | (5) | | 58 |
| **NET DERIVATIVE FINANCIAL INSTRUMENTS** | | **4** | **250** | **304** | **1** | **598** | **307** |

## F. Cumulative fair value of financial instruments

Changes in retained earnings related to fair value of financial instruments are detailed in the table below:

| *(in € millions)* | Dec. 2010 IFRS | New operations | Change in Fair Value change | P&L recycling result | Dec. 2011 |
|---|---|---|---|---|---|
| Financial instruments in Cash-Flow Hedge (after tax) | 0 | (0) | (3) | 0 | (3) |

## NOTE 24 NET DEBT AND NET CASH

| *(in € millions)* | Dec. 2010 IFRS | Dec. 2011 |
|---|---|---|
| Non-current debt | 1,487 | 1,390 |
| Other non-current financial liabilities | 12 | 8 |
| Current debt | 10 | 3 |
| Bank overdrafts | 66 | 35 |
| Other current financial liabilities | 7 | 23 |
| **TOTAL DEBT AND OTHER FINANCIAL LIABILITIES** | **1,582** | **1,459** |
| Current financial assets | (5) | (11) |
| Other marketable securities | (1,148) | (1,085) |
| Cash and cash equivalents | (404) | (437) |
| **TOTAL CASH AND CASH EQUIVALENTS AND OTHER CURRENT FINANCIAL ASSETS** | **(1,557)** | **(1,533)** |
| **NET DEBT** | **25** | **(74)** |

| *(in € millions)* | Dec. 2010 IFRS | Dec. 2011 |
|---|---|---|
| **Net debt at beginning of period** | **(1,142)** | **25** |
| Increase (decrease) in non-current debt | 1,486 | (97) |
| Increase (decrease) in other non-current financial liabilities | (2) | (4) |
| Decrease (increase) in other marketable securities | (709) | 63 |
| Decrease (increase) in cash and cash equivalents, net of bank overdrafts | (27) | (64) |
| Increase (decrease) in other financial assets and liabilities | 419 | 3 |
| **Increase (decrease) in net debt** | **1,167** | **(99)** |
| **NET DEBT AT END OF PERIOD** | **25** | **(74)** |

## NOTE 25 PROVISIONS

### A. Provisions at December 31, 2011

Movements in non-current provisions between January 1, 2011 and December 31, 2011 can be analyzed as follows:

| *(in € millions)* | December 31, 2010 IFRS | Impact on equity | Additions | Utiliza-tions | Reversals of unused amounts | Currency translation adjustment | Reclassifica-tions and changes in scope | December 31, 2011 |
|---|---|---|---|---|---|---|---|---|
| Provisions for pensions and loyalty bonuses | 18 | 4 | 2 | (1) | (0) | (0) | 1 | 24 |
| Provisions for claims and litigation and other contingencies | - | - | - | - | - | - | - | - |
| **TOTAL NON-CURRENT PROVISIONS** | **18** | **4** | **2** | **(1)** | (0) | (0) | **1** | **24** |

Movements in current provisions between January 1, 2011 and December 31, 2011 can be analyzed as follows:

| *(in € millions)* | December 31, 2010 IFRS | Impact on equity | Additions | Utiliza-tions | Reversals of unused amounts | Currency translation adjustment | Reclassifica-tions and changes in scope | December 31, 2011 |
|---|---|---|---|---|---|---|---|---|
| Tax provisions | - | - | 3 | - | (0) | (0) | 3 | 6 |
| Restructuring provisions | 6 | - | 4 | (2) | (1) | (0) | (2) | 5 |
| Provisions for claims and litigation and other contingencies | 25 | - | 8 | (9) | (6) | (1) | 1 | 18 |
| **TOTAL CURRENT PROVISIONS** | **31** | **-** | **15** | **(11)** | **(7)** | **(1)** | **2** | **29** |

Net provision expense, corresponding to increases in provisions less reversals of used and unused provisions set up in prior periods, is reported under the following income statement captions:

| *(in € millions)* | Dec. 2010 IFRS | Dec. 2011 |
|---|---|---|
| EBIT | (0) | 1 |
| Net financial expense | - | (1) |
| Restructuring costs and impairment losses | 5 | 2 |
| Income tax expense | - | - |
| **TOTAL** | **5** | **2** |

### B. Provisions for pensions and other post-employment benefits

#### B.1 Description of the plans

Group employees receive various short-term benefits (paid vacation, paid sick leave and profit-shares) and long-term benefits (long-service awards, long-term disability benefits, loyalty bonuses and seniority bonuses), as well as various post-employment benefits provided under defined contribution and defined benefit plans (length-of-service awards payable on retirement, pension benefits).

Short-term benefit obligations are recognized in the balance sheets of the Group entities concerned. Post-employment benefits are provided under either defined contribution or defined benefit plans.

#### B.1.1 Defined contribution plans

Obligations under these plans are funded by periodic contributions to external organizations that are responsible for the administrative and financial management of the plans. The external organization is responsible for all benefit payments and the Group has no liability beyond the payment of contributions. Examples of defined contribution plans include the government-sponsored basic pension and supplementary pension (ARRCO/AGIRC) schemes in France and defined contribution pension schemes in other countries.

Contributions to these plans are recognized in the period to which they relate.

### B.1.2 Defined benefit plans

Benefit obligations under the Group's defined benefit plans are generally funded by plan assets, with any unfunded portion recognized as a liability at the balance sheet date.

The defined benefit obligation (DBO) is determined by the projected unit credit method, based on actuarial assumptions (future salary levels, retirement age, mortality rates, staff turnover rates and discount rate). These assumptions take into account the macro-economic situation and other specific circumstances in each host country.

Actuarial gains and losses arising from changes in actuarial assumptions and experience adjustments are recognized immediately in equity, in accordance with Group accounting policy.

At Edenred, the main post-employment defined benefit plans concern:

- length-of-service awards in France (21% of the obligation at December 31, 2011):
  - these are lump-sum payments made to employees on retirement. They are determined by reference to the employee's years of service and final salary,
  - the calculation is based on parameters defined by Corporate Finance and Human Resources in November of each year,
  - the related obligation is covered by a provision;
- length-of-service awards in Italy (8% of the obligation at December 31, 2011):
  - these are lump-sum payments made to employees when they retire, resign or are laid off. They are determined by reference to the employee's years of service and final salary,
  - the related obligation is covered by a provision;
- pensions: the main defined benefit pension plans are for employees in the United Kingdom (32% of the obligation at December 31, 2011), in the Worldwide Structures (23% of the obligation at December 31, 2011) and in Belgium (12% of the obligation at December 31, 2011). Pension benefit obligations are determined by reference to employees' years of service and final salary. They are funded by payments to external organizations that are legally separate from Edenred.

## B.2 Actuarial assumptions

Actuarial valuations are based on a certain number of long-term parameters defined by the Group, which are reviewed each year.

| | | Rest of Europe | | | | |
|---|---|---|---|---|---|---|
| **2010** | **France** | **United Kingdom** | **Belgium** | **Italy** | **Worldwide Structures** | **Other countries** |
| Rate of futur salary increase | 3.0% | 3.0% | 3.0% | 2.5% - 3.5% | 3% - 4% | 2% - 10% |
| Discount rate | 4.50% | 5.50% | 4.50% | 4.50% | 4.50% | 4% - 8.68% |
| Expected return on 2010 plan assets | 2.20% - 4.5% | 5.75% | 4.5% | N/A | 4.5% | N/A |
| Expected return on 2011 plan assets | 2.20% - 4.5% | 5.75% | 4.5% | N/A | 4.5% | N/A |

| | | Rest of Europe | | | | |
|---|---|---|---|---|---|---|
| **2011** | **France** | **United Kingdom** | **Belgium** | **Italy** | **Worldwide Structures** | **Other countries** |
| Rate of futur salary increase | 3.0% | 3.0% | 3.0% | 2.0% | 3% - 4% | 2% - 10% |
| Discount rate | 4.50% | 5.00% | 4.50% | 4.50% | 4.50% | 4% - 8.68% |
| Expected return on 2011 plan assets | N/A | 5.75% | 4.5% | N/A | N/A | N/A |
| Expected return on 2012 plan assets | N/A | 5.75% | 4.5% | N/A | N/A | N/A |

The assumptions concerning the expected return on plan assets and the discount rate applied to calculate the present value of benefit obligations were determined based on the recommendations of independent experts. The discount rate was based on an analysis of investment grade corporate bond yields in each region. The calculation method was designed to obtain a discount rate that was appropriate in light of the timing of cash flows under the plan.

Edenred's pension obligations are funded under insured plans or by external funds. Plan assets therefore consist mainly of the classes of assets held in insurers' general portfolios managed according to conservative investment strategies. As a result, the expected long-term return on plan assets is estimated on the basis of the guaranteed yield offered by the insurance companies, ranging from 3.00% to 3.25% depending on the country, plus a spread of 100 to 125 basis points. This method takes into account the techniques used by insurance companies to smooth investment yields and ensures that yield assumptions are reasonable (*i.e.* below the rates of AA-rated corporate bonds).

## B.3 Funded status of post-employment defined benefit plans and long-term employee benefits

The method used by the Group is the Projected Unit Credit method.

### At December 31, 2011

| *(in € millions)* | Pension plans | Other defined benefit plans * | Total |
|---|---|---|---|
| Present value of funded obligation | 13 | - | 13 |
| Fair value of plan assets | (10) | - | (10) |
| **Surplus/(Deficit)** | **3** | **-** | **3** |
| Present value of unfunded obligation | - | 19 | 19 |
| Unrecognized past service cost | - | 1 | 1 |
| Amount paid in advance | 1 | - | 1 |
| **LIABILITY RECOGNIZED IN THE BALANCE SHEET** | **4** | **20** | **24** |

* *Including lenght-of-service awards and loyalty bonuses.*

### At December 31, 2010

| *(in € millions)* | Pension plans | Other defined benefit plans * | Total |
|---|---|---|---|
| Present value of funded obligation | 18 | - | 18 |
| Fair value of plan assets | (9) | - | (9) |
| **Surplus/(Deficit)** | **9** | **-** | **9** |
| Present value of unfunded obligation | - | 7 | 7 |
| Unrecognized past service cost | - | 1 | 1 |
| Amount paid in advance | 1 | - | 1 |
| **LIABILITY RECOGNIZED IN THE BALANCE SHEET** | **10** | **8** | **18** |

* *Including lenght-of-service awards and loyalty bonuses*

### Funded status of post-employment defined benefit plans by region

| | Pension plans | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2011 | | | | | | | 2011 | 2011 | 2010 |
| | | Rest of Europe | | | | | | | | |
| *(in € millions)* | France | United Kingdom | Belgium | Italy | Worldwide Structures | Other countries | Total | Other plans | Total 2011 | Total 2010 |
| **Projected benefit obligation at beginning of period** | **1** | **7** | **3** | **2** | **7** | **1** | **22** | **3** | **25** | **21** |
| Service costs | 0 | 0 | 0 | 0 | 0 | 0 | 1 | 1 | 2 | 1 |
| Interest costs | 0 | 0 | 0 | 0 | 0 | 0 | 1 | 0 | 1 | 1 |
| Employee contributions | - | - | 0 | - | - | - | 0 | - | 0 | 0 |
| Past service costs | - | - | - | - | - | - | - | - | - | (1) |
| Curtailments and settlements | (0) | - | - | - | - | - | (0) | (0) | (0) | (1) |
| Acquisitions/(Disposals) | (0) | - | - | 1 | - | - | 1 | (0) | 0 | 0 |
| Benefits paid | - | (1) | - | (1) | (0) | (0) | (1) | (0) | (1) | (0) |
| Acturial (gains) losses | (0) | 1 | - | (0) | 3 | (0) | 4 | (0) | 4 | 2 |
| Total currency translation adjustment | - | 0 | - | - | - | (0) | (0) | (0) | (0) | 1 |
| Total other | - | 0 | - | - | 2 | 0 | 2 | 0 | 2 | 0 |
| **PROJECTED BENEFIT OBLIGATION AT END OF PERIOD** | **1** | **9** | **4** | **2** | **12** | **1** | **29** | **3** | **32** | **25** |

| | | Rest of Europe | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| *(in € millions)* | France | United Kingdom | Belgium | Italy | Worldwide Structures | Other countries | Total | Other plans | Total 2011 | Total 2010 |
| **Fair value of plan assets at beginning of period** | **-** | **5** | **2** | **-** | **(1)** | **1** | **8** | **-** | **8** | **6** |
| Actual return on plan assets | - | 0 | 0 | - | - | 0 | 1 | - | 1 | 0 |
| Employer contributions | - | 0 | 0 | - | - | - | 1 | - | 1 | 1 |
| Employee contributions | - | - | 0 | - | - | - | 0 | - | 0 | 0 |
| Benefits paid | - | (1) | - | - | - | (0) | (1) | - | (1) | (0) |
| Settlements | - | - | - | - | - | - | - | - | - | - |
| Acquisitions/(Disposals) | - | - | - | - | - | - | - | - | - | - |
| Total currency translation adjustment | - | 0 | - | - | - | (0) | 0 | - | 0 | 0 |
| Total other | - | 0 | - | - | 1 | - | 1 | - | 1 | 1 |
| **FAIR VALUE OF PLAN ASSETS AT END OF PERIOD** | **-** | **6** | **3** | **-** | **-** | **1** | **1** | **-** | **10** | **8** |

| | | Rest of Europe | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| *(in € millions)* | France | United Kingdom | Belgium | Italy | Worldwide Structures | Other countries | Total | Other plans | Total 2011 | Total 2010 |
| **Plan deficit at beginning of period** | **1** | **2** | **1** | **2** | **7** | **(0)** | **14** | **3** | **17** | **16** |
| **Provision at end of period** | **2** | **3** | **1** | **2** | **12** | **1** | **21** | **3** | **24** | **18** |
| Past service costs not recognized | (1) | - | - | - | - | - | (1) | - | (1) | (1) |
| Surplus booking in assets | - | (0) | - | - | - | (1) | (1) | - | (1) | (1) |
| **PLAN DEFICIT AT END OF PERIOD** | **1** | **3** | **1** | **2** | **12** | **0** | **19** | **3** | **22** | **17** |

| | | Rest of Europe | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| *(in € millions)* | France | United Kingdom | Belgium | Italy | Worldwide Structures | Other countries | Total | Other plans | Total 2011 | Total 2010 |
| Service costs | 0 | 0 | 0 | 0 | 0 | 0 | 1 | 1 | 2 | 2 |
| Interest costs | 0 | 0 | 0 | 0 | 0 | 0 | 1 | 0 | 1 | 1 |
| Expected return on plan assets | - | (0) | (0) | - | - | (0) | (0) | - | (0) | (0) |
| Amortization of past service costs | (0) | - | - | - | - | - | (0) | - | (0) | - |
| (Gains)/losses related to curtailments and settlements | (0) | - | - | - | - | - | (0) | (0) | (0) | (1) |
| Amortization of actuarial gains and losses for post-employment defined benefit plans | - | - | - | - | - | - | - | (0) | (0) | (0) |
| **COST FOR THE PERIOD** | **0** | **0** | **0** | **0** | **1** | **0** | **2** | **0** | **2** | **2** |
| **Actuarial gains and losses recognized in equity** | **(0)** | **1** | **-** | **(0)** | **3** | **(0)** | **4** | **-** | **4** | **1** |

### Changes in pension liabilities between January 1, 2010 and December 31, 2011

| *(in € millions)* | Amount |
|---|---|
| **Liability at January 1, 2010** | **16** |
| Cost for the year | 2 |
| Benefits paid | (2) |
| Actuarial gains and losses for the period recognized in equity | 1 |
| Effect of changes in consolidation scope | (0) |
| Currency translation adjustment | 1 |
| **Liability at December 31, 2010** | **18** |
| Cost for the year | 2 |
| Benefits paid | (1) |
| Actuarial gains and losses for the period recognized in equity | 4 |
| Effect of changes in consolidation scope | 1 |
| Currency translation adjustment | (0) |
| **LIABILITY AT DECEMBER 31, 2011** | **24** |

### Actuarial gains and losses arising from changes in assumptions and experience adjustments

| *(in € millions)* | Dec. 2010 | Dec. 2011 |
|---|---|---|
| **Projected benefit obligation** | | |
| Actuarial gains and losses - experience adjustments | - | 2 |
| Actuarial gains and losses - changes in assumptions | 1 | 2 |
| **Fair value of plan assets** | | |
| Actuarial gains and losses - experience adjustments | - | - |

### Details of plan assets

| Detail of plan assets | United Kingdom | Belgium |
|---|---|---|
| Equities | 55% | 15% - 25% |
| Bonds | 26% | 75% - 80% |
| Other | 19% | 0% - 5% |

### Sensitivity analysis

At December 31, 2011, a 0.5-point increase (decrease) in the discount rate would lead to approximately a €2.5 million decrease (increase) in the projected benefit obligation. The impact on the cost for the year would not be material.

## NOTE 26 RECONCILIATION OF FUNDS FROM OPERATIONS

| | Dec. 2010 | | |
|---|---|---|---|
| *(in € millions)* | Pro forma * | IFRS | Dec. 2011 |
| Net profit, Group share | 68 | 97 | 194 |
| Non-controlling interests | 9 | 9 | 11 |
| Depreciation, amortization and provision expense | 31 | 31 | 30 |
| Deferred taxes | (2) | (2) | 6 |
| Change in financial provisions | 1 | 1 | 1 |
| Expenses related to share-based payments | 7 | 7 | 8 |
| Non cash impact of the other non-recurring income and expenses | 52 | 52 | 24 |
| **FUNDS FROM OPERATIONS INCLUDING NON-RECURRING ITEMS** | **166** | **195** | **274** |
| (Gains) losses on disposals of assets, net | (1) | (1) | (25) |
| (Gains) losses on non-recurring transactions (including restructuring costs) | 48 | 48 | 8 |
| **FUNDS FROM OPERATIONS** | **213** | **242** | **257** |

* *The pro forma financial statements for the period ended December 31, 2010 include an operating expense of €2 million and a financial expense of €37 million, representing the impact of setting up the new organization as from January 1, 2010 (the asset contribution and demerger was carried out on June 29, 2010).*

# NOTE 27 WORKING CAPITAL, SERVICE VOUCHERS IN CIRCULATION AND RESTRICTED CASH

## A. Net change in working capital and service vouchers in circulation

| *(in € millions)* | Dec. 2010 IFRS | Dec. 2011 | Change Dec. 2010/ Dec. 2011 |
|---|---|---|---|
| Inventories, net | 12 | 10 | (2) |
| Trade receivables, net | 951 | 990 | 39 |
| Other receivables and accruals, net | 316 | 291 | (25) |
| **Working capital items – assets** | **1,279** | **1,291** | **12** |
| Trade payables | 76 | 73 | (3) |
| Other payables | 174 | 161 | (13) |
| Vouchers in circulation | 3,278 | 3,400 | 122 |
| **Working capital items – liabilities** | **3,528** | **3,634** | **106** |
| **FLOAT (WORKING CAPITAL)** | **2,249** | **2,343** | **94** |

| *(in € millions)* | Dec. 2011 |
|---|---|
| **Working capital at beginning of period** | **2,249** |
| Change in working capital (1) | 140 |
| Development Expenditure | 4 |
| Disposals | (1) |
| Non-recurring income and expenses | (14) |
| Currency translation adjustment | (33) |
| Reclassification to other balance sheet items | (2) |
| **Net change in working capital** | **94** |
| **WORKING CAPITAL AT END OF PERIOD** | **2,343** |

*(1) See statement of cash flows.*

## B. Net change in restricted cash

Restricted cash corresponds mainly to service voucher reserve funds which use is regulated. The countries concerned are France (€555 million), United Kingdom (€85 million) and Romania (€39 million).

| *(in € millions)* | Dec. 2011 |
|---|---|
| **Restricted cash at beginning of period** | **631** |
| Like-for-like change for the period (1) | 56 |
| Reclassification from cash and cash equivalents to restricted cash (1) | - |
| Currency translation adjustment | 2 |
| **Net change in restricted cash** | **58** |
| **RESTRICTED CASH AT END OF THE PERIOD** | **689** |

*(1) See statement of cash flows.*

## NOTE 28 CAPITAL EXPENDITURE

Capital expenditure in the last two periods breaks down as follows:

| *(in € millions)* | 2010 | 2011 |
|---|---|---|
| Recurring expenditure | 32 | 35 |
| Development expenditure | 29 | 34 |
| **TOTAL CAPITAL EXPENDITURE** | **61** | **69** |

## NOTE 29 CLAIMS AND LITIGATION

### A. Tax litigation in France

Following a tax audit of the 2003 and 2004 accounts of Edenred France (previously Accor Services France), the French tax authorities imposed various fines on the Company concerning VAT payments and failure to produce a schedule tracking capital gains qualifying for rollover relief.

After the tax authorities issued a collection notice, the fines – which totaled €21.8 million – were paid by the Company in April 2008 and recognized as an expense in the 2008 financial statements. The company subsequently contested the fines in September 2009, claiming that the tax authorities' position was without merit. The challenge was rejected by the tax authorities on October 14, 2009.

On December 10, 2009, the Company applied to the Montreuil Administrative Tribunal for a ruling on the matter.

The application was rejected by the Tribunal on December 2, 2010.

On February 16, 2011, the Company appealed the decision before the Versailles Administrative Tribunal.

The appeal is currently pending.

### B. Dispute concerning the acquisition of Business Value Challenge (BVC)

As regards the dispute concerning the acquisition of Business Value Challenge, Accentiv' Kadéos had given a commitment to one of the vendor groups to reimburse any costs and expenses that might be incurred if the sale of the shares were to be challenged.

The Versailles Court of Appeals ruled against the vendor group, whose subsequent appeal before the French Supreme Court of Appeals (*Cour de Cassation)* was rejected in September 2011. The Versailles Court of Appeals was then free to determine and assess the losses sustained by the other shareholders as a result of the sale of the shares to Accentiv' Kadéos.

In light of the uncertainty as to the outcome of the proceedings, the parties entered into negotiations in 2011 that led to the signature of a settlement agreement whereby all of the parties agreed to abandon all pending lawsuits (including attachment proceedings) and Accentiv' Kadéos agreed to pay €2.4 million in compensation. The unused portion of the provision of €1.8 million was reversed.

### C. Dispute with FNAC

Accentiv' Kadéos is involved in a dispute with Fnac, a member of its gift solution acceptance and distribution network, as a result of Fnac's alleged failure to fulfill certain contractual obligations, particularly the obligation to exclusively distribute the Kadéos card.

The dispute arose because Fnac has created its own single-brand card that it distributes through its store network.

Accentiv' Kadéos requested and obtained a court order from the Paris Court of Appeals, and a subsequent ruling from the Supreme Court of Appeals (*Cour de Cassation*) dated November 15, 2011, requiring Fnac to stop distributing its single-brand card immediately or suffer a penalty.

The related proceedings are still ongoing.

Compensation received in cash to date in relation to the case has not been recognized in the income statement, as the legal proceedings have not been concluded.

On January 28, 2011, Accentiv' Kadéos was summoned before the Paris Commercial Court following an application lodged by Fnac and Conforama to obtain the retroactive removal of the exclusivity obligations as well as compensation for losses suffered as a result of the continued existence of those obligations.

The estimated amount of the losses is currently being assessed. The Paris Commercial Court is expected to hand down a ruling concerning the merits of the case in the second half of 2012.

The Group believes that the case is without merit. Consequently, no related provision has been set aside in the 2011 financial statements.

### D. Tax litigation in Italy

In October 2011, the Italian tax authorities notified several Accor and Edenred subsidiaries of a €27.4 million tax reassessment concerning registration duties. The reassessment is based on the requalification as the sale of a business subject to registration duty of a number of transactions carried out as part of the reorganization of Accor's Services division in Italy between 2006 and 2010.

The Accor and Edenred companies concerned wrote to the Italian authorities on December 16, 2011 contesting the reassessments.

The reassessment notices required settlement of the tax deficiencies within 60 days and the companies concerned therefore paid the amounts claimed on December 16, 2011. The cost was shared equally between Accor and Edenred pursuant to an agreement assigning the risk and any resulting costs to the two parties on a 50/50 basis.

The companies believe that the tax reassessment is without merit and, after consulting with their legal and tax advisors, consider that their challenges have a reasonable chance of success.

As a result, no expense was recorded in Edenred's 2011 consolidated income statement.

## E. Tax litigation in Brazil

### E.1 Municipal tax

In December 2011, the City of São Paulo notified Brazilian subsidiary Ticket Serviços of a municipal tax (*ISS Imposto Sobre Serviços*) reassessment in respect of the period April to December 2006 in an amount of BRL 19.3 million (including BRL 16 million in interest and fines). Ticket Serviços had already paid this tax to the City of Alphaville.

The company believes that the reassessment is without merit. Based on the opinion of its tax advisors, it believes that the probability of a favorable outcome is high. Consequently, no related provision has been set aside in the 2011 financial statements.

### E.2 Tax allowance of goodwill amortization

In January 2012, the Brazilian federal tax administration notified Ticket Serviços of a proposed reassessment of corporate income tax and the IRPJ and CSLL surtaxes for the years 2007 to 2010. The total reassessment amounted to BRL 234.9 million (including BRL 155 million in interest and fines).

It is based on the tax administration's decision to disallow amortization of the goodwill recognized on the buyout of minority interests in Ticket Serviços.

The company has contested the reassessment which it considers to be unfounded. After consulting its tax advisors, it believes that the probability of a favorable outcome is high. No income statement effect has been recorded in Edenred's 2011 financial statements in respect of this dispute.

## F. French Competition Authority commitments procedure

In August 2009, Titres Cadeaux filed a complaint with the French Competition Authority, accusing Accentiv' Kadéos of abusing a dominant position. In order to bring an end to the matter, Accentiv' Kadéos entered into a commitments procedure with the Authority.

During a hearing on April 6, 2011, the Competition Authority Board formally accepted the commitments proposed by Accentiv' Kadéos and ended the complaint procedure. The main commitment consisted in removing as of May 1, 2011 the exclusivity rules for accepting Kadéos cards in stores bound by an exclusivity obligation. However, the other exclusivity obligations, relating to the distribution of the card or the acceptance of gift vouchers, were maintained until the contracts expired on December 31, 2011.

The Group is also involved or may be involved in the future in various claims or legal proceedings in the normal course of business. As of the date of this report, to the best of the Company's knowledge, there are no claims or legal proceedings in progress, pending or threatened against the Company or its subsidiaries that could have a material effect on the Group's business, results or financial position.

# NOTE 30 OFF-BALANCE SHEET COMMITMENTS

## A. Off-balance sheet commitments given

Off-balance sheet commitments given amount to €100 million at December 31, 2011 and €86 million at December 31, 2010.

The December 31, 2011 amount breaks down as follows:

- voucher sale guarantees given to public sector entities in Italy for a total of €81 million, including €25 million expiring in less than one year, €24 million expiring in 1 to 5 years and €32 million expiring beyond 5 years (€84 million at December 31, 2010);
- purchase commitments in the amount of €15 million at December 31, 2011 corresponding to capital commitments given to the Partech VI investment fund that have not yet been called;
- bid bonds issued in Spain for €1 million (€1 million at December 31, 2010);
- bank bonds issued in Brazil for €1 million (€1 million at December 31, 2010);
- other off-balance sheet commitments given for €2 million.

To the best of the Group's knowledge and in accordance with generally accepted accounting principles, no commitments given have been omitted from the above list.

## B. Off-balance sheet commitments received

There is no off-balance sheet commitments received at December 31, 2011.

## NOTE 31 ADDITIONAL INFORMATION ABOUT JOINTLY-CONTROLLED ENTITIES

At December 31, 2011, Edenred held shares in three jointly-controlled entities for which the current and non-current assets and liabilities, income and expenses attributable to the Group are individually not material.

## NOTE 32 RELATED PARTY TRANSACTIONS

For the purpose of applying IAS 24, the Group has identified the following related parties:

- all fully or proportionally consolidated companies or associates;
- all members of the Executive Committee and the members of their direct families;
- all companies in which a member of the Executive Committee holds material voting rights;
- Accor SA.

### All fully or proportionally consolidated companies or associates

Relations between the parent company and its subsidiaries and joint ventures are presented in Note 31. Transactions between the parent company and its subsidiaries constitute related party transactions that are eliminated in consolidation. Hence, they are not disclosed in these notes. However, transactions between the parent company and its joint ventures or associates were not material in the periods presented.

### Members of the Executive Committee

Transactions with members of the Executive Committee are disclosed in full in Note 33.

### Companies in which a member of Edenred Executive Committee holds material voting rights

All transactions with companies in which a member of the Executive Committee holds material voting rights represent transactions carried out in the normal course of business on arm's length terms and are not material.

### Accor SA

Transactions with Accor SA during each of the two periods presented were as follows:

| | | Transaction amount | | | Receivables | | | Payables | | | Off-balance sheet commitments | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Dec. 2010 | | | Dec. 2010 | | | Dec. 2010 | | | Dec. 2010 | | |
| *(in € millions)* | Type of transaction | Pro forma | IFRS | Dec. 2011 | Pro forma | IFRS | Dec. 2011 | Pro forma | IFRS | Dec. 2011 | Pro forma | IFRS | Dec. 2011 |
| **ACCOR SA** | Inter-entity billings | (47) | (47) | 0 * | - | - | 1 | 1 | 1 | - | - | - | - |
| | Loans | - | (8) | - | - | - | - | - | - | - | - | - | - |
| | Dividends | - | - | - | - | - | - | - | - | - | - | - | - |

* *Including €1 million related to the billing of costs by Accor SA to Edenred SA under the service agreements that are under the regime of related-party agreements.*

## NOTE 33 COMPENSATION PAID TO CORPORATE OFFICERS

| | December 31, 2010 | December 31, 2011 |
|---|---|---|
| *(in € millions)* | Expense | Expense |
| Short-term benefits | 9 | 10 |
| Post-employment benefits | 1 | 1 |
| Other long-term benefits | - | - |
| Termination benefits | - | - |
| Share-based payments | 2 | 3 |
| **TOTAL COMPENSATION** | **12** | **14** |

On February 24, 2010, an Executive Committee was created for the Group. The 12-member Committee includes executives in charge of operations or operational support functions.

## NOTE 34 AUDITORS' FEES

The table below shows the total fees billed by the Auditors that were recognized in the income statement for the periods presented:

| | Deloitte & Associés | | | | Didier Kling & Associés | | | |
|---|---|---|---|---|---|---|---|---|
| | Amount without VAT | | % | | Amount without VAT | | % | |
| *(in € millions)* | 2010 | 2011 | 2010 | 2011 | 2010 | 2011 | 2010 | 2011 |
| **Audit** | | | | | | | | |
| Statutory audit, certification, consolidated and individual statement audit | | | | | | | | |
| • Issuer | (0.4) | (0.4) | 17% | 16% | (0.2) | (0.2) | 67% | 96% |
| • Fully consolidated subsidiaries | (1.8) | (1.9) | 75% | 69% | | | | |
| Other work and services directly related to the statutory audit | | | | | | | | |
| • Issuer | (0.1) | (0.2) | 4% | 6% | (0.1) | (0.0) | 33% | 4% |
| • Fully consolidated subsidiaries | | (0.1) | | 3% | | | | |
| **SUB-TOTAL** | **(2.3)** | **(2.6)** | **96%** | **94%** | **(0.3)** | **(0.2)** | **100%** | **100%** |
| **Other services provided by the network to the fully consolidated subsidiaires** | | | | | | | | |
| • Legal, tax and social matters | (0.0) | (0.0) | 0% | 1% | | | | |
| • Other | (0.1) | (0.1) | 4% | 5% | | | | |
| **SUB-TOTAL** | **(0.1)** | **(0.1)** | **4%** | **6%** | **-** | **-** | **0%** | **0%** |
| **TOTAL** | **(2.4)** | **(2.7)** | **100%** | **100%** | **(0.3)** | **(0.2)** | **100%** | **100%** |

## NOTE 35 SUBSEQUENT EVENTS

None, except Tax litigation in Brazil mentioned in Note 29.E.2.

## NOTE 36 MAIN CONSOLIDATED COMPANIES AT DECEMBER 31, 2010

### EDENRED

#### FRANCE

| | | | |
|---|---|---|---|
| Edenred France | France | IG | 100.00% |
| Accentiv' Kadéos | France | IG | 100.00% |
| Accentiv' Travel | France | IG | 100.00% |
| Servicarte | France | IG | 96.13% |
| AS Formation | France | IG | 100.00% |
| AS-GES | France | IP | 50.00% |
| Fidetel | France | IP | 50.00% |

#### REST OF EUROPE

| | | | |
|---|---|---|---|
| Edenred Deutschland | Germany | IG | 100.00% |
| Edenred Incentives & Rewards | Germany | IG | 100.00% |
| Edenred Vouchers | Germany | IG | 100.00% |
| Edenred Austria | Austria | IG | 100.00% |
| Edenred Belgium | Belgium | IG | 100.00% |
| Luncheck | Belgium | IG | 99.99% |
| Award Services | Belgium | IG | 100.00% |
| Edenred Bulgaria | Bulgaria | IG | 97.00% |
| Edenred Espana | Spain | IG | 100.00% |
| Edenred Finland | Finland | IG | 100.00% |
| Vouchers Services | Greece | IG | 51.00% |
| Corporate Insurance Broker Magyarorszag | Hungary | IG | 56.00% |
| Edenred Magyarorszag | Hungary | IG | 100.00% |
| Edenred Italia | Italy | IG | 100.00% |
| E-Lunch | Italy | IG | 100.00% |
| RistoChef | Italy | IG | 100.00% |
| Accor TRL | Luxembourg | IG | 98.00% |
| Soltis BV * | Netherlands | IG | 88.91% |
| Accor TRN | Netherlands | IG | 100.00% |
| Tintelingen | Netherlands | IG | 100.00% |
| Edenred Polska | Poland | IG | 99.99% |
| Edenred Portugal | Portugal | IG | 100.00% |
| Fidelis | Portugal | IG | 100.00% |
| Edenred CZ | Czech Republic | IG | 100.00% |
| Edenred Romania | Romania | IG | 94.83% |
| Edenred (UK Group) | United Kingdom | IG | 100.00% |
| Edenred (Incentives & Motivation) | United Kingdom | IG | 100.00% |
| Edenred (Employee Benefits) | United Kingdom | IG | 68.31% |
| Prepay Technologies | United Kingdom | IG | 68.75% |
| Cleanway | United Kingdom | IG | 100.00% |
| Luncheon Vouchers Catering Education Trust | United Kingdom | IG | 100.00% |
| ChildCare Vouchers | United Kingdom | IG | 100.00% |
| Edenred (Travel) | United Kingdom | IG | 100.00% |
| Edenred Slovakia | Slovakia | IG | 100.00% |
| Edenred Sweden | Sweden | IG | 100.00% |
| Delicard Group AB * | Sweden | IG | 100.00% |
| Delicard AB | Sweden | IG | 100.00% |
| In-Action | Sweden | IG | 100.00% |
| Lunchkortet I Sverige | Sweden | IG | 100.00% |
| Work Solutions | Sweden | IG | 100.00% |
| Edenred Suisse | Switzerland | IG | 100.00% |

#### NORTH AMERICA

| | | | |
|---|---|---|---|
| Edenred North America | United States | IG | 100.00% |
| Wiredcommute | United States | IG | 100.00% |
| Commuter Check Services Corporation | United States | IG | 100.00% |

#### LATIN AMERICA AND CARIBBEAN

| | | | |
|---|---|---|---|
| Edenred Argentina | Argentina | IG | 100.00% |
| Soporte Servicios * | Argentina | IG | 100.00% |
| GLOG Servicos De Gestao de distribuicao | Brazil | IG | 99.99% |
| Ticket Serviços | Brazil | IG | 100.00% |
| Ticketseg | Brazil | IG | 100.00% |
| Incentive House | Brazil | IG | 100.00% |
| Edenred Servicios Participações * | Brazil | IG | 100.00% |
| Edenred Brasil Participações * | Brazil | IG | 100.00% |
| Accentiv' Serviços Tecnologica Da informaçao | Brazil | IG | 55.00% |
| Edenred Chile | Chile | IG | 74.35% |
| Servicios Empresariales De Colombia | Colombia | IG | 100.00% |
| Edenred Mexico | Mexico | IG | 100.00% |
| Servicios Accor | Mexico | IG | 100.00% |
| Asesoria Mex-CEE | Mexico | IG | 100.00% |
| Servicios y Prestaciones | Mexico | IG | 100.00% |
| Sedesa | Mexico | MEE | 20.00% |
| Multibonos y Servicios | Mexico | IG | 100.00% |
| Accor Services Panama | Panama | IG | 100.00% |
| Edenred Peru | Peru | IG | 67.00% |
| Luncheon Tickets | Uruguay | IG | 100.00% |
| Uniticket | Uruguay | IG | 100.00% |
| Westwell Group * | Uruguay | IG | 100.00% |
| Cestaticket Services | Venezuela | IG | 57.00% |
| Edenred Venezuela | Venezuela | IG | 100.00% |
| Inversiones Quattro Venezuela | Venezuela | IG | 100.00% |
| Inversiones Cinq Venezuela | Venezuela | IG | 100.00% |
| Inversiones Sept Venezuela | Venezuela | IG | 100.00% |
| Inversiones Huit Venezuela | Venezuela | IG | 100.00% |

#### OTHER COUNTRIES

| | | | |
|---|---|---|---|
| Edenred Mali | Mali | IG | 75.00% |
| Edenred SAL | Liban | IG | 80.00% |
| Edenred Maroc | Marroco | IG | 51.00% |
| Edenred South Africa | South Afrika | IG | 74.00% |
| Academie Accor Services | Turkey | IG | 100.00% |
| Edenred Kurumsal Cozumler | Turkey | IG | 99.97% |
| Network Servisleri | Turkey | IP | 49.98% |
| Accentiv Hediye Ve Danismanlik Hizmetleri | Turkey | IG | 99.97% |
| Beijing Surfgold Technology | China | IG | 100.00% |
| Accentiv Shanghai Company | China | IG | 100.00% |
| Beijing Yagao Meal Service | China | IG | 88.75% |
| Shangai Yagao Meal Service | China | IG | 100.00% |
| Accor Corporate Services (Shangai) Company | China | IG | 100.00% |
| Accor Services Chengdu Company | China | IG | 51.00% |
| Accor Services Wuxi | China | IG | 70.00% |
| Edenred China | China | IG | 100.00% |
| Edenred Korea | Korea | IG | 100.00% |
| Edenred Hong-Kong | Hong Kong | IG | 100.00% |
| Royal Image Direct Marketing | India | IG | 100.00% |
| Expert Service Mauritius * | India | IG | 100.00% |
| SRI Ganesh Hosp. * | India | IG | 100.00% |
| Edenred India | India | IG | 100.00% |
| Surfgold.com India | India | IG | 100.00% |
| Edenred PTE | Singapor | IG | 100.00% |
| Edenred PTE. Ltd.. Taiwan Branch | Taiwan | IG | 100.00% |

#### WORLDWIDE STRUCTURES

| | | | |
|---|---|---|---|
| ASM * | France | IG | 100.00% |
| Saminvest * | France | IG | 100.00% |
| Edenred Participations * | France | IG | 100.00% |
| Veninvest Quattro * | France | IG | 100.00% |
| Veninvest Cinq * | France | IG | 100.00% |
| Veninvest Sept * | France | IG | 100.00% |
| Veninvest Huit * | France | IG | 100.00% |

*IG: fully consolidated.*

*IP: consolidated using the proportional method.*

*MEE: accounted for by the equity method.*

** Holding*

# 6.3 STATUTORY AUDITORS' REPORT ON THE FINANCIAL STATEMENTS

Year ended December 31, 2011

*This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking readers. The Statutory Auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the opinion on the financial statements and includes an explanatory paragraph discussing the Auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the financial statements. This report also includes information relating to the specific verification of information given in the management report. This report should be read in conjunction and construed in accordance with French law and professional auditing standards applicable in France.*

To the Shareholders,

In compliance with the assignment entrusted to us by your Annual General Meetings, we hereby report to you, for the year ended December 31, 2011, on:

- the audit of the accompanying financial statements of Edenred;
- the justification of our assessments;
- the specific verifications and disclosures required by law.

These financial statements have been approved by the Board of Directors. Our role is to express an opinion on these financial statements based on our audit.

## I. Opinion on the financial statements

We conducted our audit in accordance with professional standards applicable in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company at December 31, 2011, and of the results of its operations for the year then ended in accordance with French accounting principles.

## II. Justification of our assessments

In accordance with the requirements of Article L. 823-9 of the French Commercial Code *(Code de commerce)* relating to the justification of our assessments, we bring to your attention the following matter:

Investments have been valued in accordance with the accounting methods described in Note 1.2 to the Company's financial statements "Summary of significant accounting policies – Investments". As part of our audit, we have reviewed the appropriateness of the methods used and assessed the assumptions used.

These assessments were made as part of our audit of the financial statements taken as a whole, and therefore contributed to the opinion expressed in the first part of this report.

## III. Specific verifications and disclosures

In accordance with professional standards applicable in France, we have also performed the specific verifications required by law.

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the Board of Directors and in the documents addressed to the shareholders with respect to the financial position and the financial statements.

Concerning the information given in accordance with the requirements of Article L. 225-102-1 of the French Commercial Code relating to remuneration and benefits received by corporate officers and any other commitments made in their favor, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your Company from companies controlling it or controlled by it. Based on this work, we attest to the accuracy and fair presentation of this information.

Pursuant to the law, we have verified that the management's report contains the appropriate disclosures as to the acquisition of equity and controlling interests and the identity of and percentage interests and votes held by shareholders.

Paris and Neuilly-sur-Seine, March 12, 2012

The Statutory Auditors

| CABINET DIDIER KLING & ASSOCIÉS | DELOITTE & ASSOCIÉS |
|---|---|
| Didier KLING | David DUPONT-NOEL |

# 6.4 PARENT COMPANY FINANCIAL STATEMENTS AND NOTES

## 6.4.1 BALANCE SHEET AT DECEMBER 31, 2011

Assets

| *(in € millions)* | Notes | December 2010 | December 2011 |
|---|---|---|---|
| **Fixed assets** | | | |
| ***Intagible assets*** | | | |
| Licenses, trademarks and rights of use | (2-3) | 1 | 2 |
| Other intangible assets | (2-3) | 1 | 5 |
| **Total intangible assets** | | **2** | **7** |
| ***Property and equipment*** | | | |
| Machinery and equipment | | | |
| Other property and equipment | (2-3) | 1 | 1 |
| Assets under construction | | | |
| **Total property and equipment** | | **1** | **1** |
| ***Investments*** | | | |
| Shares in subsidiaries and affiliates | (2-6-7-17-24) | 1,048 | 1,731 |
| Loans and advances to subsidiaries and affiliates | (2-5-7-16-17) | 2,089 | 1,755 |
| Other investments | (2) | | 4 |
| **Total investments** | | **3,137** | **3,490** |
| **TOTAL FIXED ASSETS** | | **3,140** | **3,498** |
| **Current assets** | | | |
| ***Inventories*** | | - | - |
| Prepayments to suppliers | | | |
| ***Receivables*** | | | |
| Trade receivables | (4-7-16-17) | 8 | 14 |
| Other receivables | (4-7-16-17) | 138 | 115 |
| ***Cash and cash equivalents*** | | | |
| Marketable securities | (8) | 482 | 381 |
| Cash | | 25 | 25 |
| **TOTAL CURRENT ASSETS** | | **653** | **535** |
| **Accruals and other assets** | | | |
| Prepaid expenses | (9-16) | 1 | 1 |
| Deferred charges | (9) | 11 | 8 |
| Bond redemption premiums | (9) | 2 | 2 |
| Conversion differences | (10) | 18 | 14 |
| **TOTAL ACCRUALS AND OTHER ASSETS** | | **32** | **25** |
| **TOTAL ASSETS** | **(1)** | **3,825** | **4,058** |

## Liabilities and Shareholders' Equity

| *(in € millions)* | Notes | December 2010 | December 2011 |
|---|---|---|---|
| **Shareholders' equity** | | | |
| Share capital | (13) | 452 | 452 |
| Additional paid-in capital | (13) | 602 | 602 |
| Legal reserve | (13) | 45 | 45 |
| Untaxed reserves | | | |
| Others reserves | | | |
| Retained earmings | | | 38 |
| Net profit for the year | (13) | 152 | 378 |
| Untaxed provisions | | | |
| **TOTAL SHAREHOLDERS' EQUITY** | | **1,251** | **1,515** |
| **Provisions** | | | |
| Provisions for contingencies | (7) | 26 | 9 |
| Provisions for charges | (7) | 8 | 12 |
| **TOTAL PROVISIONS** | | **34** | **21** |
| **Liabilities** | | | |
| Bonds | (15) | 807 | 807 |
| Bank borrowings | (15) | 706 | 606 |
| Other borrowings | (15) | 1,001 | 1,078 |
| Trade payables | (15) | 9 | 6 |
| Accrued taxes and payroll costs | (15) | 8 | 9 |
| Due to suppliers of fixed assets | (15) | 1 | |
| Other liabilities | (15) | 1 | 1 |
| **TOTAL LIABILITIES** | | **2,533** | **2,507** |
| **Accruals and other liabilities** | | | |
| Deferred income | | | |
| Conversion differences | (10) | 7 | 15 |
| **TOTAL ACCRUALS AND OTHER LIABILITIES** | | **7** | **15** |
| **TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY** | **(1)** | **3,825** | **4,058** |

## 6.4.2 INCOME STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2011

| *(in € millions)* | Notes | December 2010 | December 2011 |
|---|---|---|---|
| **Operating revenue** | | | |
| Sales of goods and services | | 18 | 24 |
| **Net revenue** | (18) | **18** | **24** |
| Own work capitalized | | | |
| Reversals of depreciation,amortization and provisions and expense transfers | | 12 | 61 |
| Other icome | | | 30 |
| **TOTAL OPERATING INCOME** | | **30** | **115** |
| **Operating expenses** | | | |
| Purchases of goods for resale | | - | - |
| Purchases of raw materials and supplies | | - | - |
| Other purchases and external charges | | 67 | 32 |
| Taxes other than on income | | 1 | 5 |
| Wages and salaries | | 7 | 17 |
| Payroll taxes | | 4 | 9 |
| Depreciation,amortization and provision expense | | | |
| Depreciation and amortization of fixed assets | (3) | 1 | 1 |
| Additions to provisions for impairment of fixed assets | | | |
| Additions to provisions for impairment of current assets | | 4 | 2 |
| Additions to provisions for contingencies and charges | | 2 | 5 |
| Other expenses | | | 60 |
| **TOTAL OPERATING EXPENSES** | | **86** | **131** |
| **Operationg loss** | | **(56)** | **(16)** |
| **Joint ventures** | | | |
| Share of profits from non-managed joint ventures and transferred losses of managed joint ventures | | - | - |
| Share of losses of non-managed joint ventuires and tranferred profits from managed joint ventures | | - | - |
| **Financial income** | | | |
| Income from investments in subsidiaries and affiliates | (17) | 248 | 163 |
| Income from investment securities and long-term loans | | | |
| Other interest income | (17) | 6 | 14 |
| Financial provision reversals and expense transfers | | 3 | 34 |
| Foreign exchange gains | | | 4 |
| **TOTAL FINANCIAL INCOME** | | **257** | **215** |
| **Financial expenses** | | | |
| Additions to financial amortization and provisions | | 66 | 19 |
| Interest expense | (17) | 43 | 85 |
| Foreign exchange losses | | | 20 |
| **TOTAL FINANCIAL EXPENSES** | | **109** | **124** |
| **NET FINANCIAL INCOME** | (20) | **148** | **91** |
| **Recurring profit before tax** | | **92** | **75** |
| **Non-recurring income** | | | |
| Non-recurring income one revenue transactions | | - | - |
| Non-recurring income on capital transactions | | 62 | 334 |
| Non-recurring provision reverslas and expense transfers | | 1 | 6 |
| **TOTAL NON -RECURRING INCOME** | | **63** | **340** |

| (in € millions) | Notes | December 2010 | December 2011 |
|---|---|---|---|
| **Non-recurring expenses** | | | |
| Non-recurring expense on revenue transactions | | | |
| Non-recurring expense on capital transactions | | 1 | 44 |
| Non-recurring additions to depreciation,amortization and provisions | | 2 | 5 |
| **TOTAL NON-RECURRING EXPENSES** | | **3** | **49** |
| **Net non-recurring income** | (21) | **60** | **291** |
| Income tax | (22) | | (12) |
| **TOTAL INCOME** | | **350** | **670** |
| **TOTAL EXPENSES** | | **198** | **292** |
| **NET PROFIT** | | **152** | **378** |

The financial statements of Edenred SA have been prepared in accordance with French generally accepted accounting principles and the Plan Comptable Général statutory chart of accounts. All amounts are stated in millions of euros unless otherwise specified.

The notes below relate to the balance sheet at December 31, 2011 before appropriation of profit for the year, which shows total assets of €4,058 million, and to the 2011 income statement, which shows net profit for the year of €378 million.

The financial statements cover the 12-month period from January 1 to December 31, 2011.

Edenred SA's individual financial statements are included in the consolidated financial statements of the Edenred Group.

The preparation of financial statements requires the use of estimates and assumptions that can affect the carrying amount of certain assets and liabilities, income and expenses, and the information disclosed in the notes to the financial statements. Management reviews these estimates and assumptions on a regular basis to ensure that they are appropriate based on past experience and the current economic situation. Items in future financial statements may differ from current estimates as a result of changes in these assumptions.

The main estimates and judgments made by management in the preparation of these financial statements concern the valuation and useful lives of intangible assets, property and equipment, and investments, as well as the amount of provisions for claims, litigation and contingencies and the assumptions underlying the calculation of pension obligations.

The main assumptions applied by the Company are presented in the relevant notes to the financial statements.

## Significant events

On August 9, 2011, the Company bought back shares under the program authorized by the Annual Shareholders' Meeting of May 13, 2011. The buyback program is described in the Registration Document filed with the Autorité des marchés financiers on April 13, 2011.

The maximum purchase price under this authorization is €30 and the minimum sale price is €15. The Company would not be authorized to buy back more than 22,589,739 shares (*i.e.* 10% of the total shares outstanding at February 23, 2011), representing a maximum total investment of €677,692,170.

At December 31, 2011, the Company held 231,907 of its own shares with a total carrying amount of €4 million.

To streamline the Group's legal structure, on September 29, 2011, Edenred SA dissolved its ASH subsidiary without first liquidating its assets.

The dissolution was approved at the Board of Directors' meeting on August 24, 2011. In accordance with Article 1844-5, paragraph 3, of the French Civil Code, it was effected by transferring all of ASH's assets and liabilities to Edenred based on the net book values in the balance sheet of ASH on the legal dissolution date.

During the fourth quarter of 2011, Edenred SA repaid €100 million of a €900 million loan set up on June 23, 2010, leading to a reduction in the contractual repayments due in mid-June 2014 and mid-June 2015 to €300 million each.

On November 3, 2011, Edenred SA entered into a liquidity contract with Exane BNP Paribas that complies with the AMAFI Code of Ethics recognized by the Autorité des marchés financiers, whereby Exane BNP Paribas undertakes to make a market in Edenred SA shares on the NYSE Euronext Paris market. An amount of €10 million has been credited to the liquidity account to fund these market-making transactions.

In December 2011, as part of the Invent 2016 strategy to prepare its expansion into new territories, Edenred announced that is was entering into a partnership with venture capital firm Partech International.

The Group is committed to investing €15 million in the Partech International VI fund, which will acquire shares in young, fast-growing companies involved in the digital economy and offering new web-based, e-commerce and e-marketing services as well as new payment media solutions.

The investment will enable Edenred to explore new opportunities in adjacent industries. It will also be able to track emerging developments, with the goal of anticipating changes that impact client companies, employees, affiliated service providers and other stakeholders.

An initial €0.3 million was paid to the fund on December 23, 2011. Five capital calls will be made by the fund between 2012 and 2016.

## 6.4.3 NOTES TO THE FINANCIAL STATEMENTS

## NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepaid in accordance with the accounting standards contained in the 1999 Plan Comptable General, as approved by the government order of June 22, 1999, and all of the rules issued by the CRC since that date. There were no changes in accounting methods in 2011 compared with the previous year.

The significant accounting policies used are as follows:

### 1.1 Intangible assets and property and equipment

Intangible assets and property and equipment are stated at cost (including incidental expenses) or contributed value.

They are amortized or depreciated on a straight-line basis over their estimated useful lives, as follows:

- software is amortized over two to five years;
- licenses are amortized over three to five years;
- office and computer equipment are depreciated over three to ten years.

Development costs are recorded as an expense. The Company chose not to capitalize development costs in accordance with the recommended method under French GAAP (PCG, art. 361–1) but to use the alternative method provided for in the Commercial Code (C.com art.R123-186).

### 1.2 Investments

Shares in subsidiaries and affiliates are stated at cost or contributed value. Transaction costs on these assets are recorded in the income statement.

At each year-end, the Company determines whether there are any indications that the investments are impaired. The main indications are:

- below-budget performance;
- a steep fall in revenue or profit.

Where necessary, investments are written down to their present value, corresponding to the higher of fair value and value in use. Value in use takes into account the investee's current and forecast earning's performance and the value of the Company's share of net assets. When a business plan has been drawn up for impairment tests carried out for the consolidated financial statements, enterprise value is used.

An impairment loss is recognized if value in use is less than cost.

Additional provisions may be recorded to write down loans and advances to the investee and, where necessary, a provision for contingencies is also recorded to cover the Company's share of the investee's negative net worth.

Impairment losses may be reversed in subsequent periods if the investee's financial position improves, provided that this does not have the effect of increasing the carrying amount to above cost.

### 1.3 Receivables

Receivables are stated at nominal value. They are written down when it is probable that their carrying amount will not be recovered in full.

### 1.4 Marketable securities

Marketable securities are stated at the lower of cost and market value.

### 1.5 Revenue

Revenues correspond to fees invoiced to subsidiaries under the Master Services Agreement. Other service revenues correspond to fees invoiced to subsidiaries for the secondment of staff and for loan guarantees.

### 1.6 Other income

Other income corresponds to brand license fees invoiced to subsidiaries.

### 1.7 Provisions

In accordance with standard CRC no.2000-06 on liabilities, a provision is recorded when the Company has an obligation towards a third party that can be reliably estimated and is probable of giving rise to an outflow of economic resources, without any inflow of economic resources of at least an equivalent value being expected.

A provision is recorded for the Company's liability for length-of-service awards payable to managers and employees on retirement, based on their vested rights at the balance sheet date, in accordance with CNC recommendation 2003 R-01.

The provision is determined by the projected unit credit method and includes payroll taxes.

Actuarial gains and losses on retirement benefit obligations are recognized directly in the income statement.

### 1.8 Borrowings

Debt issuance costs are initially recognized in deferred charges and are amortized over the life of the debt by the effective interest method. Debt issue premiums are also amortized over the life of the debt.

## 1.9 Foreign currency transactions

Income and expenses in foreign currencies are converted into euros at the exchange rate prevailing on the transaction date.

Foreign currency receivables, payables and cash balances are converted at the year-end rate.

Conversion differences are recognized in assets or liabilities.

A provision is recorded for conversion losses that are not hedged.

## 1.10 Currency risks

Currency risks arising on the conversion of euro cash reserves into foreign currencies to meet part of the financing needs of foreign subsidiaries are hedged by swaps with the same maturities as the loans to subsidiaries

## 1.11 Stock option and performance share plans

The Company applies standard CRC no. 2008-15 of December 4, 2008 on the accounting treatment of performance share plans. This standard requires a liability to be recognized when it is probable that obligations under performance share plans will be satisfied by allocating existing shares covering the amount of the probable outflow of economic resources.

As the Company's obligations under its performance share plans will be satisfied by issuing new shares, no liability has been recorded in the financial statements at December 31, 2011.

## 1.12 Non-recurring income and expenses

This item corresponds mainly to:

- restructuring costs, *i.e.* costs arising on restructuring operations initiated by the Company;
- gains and losses on disposals of fixed assets, and non-operating provisions, gains and losses.

Non-recurring items are items that are not directly related to the Company's ordinary operations.

## 1.13 Income tax

Edenred SA pays taxes under the group relief system introduced in the French Act of December 31, 1987, which allows the tax losses of tax group members to be set off against the taxable profits of other members in certain circumstances. The applicable tax rules are set out in Articles 223A *et seq* of the French General Tax Code.

Under this system, each tax group member records the tax that it would have paid if it had been taxed on a stand-alone basis. The benefit or expense arising from applying the group relief system is recorded in full in the accounts of Edenred SA.

## NOTE 2 FIXED ASSETS AT DECEMBER 31, 2011

| **Items** *(in € millions)* | **Cost at Jan. 1, 2011** | **Acquisitions and inter-item transfers** | **Retirements and disposals and inter-item transfers** | **Other** | **Cost at Dec. 31, 2011** |
|---|---|---|---|---|---|
| **Intangible assets** | | | | | |
| Trademarks and rights of use | - | - | - | | - |
| Licenses and software [6] | 14 | 1 | | | 15 |
| Other intangible assets [5] | | 5 | | | 5 |
| Prepayments | 1 | (1) | | | - |
| **TOTAL INTANGIBLE ASSETS** | **15** | **5** | **-** | **-** | **20** |
| **Property and equipment** | | | | | |
| Machinery and equipment | | | | | - |
| Other property equipment | 2 | | | | 2 |
| Assets under construction | | | | | - |
| Prepayments | | | | | - |
| **TOTAL PROPERTY AND EQUIPMENT** | **2** | - | - | - | **2** |
| **Investments** | | | | | |
| Shares in subsidiaries and affiliates [1] [3] | 1,264 | 1,173 | (491) | | 1,946 |
| Loans and advances to subsidiaries and affiliates [2] | 2,091 | 63 | (369) | (27) | 1,758 |
| Other investment securities | - | | | | - |
| Other loans | - | | | | - |
| Other investments [4] | - | 4 | | | 4 |
| Total investments | 3,355 | 1,240 | (860) | (27) | 3,708 |
| **TOTAL FIXED ASSETS** | **3,372** | **1,245** | **(860)** | **(27)** | **3,730** |

*(1) See Note 6 for details.*
*(2) See Note 5 for details.*
*(3) Of which an €815 million increase (100% interest in Edenred Belgium) following the transfer of all of the assets and liabilities of ASH to Edenred SA.*
*(4) The Company holds 231,907 of its own shares (not including shares held for the liquidity contract).*
*(5) Corresponding to the accounting deficit on the transfer of all of the assets and liabilities of ASH to Edenred SA.*
*(6) Additions correspond to the purchase of BON software for middle office operations in connection with the NEMO project. The costs incurred during the year in respect of this information systems project were recorded in the income statement for an amount of €2 million (€1.6 million in 2010).*

## NOTE 3 DEPRECIATION AND AMORTIZATION

| Items *(in € millions)* | Cost at January 1, 2011 | Increase | decrease | at December 31, 2011 |
|---|---|---|---|---|
| **Intangible assets** | | | | |
| Trademarks and rights of use | - | - | - | - |
| Licenses and software | 13 | 0.5 | - | 13.5 |
| Other intangible assets | - | - | | - |
| **TOTAL INTANGIBLE ASSETS** | **13** | **0.5** | **-** | **13.5** |
| **Property and equipment** | | | | |
| Machinery and equipment | - | - | | - |
| Other property and equipment | 1 | 0.5 | | 1.5 |
| **TOTAL PROPERTY AND EQUIPMENT** | **1** | **0.5** | **-** | **1.5** |
| **TOTAL FIXED ASSETS** | **14** | **1** | **-** | **15** |

## NOTE 4 RECEIVABLES (1) AT DECEMBER 31, 2011

| *(in € millions )* | At December 31, 2010 costs | At decembre 31, 2011 costs |
|---|---|---|
| **Prepayments to suppliers** | | |
| **Trade receivables** | **8** | **14** |
| **Other receivables** | **202** | **122** |
| *Supplier-related receivables* | | |
| *Recoverable VAT and other taxes* | *9* | *19* |
| *Currrent accounts with subsidiaries* | *191* | *101* |
| *Other* | *2* | *2* |
| **TOTAL** | **210** | **136** |

*(1) Including prepayments to suppliers.*

## NOTE 5 LOANS AND ADVANCES TO SUBSIDIARIES AND AFFILIATES AT DECEMBER 31, 2011

| *(in € millions)* | At January 1, 2011 Net | Increase | Decrease | Other | At December 31, 2011 Net |
|---|---|---|---|---|---|
| Edenred España | 100 | | | | 100 |
| Accor TRB Holding | 715 | | | | 715 |
| ASF HOLDING | 372 | 63 | | | 435 |
| AS Italia | 505 | | | | 505 |
| ASH | 368 | | (368) | | 0 |
| Accor On Voucher & Card Services | 4 | | (1) | | 3 |
| Cestaticket Venezuela | 27 | | | (27) | 0 |
| **TOTAL** | **2,091** | **63** | **(369) (1)** | **(27) (2)** | **1,758** |

*(1) Of which €368 million corresponding to the cancellation of the ASH loan following the transfer of ASH's assets and liabilities to Edenred SA.*
*(2) "Other" movements correspond to the conversion of dividends receivable from Cestaticket into shares in new companies (see Note 6, footnote d).*

## NOTE 6 CHANGE IN INVESTMENTS IN SUBSIDIARIES AND AFFILIATES

| | At December 31, 2010 | | | Business acquisitions and purchases of newly issued shares mergers | | Disposals | | At December 31, 2011 | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Company** | **Number of shares** | **Amount** *(in € millions)* | **% interest** | **Number of shares** | **Amount** *(in € millions)* | **Number of shares** | **Amount** *(in € millions)* | **Number of shares** | **Amount** *(in € millions)* | **% interest** | **Provisions** *(in € millions)* |
| Servicarte SAS | 37,770 | 1 | 94.43% | | | | | 37,770 | 1 | 94.43% | |
| Accentiv' Kadéos | 2,107,673 | 219 | 98.30% | | | | | 2,107,673 | 219 | 98.30% | 142 |
| Accentiv' Travel | 1,572,800 | 14 | 98.30% | | | | | 1,572,800 | 14 | 98.30% | 12 |
| Edenred France SAS | 23,839,995 | 412 | 98.30% | | | | | 23,839,995 | 412 | 98.30% | |
| VENINVEST QUATRO (4) | | | | 644,380 | 7 | | | 644,380 | 7 | 100.00% | |
| VENINVEST CINQ (4) | | | | 738,131 | 7 | | | 738,131 | 7 | 100.00% | |
| VENINVEST SEPT (4) | | | | 677,863 | 7 | | | 677,863 | 7 | 100.00% | |
| VENINVEST HUIT (4) | | | | 678,947 | 7 | | | 678,947 | 7 | 100.00% | |
| Edenred Participation SAS | 393,613 | 46 | 100.00% | 7,360,106 | 276 | | | 7,753,719 | 322 | 100.00% | |
| AS-GES (ex-Servepar) | 3,043 | 1 | 25.36% | | | | | 3,043 | 1 | 25.36% | 1 |
| Accor Services Formation | 37,422 | 7 | 98.32% | | | | | 37,422 | 7 | 98.32% | 7 |
| EAP France SAS | 481,496 | 9 | 99.38% | | | - 481,496 | - 9 | - | - | - | |
| ASH | 27,966,937 | 447 | 100.00% | | | - 27,966,937 | - 447 | - | - | - | |
| Saminvest | 17,997 | 2 | 89.99% | 3 | | - 6,000 | - 1 | 12,000 | 2 | 60.00% | |
| Edenred Austria GmbH (Austria) | 15,410 | 2 | 98.30% | | | | | 15,410 | 2 | 98.30% | |
| Edenred Belgique (Belgium) (2) | | | | 3,538,030 | 815 | | | 3,538,030 | 815 | 100.00% | |

| Company | At December 31, 2010 | | | Business acquisitions and purchases of newly issued shares mergers | | Disposals | | At December 31, 2011 | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Number of shares | Amount *(in € millions)* | % interest | Number of shares | Amount *(in € millions)* | Number of shares | Amount *(in € millions)* | Number of shares | Amount *(in € millions)* | % interest | Provisions *(in € millions)* |
| Edenred Portugal Lda | 372,642 | 4 | 98.30% | | | | | 372,642 | 4 | 98.30% | 2 |
| Edenred Deutschland GmbH (Germany) | 2,921,476 | 2 | 98.30% | 13,458,066 | 7 | | | 16,379,542 | 9 | 98.30% | |
| Edenred España SA (Spain) | 88,989 | 2 | 98.30% | | | | | 88,989 | 2 | 98.30% | |
| Edenred Bulgaria ad (Bulgaria) | 32,325 | 2 | 95.30% | | | | | 32,325 | 2 | 95.30% | |
| Edenred Australia Pty Ltd. (Australia) | 11,745,008 | 7 | 78.30% | | | - 11,745,008 | - 7 | - | - | - | |
| Westwell Group SA (Uruguay) | 1,832,351 | 2 | 98.30% | | | | | 1,832,351 | 2 | 98.30% | |
| Edenred Peru SA (Perou) [(1)] | 3,815,941 | 1 | 65.86% | 871,000 | | - 3,825,907 | | 861,034 | 1 | 66.23% | 1 |
| Accor Services Panama SA | 1,228,750 | 1 | 98.30% | | | | | 1,228,750 | 1 | 98.30% | 1 |
| Royal Image Direct Marketing PTY (India) | 2,051,521 | 7 | 98.30% | | | | | 2,051,521 | 7 | 98.30% | 5 |
| Shanghai Yagao Meal Service Card Company (China) | 8,109,750 | 6 | 98.30% | | | | | 8,109,750 | 6 | 98.30% | 6 |
| Beijing Yagao Meal Service Card Company (China) | 1,749,500 | 2 | 87.48% | | | | | 1,749,500 | 2 | 87.48% | 2 |
| Edenred (India) PVT Ltd (India) | 20,456,326 | 7 | 94.22% | 416,272 | 6 | | | 20,872,598 | 13 | 94.33% | 3 |
| Edenred Pte Ltd (Singapore) | 6,283,484 | 15 | 98.30% | | | | | 6,283,484 | 15 | 98.30% | 14 |
| Edenred S.a.l (Lebanon) | 2,544,747 | 1 | 78.30% | | | | | 2,544,747 | 1 | 78.30% | 1 |
| Accentiv' Shanghai Company (China) | 650,000 | 1 | 100.00% | | | | | 650,000 | 1 | 100.00% | 2 |
| Servicios Empresariales de Colombia S.A. | 2,078,770 | 2 | 95.00% | | | | | 2,078,770 | 2 | 95.00% | |
| Cestaticket Services C.A. (Venezuela) | 3,318,000 | 11 | 55.30% | | | | | 3,318,000 | 11 | 55.30% | 11 |
| Accor Venezuela | 3,885,514 | 25 | 100.00% | | | | | 3,885,514 | 25 | 100.00% | |
| Edenred Brasil Participacoes SA (Brazil) | 198,669 | 1 | 7.04% | | | | | 198,669 | 1 | 7.04% | |
| Edenred Suisse SA (Switzerland) | 800 | 1 | 100.00% | | | | | 800 | 1 | 100.00% | 1 |
| INVERSIONES QUATRO VENEZUELA [(4)] | | | | 48,000 | 6 | - 48,000 | - 6 | - | - | - | |
| INVERSIONES CINQ VENEZUELA [(4)] | | | | 55,000 | 7 | - 55,000 | - 7 | - | - | - | |
| INVERSIONES SEPT VENEZUELA [(4)] | | | | 50,500 | 7 | - 50,500 | - 7 | - | - | - | |
| INVERSEIONES HUIT VENEZUELA [(4)] | | | | 48,000 | 7 | - 48,000 | - 7 | - | - | - | |

| | At December 31, 2010 | | | Business acquisitions and purchases of newly issued shares mergers | | Disposals | | At December 31, 2011 | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Company** | **Number of shares** | **Amount** *(in € millions)* | **% interest** | **Number of shares** | **Amount** *(in € millions)* | **Number of shares** | **Amount** *(in € millions)* | **Number of shares** | **Amount** *(in € millions)* | **% interest** | **Provisions** *(in € millions)* |
| Edenred Chine (China) | | | | 100,000,000 | 11 | | | 100,000,000 | 11 | 100.00% | |
| Accor Services Polska Sp Zo.o. (Poland) | 175,409 | 2 | 81.79% | 64,173 | 2 | | | 239,582 | 4 | 99.99% | 2 |
| Other (5) | 409,570 | 2 | | 168,127 | | | | 577,697 | 2 | | 2 |
| **TOTAL** | **130,423,698** | **1,264** | | **128,816,598** | **1,172 (2)** | **- 44,226,848** | **- 491 (3)** | **215,013,448** | **1,946** | | **215** |

*(1) The decrease in the number of shares resulted from a capital increase followed by a capital reduction.*

*(2) Of which an €815 million increase following the transfer of all of the assets and liabilities of ASH to Edenred SA.*

*(3) Of which €447 million corresponding to the elimination of ASH shares following the transfer of all of the Company's assets and liabilities to Edenred SA.*

*(4) Conversion of part of the dividends receivable into shares in new Venezuelan companies and sale of these shares to the Veninvest companies.*

*(5) "Other" corresponds to various investments representing individually less than €1 million.*

## NOTE 7 PROVISIONS AND ASSET IMPAIRMENTS AT DECEMBER 31, 2011

| Items *(in € millions)* | At January 1, 2011 | Increase | Decrease: Surplus provisions | Decrease: Utilized provisions | At Dec.31, 2011 |
|---|---|---|---|---|---|
| **Untaxed provisions** | | | | | |
| Excess tax depreciation | | | | - | - |
| **TOTAL UNTAXED PROVISIONS** | **-** | **-** | **-** | **-** | **-** |
| **Provisions for contingencies** | | | | | |
| Claims and litigation | | | - | - | - |
| Foreign exchange losses | 17 | | | (17) | - |
| Other (1) | 9 | 6 | (5) | (1) | 9 |
| **TOTAL PROVISIONS FOR CONTINGENCIES** | **26** | **6** | **(5)** | **(18)** | **9** |
| **Provisions for charges (2)** | | | | | |
| Pension and other post-retirement benefit obligations | 8 | 5 | | (1) | 12 |
| Taxes | | | | | - |
| Other | | | | | - |
| **TOTAL PROVISIONS FOR CHARGES** | **8** | **5** | **-** | **(1)** | **12** |
| **TOTAL PROVISIONS** | **34** | **11** | **(5)** | **(19)** | **21** |
| **Impairments** | | | | | |
| Intangible assets | | | | | - |
| Property and equipment | | | | | - |
| Investments * (3) (4) | 218 | 16 | (16) | | 218 |
| Trade receivables | | | | | - |
| Other receivables * | 63 | 3 | | (59) | 7 |
| **TOTAL IMPAIRMENTS** | **281** | **19** | **(16)** | **(59)** | **225** |
| **TOTAL PROVISIONS AND IMPAIRMENTS** | **315** | **30** | **(21)** | **(78)** | **246** |

| Income statement impact of movements in provisions | Increase | Decrease |
|---|---|---|
| Operating income and expenses | 5 | 61 |
| Financial income and expenses | 19 | 33 |
| Non-recurring income and expenses | 6 | 5 |
| Movements with no income-statement impact | | |
| **TOTAL** | **30** | **99** |

* *Recorded in accordance with the accounting policy described in Note 1c.*

(1) *Other provisions for contingencies correspond mainly to provisions for risks related to subsidiaries for €8 million. Movements in this item primarily reflect i) additions to provisions for risks related to subsidiaries for €5 million and ii) reversals of provisions for risks related to subsidiaries for €6 million.*

(2) *Provisions for charges correspond mainly to provisions for pensions and other post-employment benefit obligations, for €12 million.*
*The €5 million increase in this item in 2011 was due to the adjustment of calculation parameters following the signature on July 13, 2011 of a new corporate agreement covering these benefit plans.*

(3) *Asset impairments mainly concern shares in subsidiaries and affiliates, including Accentiv' Kadéos (€142 million), Surgold Singapore (€14 million), Accentiv'travel (€12 million), Accor Venezuela (€11 million), Accor Services Formation (€7 million), Shanghai Yagao Meal (€6 million) and Royal Image Direct (€5 million).*
*Movements for the year were as follows:*

- *additions to provisions for impairment included €14 million on shares in subsidiaries and affiliates – mainly a €12 million provision on Surgold Singapore shares – and €2 million on loans to subsidiaries;*
- *provision reversals included €15 million on shares in subsidiaries and affiliates and €1 million on loans to subsidiaries, mainly a €6 million reduction in the provision on Accentiv' Kadéos shares and a €9 million provision on EAP France shares that was written off following the sale of this subsidiary.*

(4) *Including €2 million in impairments of loans and advances to subsidiaries and affiliates.*

### Pension and other post-employment benefit obligations and underlying actuarial assumptions

| | December 31, 2011 |
|---|---|
| Discount rate | 4.5% |
| Mortality tables | tgh-tgf 2005 |
| Rate of future salary increases | 3% |
| Retirement age | 65 years |
| Voluntary or compulsory retirement | voluntary |
| Payroll tax rate | 47% |

| | December 31, 2011 |
|---|---|
| Provisions for pensions and other post-retirement benefit obligations at December 31, 2010 | 7.4 |
| Service cost | 0.4 |
| Interest cost | 0.4 |
| Benefit payments for the period | (0.1) |
| Actuarial (gains)/losses | 2.6 |
| Plan amendments | 1.0 |
| Provisions for pensions and other post-retirement benefit obligations at December 31, 2011 | 11.7 |

## NOTE 8 MARKETABLE SECURITIES PORTFOLIO

| *(in € millions)* | December 31, 2010 Cost | December 31, 2011 Cost |
|---|---|---|
| Term deposits | 295 | 215 |
| Term accounts | 75 | 90 |
| Retail certificates of deposit (1) | 110 | 65 |
| Money market funds – Liquidity contract | | 9 |
| Edenred SA shares – Liquidity contract | | 1 |
| Accrued interest | 2 | 1 |
| **TOTAL** | **482** | **381** |

*Term deposits and accounts and retail certificates of deposit are financial assets held to maturity.*

*The fair value of money market funds corresponds to their net asset value.*

*(1) Including €15 million corresponding to Venezuelan retail certificates of deposit in the amount of VEF 103 million converted at the SITME rate (USD 1 = VEF 5.3), which is the rate used to consolidate the Venezuelan entities.*

## NOTE 9 ACCRUALS AND OTHER ASSETS AT DECEMBER 31, 2011

| *(in € millions)* | At January 1, 2011 Net | Increase | Decrease | At December 31, 2011 Net |
|---|---|---|---|---|
| **Deferred charges** | | | | |
| Debt issuance costs | 6 | | (2) | 4 |
| Bond issuance costs | 5 | | (1) | 4 |
| **TOTAL** | **11** | **-** | **(3)** | **8** |
| **Bond issue premiums** | | | | |
| Issue premiums | 2 | | | 2 |
| **TOTAL** | **2** | **-** | **-** | **2** |
| **Prepaid expenses** | | | | |
| IT maintenance fees – Insurance premiums – Other fees | 1 | | | 1 |
| **TOTAL** | **1** | **-** | **-** | **1** |

## NOTE 10 CONVERSION DIFFERENCES

| *(in € millions)* | At December 31, 2010 | At December 31, 2011 |
|---|---|---|
| **Assets** | | |
| Decrease in receivables (1) | 15 | 7 |
| Increase in payables (2) | 3 | 7 |
| **TOTAL** | **18** | **14** |
| **Conversion differences in liabilities** | | |
| Increase in receivables (2) | 5 | 10 |
| Decrease in payables (2) | 2 | 5 |
| **TOTAL** | **7** | **15** |

*(1) Mainly conversion losses arising on currency swaps and cash balances.*

*(2) Corresponding to the conversion of borrowings from and loans to foreign subsidiaries, cash balances and currency swaps.*

## NOTE 11 ACCRUED INCOME

| **Accrued income is included in the following balance sheet items** *(in € millions)* | At December 31, 2010 | At December 31, 2011 |
|---|---|---|
| Loans and advances to subsidiaries and affiliates (1) | 27 | |
| Trade receivables | | 2 |
| Marketable securities | 2 | 1 |
| Cash | 1 | 1 |
| **TOTAL** | **30** | **4** |

*(1) The change in 2011 is mainly due to conversion operations of dividends to be received from Cestaticket in shares of new subsidiaries (see Note 6d) for an amount of € 26 million.*

## NOTE 12 ACCRUED EXPENSES

| Accrued expenses are included in the following balance sheet items *(in € millions)* | At December 31, 2010 | At December 31, 2011 |
|---|---|---|
| Bonds | 7 | 7 |
| Bank borrowings | | |
| Other borrowings | 7 | 10 |
| Trade payables | 7 | 4 |
| Accrued taxes and payroll costs | 6 | 7 |
| Other liabilities | | 1 |
| **TOTAL** | **27** | **29** |

## NOTE 13 CHANGES IN SHAREHOLDERS' EQUITY

| *(in € millions)* | At December 31, 2010 | Appropriation of 2010 net profit | Shares issued/ (cancelled) [2] | Other | 2011 net profit | At December 31, 2011 |
|---|---|---|---|---|---|---|
| **Number of shares outstanding** [1] | 225,897,396 | | | | | 225,897,396 |
| Share capital | 452 | | | | | 452 |
| Additional paid-in capital | 602 | | | | | 602 |
| Legal reserve | 45 | | | | | 45 |
| Untaxed reserves | - | | | | | - |
| Other reserves | - | | | | | - |
| Retained earnings | - | 38 | | | | 38 |
| Net profit for the year | 152 | (152) | | | 378 | 378 |
| Untaxed provisions | - | | | | | - |
| **TOTAL SHAREHOLDERS' EQUITY** | **1,251** | **(114)**[2] | **-** | **-** | **378** | **1,515** |

*(1) Par value of €2.*

*(2) Dividends of €113 million were paid on May 31, 2011.*

## NOTE 14 STOCK OPTION AND PERFORMANCE SHARE PLANS

| Stock option plan | 2010 Plan | 2011 Plan |
|---|---|---|
| Grant date | 08/06/2010 | 03/11/2011 |
| Vesting date | 08/07/2014 | 03/12/2015 |
| Expiry date | 08/06/2018 | 03/11/2019 |
| Exercise price *(in €)* | 13.69 | 18.81 |
| Value used for calculating the 10% *contribution sociale surtax (in €)* | 2.62 | 5.07 |
| Vesting conditions | Continued presence within the Group as of August 6, 2014 (except in the specific circumstances provided for in the plan rules) | Continued presence within the Group as of March 11, 2015 (except in the specific circumstances provided for in the plan rules) |
| Number of options granted at the plan launch | 4,235,500 | 611,700 |
| Number of options outstanding at December 31, 2011 | - | - |
| Number of options granted in 2011 | 4,235,500 | 611,700 |
| Number of options exercised since the plan launch | - | - |
| Number of options cancelled since the plan launch | 172,500 | - |

| Performance share plans | 2010 Plan | 2011 Plan |
|---|---|---|
| Grant date | 08/06/2010 | 03/11/2011 |
| Vesting date | 08/07/2013 or 08/07/2015 (1) | 03/11/2014 or 03/11/2016 (2) |
| Value used for calculating the 10% contribution sociale surtax *(in €)* | 12.46 | 18.06 |
| | 1/3 based on 2010 EBIT and issue volume targets | 1/3 based on 2011 FFO and issue volume target |
| | 1/3 based on 2011 FFO and issue volume targets | 1/3 based on 2012 FFO and issue volume target |
| Vesting conditions | 1/3 based on 2012 FFO and issue volume targets | 1/3 sur FFO 2013 and issue volume target |
| Number of performance shares granted at the plan launch | 912,875 | 805,025 |
| Number of performance shares outstanding at December 31, 2011 | - | - |
| Number of performance shares granted in 2011 | 912,875 | 805,025 |
| Number of performance shares exercised in 2011 | - | - |
| Number of performance shares cancelled in 2011 | - | - |
| Number of performance shares exercised since the plan launch | - | - |
| Number of performance shares cancelled since the plan launch | 40,956 | 16,000 |
| Potential number of new shares to be issued if performance conditions met | 871,919 | 789,025 |

*(1) August 7, 2013 for French tax residents and August 7, 2015 for non-residents.*
*(2) March 11, 2014 for French tax residents and March 11, 2016 for non-residents.*

## NOTE 15 MATURITIES OF DEBT AND PAYABLES AT DECEMBER 31, 2011

| *(in € millions)* | Total | Due within 1 year | Due in 1 to 5 years | Due beyond 5 years |
|---|---|---|---|---|
| Bonds [1] [3] | 807 | 7 | | 800 |
| Bank borrowings [1] [3] | 606 | 6 | 600 | |
| Other borrowings [2] [3] | 1,078 | 821 | 257 | - |
| **Operating payables** | | | | |
| Trade payables [3] | 6 | 6 | - | - |
| **Other payables** | - | | | - |
| Accrued taxes and payroll costs [3] | 9 | 9 | - | - |
| Due to suppliers of fixed assets [3] | - | - | - | - |
| Other liabilities [3] | 1 | 1 | - | - |
| Deferred income [3] | - | - | - | - |
| **TOTAL** | **2,507** | **850** | **857** | **800** |

*(1) 2010 bond issue (gross amount).*
*Borrowings repaid during the year amounted to €100 million (gross amount).*
*(2) Current account advances and borrowings from subsidiaries.*
*(3) Breakdown by currency (in € millions):*

| **Debt by currency** | |
|---|---|
| CZK | 34 |
| EUR | 2,161 |
| GBP | 170 |
| HUF | 17 |
| MXN | 54 |
| SEK | 59 |
| CHF | 2 |
| USD | 10 |
| **TOTAL** | **2,507** |

## NOTE 16 MATURITIES OF RECEIVABLES AT DECEMBER 31, 2011

| *(in € millions)* | Total | Due within 1 year | Due beyond 1 year |
|---|---|---|---|
| **Receivables included in fixed assets** | | | |
| Loans and advances to subsidiaries and affiliates [(1)] | 1,758 | 4 | 1,754 |
| Other loans [(1)] | | | |
| Other investments [(1)] | 6 | 2 | 4 |
| **Receivables included in current assets** | | | |
| Trade receivables [(1)] | 15 | 15 | - |
| Other receivables [(1)] | 122 | 122 | - |
| Accrued expenses [(1)] | 1 | 1 | - |
| **TOTAL** | **1,902** | **144** | **1,758** |

*(1) Breakdown by currency (in € millions):*

| **Receivables by currency** | |
|---|---|
| EUR | 1,878 |
| GBP | 3 |
| BRL | 1 |
| INR | 3 |
| MXN | 5 |
| SEK | 5 |
| VEF | 1 |
| ZAR | 3 |
| Other currencies | 3 |
| **TOTAL** | **1,902** |

## NOTE 17 RELATED PARTY TRANSACTIONS [(1)]

| *(in € millions)* | 2010 | 2011 |
|---|---|---|
| **Assets** | | |
| Shares in subsidiaries and affiliates | 1,264 | 1,946 |
| Loans and advances to subsidiaries and affiliates | 2,091 | 1,758 |
| Other investment securities | | |
| Trade receivables | 8 | 15 |
| Other receivables | 191 | 101 |
| **Liabilities** | | |
| Other borrowings | 1,001 | 1,078 |
| Trade payables | 3 | 2 |
| **Income and expenses** | | |
| Income from investments in subsidiaries and affiliates | 248 | 163 |
| Other financial income | 1 | 2 |
| Financial expenses | 18 | 34 |

*(1) Companies that are fully consolidated in the Edenred Group consolidated financial statements are deemed to be related parties.*

## NOTE 18 BREAKDOWN OF NET REVENUE

| *(in € millions)* | 2010 | 2011 |
|---|---|---|
| France | 4 | 5 |
| **TOTAL FRANCE** | **4** | **5** |
| International | 14 | 19 |
| **TOTAL INTERNATIONAL** | **14** | **19** |
| **TOTAL NET REVENUE** | **18** | **24** |

## NOTE 19 MANAGEMENT COMPENSATION AND EMPLOYEE INFORMATION

### Compensation paid to members of the Company's administrative and supervisory bodies

| *(in € millions)* | 2010 | 2011 |
|---|---|---|
| Members of the Executive Committee (excluding payroll taxes) and the Board of Directors | 2 | 4 |
| **Number of employees** | | |
| **Employee category** | | |
| Managers | 142 | 146 |
| Supervisors | 19 | 3 |
| Administrative staff | - | - |
| Apprentices | - | 2 |
| **TOTAL** | **161** | **151** |

The Company had 154 employees at December 31, 2011, including 3 employees seconded to subsidiaries.

### Statutory training entitlement ("DIF")

In accordance with Recommendation 2004F issued by the Urgent Issues Task Force of the French National Accounting Board, Edenred did not set aside any provisions relating to employees' statutory training entitlement under the "DIF" scheme in its 2011 financial statements.

At December 31, 2011, Edenred employees had accumulated a total of 6,765 training hours under this entitlement.

## NOTE 20 NET FINANCIAL INCOME

| *(in € millions)* | 2010 | 2011 |
|---|---|---|
| **Income from investments in subsidiaries and affiliates** | **248** | **163** |
| Dividends received from subsidiaries | 217 | 104 |
| Interest received on intra-group loans and receivables | 31 | 59 |
| **Other interest income** | **6** | **14** |
| Interest income on current accounts | 1 | 2 |
| Interest income on interest rate and currency swaps | 3 | 4 |
| Other | 2 | 8 |
| **Reversals of provisions for financial items** | **3** | **34** |
| Reversals of provisions for impairment of shares in subsidiaries and affiliates | 2 | 16 |
| Reversals of provisions for impairment of other receivables | | 1 |
| Reversals of provisions for contingencies and charges | 1 | 17 |
| **Foreign exchange gains** | | **4** |
| **Financial income** | **257** | **215** |
| **Interest expense** | **(43)** | **(85)** |
| Interest paid on bonds | (7) | (29) |
| Interest paid on bank borrowings | (12) | (18) |
| Interest paid on other borrowings | (1) | (5) |
| Interest paid on current accounts | (7) | (3) |
| Interest paid on loans from subsidiaries | (16) | (30) |
| **Amortization and provisions – financial assets** | **(66)** | **(19)** |
| Additions to provisions for impairment of shares in subsidiaries and affiliates | (52) | (15) |
| Additions to provisions for impairment of loans | (2) | (1) |
| Additions to provisions for impairment of current assets | (2) | (3) |
| Amortization of bond issue premiums | | |
| Additions to provisions for contingencies and charges | (10) | |
| **Foreign exchange losses** | | **(20)** |
| **Financial expenses** | **(109)** | **(124)** |
| **NET FINANCIAL INCOME** | **148** | **91** |

## NOTE 21 NON-RECURRING ITEMS

In 2011, total non-recurring items represented net income of €291 million before tax, breaking down as follows:

| | 2010 | 2011 |
|---|---|---|
| Gains (losses) on disposals of intangible assets and property and equipment | | |
| Gains (losses) on disposals and liquidations of investments [(1)] | 62 | 290 |
| Provision expense | (2) | (5) |
| Reversals of provisions for risks related to subsidiaries | | 6 |
| **NET NON-RECURRING INCOME** | **60** | **291** |

*(1) Disposals of shares in:*
- *Saminvest: 30% sold to Edenred Participations, reducing Edenred SA's interest to 60%;*
- *Edenred Australia and EAP France, which were previously wholly-owned by the Edenred Group (including 78.3% and 99.38% respectively through Edenred SA). These subsidiaries were sold outside the Group following a strategic review of Edenred's non-core businesses.*

## NOTE 22 INCOME TAX AND CONSOLIDATION

### A. Income tax expense of Edenred SA

Edenred SA reported a taxable profit for the year of €36 million.

After utilizing Edenred SA's own tax loss carryforwards, income tax for the period was €5 million.

This amount breaks down as follows:

| *(in € millions)* | 2010 | 2011 |
|---|---|---|
| Recurring profit before tax | - | 21 |
| Tax on non-recurring items | - | (26) |
| Income tax expense | - | (5) |

Potential deferred taxes arising from deductible and taxable temporary differences, including tax loss carryforwards, represented a net asset of €16 million at December 31, 2011.

### B. Tax group

Edenred SA and its eligible French subsidiaries elected for the group relief system governed by Article 223A of the French General Tax Code on March 18, 2011. The election applies as from the 2011 tax year.

The tax group members in 2011 were:

- Edenred Participation;
- Saminvest;
- ASM;
- Edenred France;
- Accentiv' Kadéos;
- Accentiv' Travel;
- AS Formation;
- Servicarte.

### C. Group relief benefit

In 2011, a net group relief benefit of €15 million was recorded in Edenred SA's accounts.

Income tax payable by the tax group for 2011 amounted to €3 million.

A group relief agreement between Edenred SA and the other members of the tax group was signed in 2011.

### D. Consolidation

Edenred SA is the consolidating entity for the Edenred Group.

## NOTE 23 OFF-BALANCE SHEET COMMITMENTS GIVEN AND RECEIVED

### Off-balance sheet commitments

Off-balance sheet commitments given at December 31, 2011 break down as follows:

| At December 31<br>*(in € millions)* | Within 1 year | 1 to 5 years | Beyond 5 years | December 31, 2010 | December 31, 2011 |
|---|---|---|---|---|---|
| **Total renovation commitments** | | - | - | | |
| Guarantees given (1) | 11 | 13 | | 8 | 24 |
| Guarantees for bank borrowings (2) | 10 | | | 12 | 10 |
| **TOTAL GUARANTEE COMMITMENTS** | **21** | **13** | **-** | **20** | **34** |

(1) *Corresponding to bonds given to banks on behalf of subsidiaries for €9 million and capital commitments of €15 million given to the Partech International VI investment fund.*

(2) *Corresponding to a guarantee for a bank loan given on behalf of a subsidiary.*

### Hedging instruments

#### Currency hedges

The following tables analyze the notional amount of currency hedges by maturity and the carrying amount of these instruments in the balance sheet, corresponding to their fair value, at December 31, 2011:

| | | December 31, 2011 |
|---|---|---|
| **Forward sales and currency swaps**<br>*(in € millions)* | **Expiring in 2012** | **Notional amount** |
| ZAR | 3 | 3 |
| **FORWARD SALES** | **3** | **3** |

| | | December 31, 2011 |
|---|---|---|
| **Forward purchases and currency swaps**<br>*(in € millions)* | **Expiring in 2012** | **Notional amount** |
| GBP | 112 | 112 |
| SEK | 81 | 81 |
| HUF | 27 | 27 |
| MXN | 55 | 55 |
| CZK | 29 | 29 |
| **Forward purchases** | **304** | **304** |
| **TOTAL CURRENCY HEDGES** | **307** | **307** |

For each currency, the notional amount corresponds to the amount of currency sold or purchased forward. Fair value corresponds to the difference between the amount of the currency sold (purchased) and the amount of the currency purchased (sold), converted in both cases at the period-end forward exchange rate.

All the currency instruments listed above are used for hedging purposes. Most are designated and documented fair value hedges of intra-group loans and borrowings that qualify for hedge accounting.

At December 31, 2011, currency instruments had a positive fair value of €1.8 million.

### Interest rate hedges

The following tables analyze the notional amount of interest rate hedges by maturity and the carrying amount of these instruments in the balance sheet, corresponding to their fair value, at December 31, 2011:

| *(in € millions)* | 2011 notional amount | 2012 | 2013 | Beyond |
|---|---|---|---|---|
| Interest rate swaps where Edenred is the fixed rate borrower | 250 | | 100 | 150 |
| EUR Euribor/Fixed rate | | | | |
| Interest rate collars where Edenred is the fixed rate borrower | 100 | | | 100 |
| Interest rate hedges | 350 | - | 100 | 250 |

The notional amount corresponds to the amount covered by the interest rate hedge. Fair value represents the amount that would be receivable or payable if the positions were unwound on the market.

All the interest rate instruments listed above are used for hedging purposes.

At December 31, 2011, interest rate instruments had a positive fair value of €4 million.

## NOTE 24 MAIN SUBSIDIARIES AND AFFILIATES AT DECEMBER 31, 2011

| | | (in thousands of local currency units) | | | Carrying amount of shares | | |
|---|---|---|---|---|---|---|---|
| **Subsidiaries and affiliates** | **Currency** | **Share capital** | **Reserves** | **% interest** | **Cost** | **Net** | **Provisions** |
| **A - Subsidiaries and affiliates with a carrying amount in excess of 1% of Edenred SA's capital** | | | | | | | |
| **1-Subsidiaries (at least 50% owned)** | | | | | | | |
| ***a) French subsidiaries*** | | | | | | | |
| Accentiv' Kadéos<br>166-180 bd Gabriel-Péri<br>92240 Malakoff | EUR | 17,153 | 35,311 | 98.30% | 218,760 | 76,364 | 142,396 |
| Accentiv' Travel<br>166-180 bd Gabriel-Péri<br>92240 Malakoff | EUR | 2,400 | (74) | 98.30% | 14,183 | 2,243 | 11,940 |
| Edenred France<br>166-180 bd Gabriel-Péri<br>92240 Malakoff | EUR | 388,037 | 9,765 | 98.30% | 411,767 | 411,767 | - |
| Edenred Participations SAS<br>166-168 bd Gabriel-Péri<br>92240 Malakoff | EUR | 290,764 | 713 | 100.00% | 322,042 | 322,042 | - |
| Accor Service Formation<br>166-180 bd Gabriel-Péri<br>92240 Malakoff | EUR | 190 | (8,372) | 98.32% | 7,362 | - | 7,362 |
| VENINVEST QUATRO<br>166-180, bd Gabriel-Péri<br>92240 Malakoff | EUR | 6,444 | - | 100.00% | 6,444 | 6,444 | - |
| VENINVEST CINQ<br>166-180 bd Gabriel-Péri<br>92240 Malakoff | EUR | 7,381 | - | 100.00% | 7,381 | 7,381 | - |
| VENINVEST SEPT<br>166-180 bd Gabriel-Péri<br>92240 Malakoff | EUR | 6,779 | - | 100.00% | 6,779 | 6,779 | - |
| VENINVEST HUIT<br>166-180, bd Gabriel-Péri<br>92240 Malakoff | EUR | 6,789 | - | 100.00% | 6,789 | 6,789 | - |
| ***b) Foreign subsidiaries*** | | | | | | | |
| Edenred Belgium | EUR | 8,608 | 193,041 | 100.00% | 815,415 | 815,415 | - |
| Edenred Deutchland Gmbh (Germany) | EUR | 1,520 | 9,058 | 98.30% | 9,228 | 9,228 | - |
| Royal Image Direct Marketing Pty (India) (1) | INR | 5,863 | 88,532 | 98.30% | 6,765 | 1,455 | 5,310 |
| Edenred Shanghai (China) | CNY | 63,066 | (92,033) | 98.30% | 6,290 | - | 6,290 |
| Edenred (India) PVT Ltd (India) (1) | INR | 217,410 | (141,634) | 94.33% | 12,656 | 10,152 | 2,504 |
| Edenred Pte Ltd (Singapore) | SGD | 15,800 | (15,041) | 98.30% | 14,521 | 1,008 | 13,513 |
| Cestaticket Accor Services C.A. (Venezuela) (3) | VEF | 6,000 | 12,876 | 55.30% | 11,101 | 11,101 | - |
| Accor Venezuela (Venezuela) | VEF | 77,710 | 12,781 | 100.00% | 24,851 | 13,595 | 11,256 |
| Edenred China | CNY | 100,746 | - | 100.00% | 10,698 | 10,698 | - |
| Accor Services Polska SP Zo.o. (Poland) | PLN | 11,980 | (2,350) | 99.99% | 4,650 | 2,873 | 1,777 |

(in thousands of euros)

| Outstanding loans and advances granted by Edenred SA | Guarantees given by Edenred SA | Last reported revenue *(local currency)* | Last reported revenue | Last reported profit/(loss) *(local currency)* | Last reported profit/(loss) | Dividends received by Edenred SA during the year | Average 2011 exchange rate |
|---|---|---|---|---|---|---|---|
| - | - | | 53,081 | , | 6,799 | 1,244 | 1.00000 |
| 176 | , | | 534 | | (282) | - | 1.00000 |
| 456,719 | - | | 100,930 | | (2,561) | 26,939 | 1.00000 |
| 39,210 | - | | - | | (933) | 4,192 | 1.00000 |
| 5,278 | - | | 237 | | 1,566 | - | 1.00000 |
| - | - | | - | | (11) | | 1.00000 |
| - | - | - | - | - | (11) | - | 1.00000 |
| - | - | - | - | - | (11) | - | 1.00000 |
| 4 | - | - | - | - | (11) | - | 1.00000 |
| 714,458 | - | 44,117 | 44,117 | 34,633 | 34,633 | 41,147 | 1.00000 |
| - | - | 4,405 | 4,405 | (7,538) | (7,538) | - | 1.00000 |
| - | - | - | - | (1,058) | (16) | - | 64.8423 |
| - | - | 526 | 58 | (14,417) | (1,602) | - | 9.00180 |
| - | | 253,604 | 3,911 | (29,694) | (458) | - | 64.8423 |
| 1,925 | - | 4,261 | 2,435 | (1,797) | (1,027) | - | 1.74970 |
| - | - | 462,046 | 62,608 | 204,168 | 27,665 | 12,338 | 7.38000 |
| - | - | - | - | 12,488 | 1,692 | - | 7.38000 |
| - | - | - | - | (14,384) | (1,598) | - | 9.00180 |
| - | - | 1,410 | 342 | (3,606) | (876) | - | 4.11730 |

| | | (in thousands of local currency units) | | | Carrying amount of shares | | |
|---|---|---|---|---|---|---|---|
| **Subsidiaries and affiliates** | **Currency** | **Share capital** | **Reserves** | **% interest** | **Cost** | **Net** | **Provisions** |
| **2-Affiliates (10 to 50%-owned by Edenred SA)** | | | | | | | |
| ***a) French companies*** | | | | | | | |
| ***b) Foreign companies*** | | | | | | | |
| **3-Other (less than 10%-owned)** | | | | | | | |
| **B-Investments in companies with a carrying amount of less than 1% of Edenred SA's capital** | | | | | | | |
| ***a) French companies*** | | | | | | | |
| Servicarte<br>166-180 bd Gabriel Péri<br>92240 Malakoff | EUR | 610 | 422 | 94.43% | 1,169 | 1,169 | - |
| Ligne AS-AGES<br>AS-GES<br>166-180 bd Gabriel Péri<br>92240 Malakoff | EUR | 1,200 | (429) | 25.36% | 1,034 | - | 1,034 |
| Fidetel SNC<br>562, Avenue du Parc de l'Île<br>92000 Nanterre | EUR | 1 | - | 50.00% | 1 | 1 | - |
| ASM<br>166-180 bd Gabriel-Péri<br>92240 Malakoff | EUR | 100 | (12) | 99.92% | 100 | 100 | - |
| Saminvest<br>166-180 bd Gabriel-Péri<br>92240 Malakoff | EUR | 3,060 | 306 | 60.00% | 1,511 | 1,511 | - |
| Activité<br>4 bis rue Saint-Saveur<br>75002 Paris (1) | EUR | 49 | (19) | 9.89% | 250 | - | 250 |
| ***b) Foreign companies*** | | | | | | | |
| Soltis BV Weena 695 3013 AM<br>Rotterdam (Pays-Bas) | EUR | 140 | (95) | 88.91% | 286 | 36 | 250 |
| Edenred Austria Gmgh<br>Am Euro Platz 1, A-1120 Wien<br>(Austria) | EUR | 1,600 | 123 | 98.30% | 1,589 | 1,589 | - |
| Edenred Portugal Lda (Portugal) | EUR | 379 | 236 | 98.30% | 3,637 | 1,861 | 1,776 |
| Edenred España SA (Spain) | EUR | 544 | 670 | 98.30% | 1,594 | 1,594 | - |
| Edenred North America Inc | USD | 15,616 | 12,337 | 98.30% | 1 | 1 | - |
| Servicios y Prestaci (Mexico) | MXN | 3 | (6,378) | 77.50% | 128 | - | 128 |
| Corporate Insurance Boker<br>Magyarorszag KFT (Hungary) | HUF | 50,000 | (21,177) | 56.00% | 105 | 55 | 50 |
| Edenred Bulgarie ad (Bulgaria) | BGN | 3,392 | (362) | 95.30% | 2,436 | 2,436 | - |
| Westwell Group SA (Uruguay) | USD | 1,864 | 258 | 98.30% | 2,171 | 2,171 | - |
| Edenred Peru SA (Peru) | PEN | 1,300 | (503) | 66.23% | 1,122 | 48 | 1,074 |
| Accor Services Panama SA | PAB | 1,250 | (1,428) | 98.30% | 1,007 | - | 1,007 |

(in thousands of euros)

| Outstanding loans and advances granted by Edenred SA | Guarantees given by Edenred SA | Last reported revenue *(local currency)* | Last reported revenue | Last reported profit/(loss) *(local currency)* | Last reported profit/(loss) | Dividends received by Edenred SA during the year | Average 2011 exchange rate |
|---|---|---|---|---|---|---|---|
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| - | - | | 11,156 | | 2,516 | 2,202 | 1,00000 |
| - | - | | 474 | | 184 | - | 1,00000 |
| - | - | | 198 | | (113) | - | 1.00000 |
| - | - | | - | | 1 | - | 1.00000 |
| - | - | | - | | 38,192 | 846 | 1.00000 |
| | - | | 2,041 | | 502 | - | 1.00000 |
| | | | | | | | |
| - | - | | | 8 | 8 | - | 1,00000 |
| - | - | 1,306 | 1,306 | 166 | 166 | - | 1,00000 |
| - | - | 1,307 | 1,307 | (41) | (41) | 14 | 1.00000 |
| 101,574 | - | 15,163 | 15,163 | (1,447) | (1,447) | 3,598 | 1.00000 |
| - | - | 207 | 149 | (2,569) | (1,845) | - | 1.39240 |
| - | - | - | - | (487) | (28) | - | 17.2905 |
| - | - | - | - | 558 | 2 | - | 279.210 |
| - | - | 2,347 | 1,200 | 314 | 161 | - | 1.95580 |
| - | - | - | - | 1,677 | 1,204 | 885 | 1.39240 |
| - | - | 2,995 | 781 | (623) | (162) | - | 3.83700 |
| - | - | - | - | (4) | (3) | - | 1.39240 |

| | | (in thousands of local currency units) | | | Carrying amount of shares | | |
|---|---|---|---|---|---|---|---|
| **Subsidiaries and affiliates** | **Currency** | **Share capital** | **Reserves** | **% interest** | **Cost** | **Net** | **Provisions** |
| Edenred South Africa (Proprietary) Ltd (South Africa) | ZAR | 5,000 | (32,309) | 72.30% | 414 | - | 414 |
| Edenred Maroc SAS (Morocco) | MAD | 11,000 | (15,188) | 50.15% | 488 | 128 | 360 |
| Edenred BeijinG (China) | CNY | 16,440 | (6,698) | 87.48% | 1,854 | 400 | 1,454 |
| Expert Services Mauritius | USD | 25 | (1,114) | 100.00% | 2 | 2 | - |
| Edenred s.a.l (Lebanon) | LBP | 3,250,000 | (3,640,118) | 78.30% | 1,539 | - | 1,539 |
| Accentiv' Shanghai Company (China) | CNY | 7,041 | (3,233) | 100.00% | 650 | 650 | - |
| Académie Accor Services Yönetim Ve Egitim Danismanl (Turkey) | TRY | 822 | (1,134) | 98.26% | 428 | - | 428 |
| Servicios Empresariales de Colombia S.A. (Colombia) | COP | 218,818 | 924,890 | 95.00% | 2,077 | 537 | 1,541 |
| Edenred Suisse SA (Switzerland) | CHF | 800 | (155) | 100.00% | 547 | - | 547 |
| Ticket Servicos SA (Brazil) | BRL | 36,501 | 228,191 | 0.11% | 230 | 230 | - |
| Edenred Participaçôes SA (Brazil) | BRL | 482,634 | (55,920) | 7.04% | 1,328 | 1,328 | - |
| **3- Other** | | | | | | | |
| **1-Subsidiaries and affiliates (at least 10%-owned by Edenred SA)** | | | | | | | |
| a) French companies (aggregate) | | | | | 1,001,507 | 839,809 | 161,698 |
| b) Foreign companies (aggregate) | | | | | 916,174 | 875,524 | 40,650 |
| **2-Other (less than 10%-owned by Edenred SA)** | | | | | | | |
| a) French companies (aggregate) | | | | | 4,064 | 2,780 | 1,284 |
| b) Foreign companies (aggregate) | | | | | 23,634 | 13,066 | 10,568 |
| **TOTAL (NOTE 24)** | | | | | **1,945,380** | **1,731,180** | **214,200** |

*(1) Balance sheets at March 31, 2011.*

(in thousands of euros)

| Outstanding loans and advances granted by Edenred SA | Guarantees given by Edenred SA | Last reported revenue *(local currency)* | Last reported revenue | Last reported profit/(loss) *(local currency)* | Last reported profit/(loss) | Dividends received by Edenred SA during the year | Average 2011 exchange rate |
|---|---|---|---|---|---|---|---|
| - | - | 19,857 | 1,968 | (8,669) | (859) | - | 10.0916 |
| - | - | 2,222 | 197 | (3,570) | (317) | - | 11.2614 |
| - | - | 4,756 | 528 | (12,729) | (1,414) | - | 9.00180 |
| - | - | - | - | 1,026 | 737 | - | 1.39240 |
| - | - | 1,193,760 | 569 | 56,800 | 27 | - | 2097.10 |
| - | - | 22,115 | 2,457 | 1,393 | 155 | - | 9.00180 |
| - | - | - | - | (52) | (22) | - | 2.33500 |
| - | - | - | - | (182,006) | (71) | - | 2570.14 |
| - | - | 468 | 379 | (255) | (206) | - | 1.23500 |
| - | - | 593,892 | 255,108 | 256,311 | 110,099 | 81 | 2.32800 |
| - | - | - | - | 266,528 | 114,488 | 5,111 | 2.32800 |
| | | | | | | | |
| | | | | | | | |
| 501,387 | | | | | | 32,375 | |
| 716,383 | | | | | | 53,485 | |
| | | | | | | | |
| - | | | | | | 3,048 | |
| 101,574 | | | | | | 9,689 | |
| **1,319,345** | | | | | | **98,597** | |

## NOTE 25 FIVE-YEAR FINANCIAL SUMMARY

| **Description** *(in € millions)* | **2007** | **2008** | **2009** | **2010** | **2011** |
|---|---|---|---|---|---|
| **1 – Capital at December 31** | | | | | |
| Share capital | - | - | - | 452 | 452 |
| Number of shares in issue | 370 | 370 | 370 | 225,897,396 | 225,897,396 |
| Number of convertible bonds | | | - | - | - |
| **2 – Results of operations** | | | | | |
| Net revenues | - | - | - | 18 | 24 |
| Profit before tax, depreciation, amortization and provision expense | - | - | - | 222 | 297 |
| Income tax | - | - | - | - | 13 |
| Net profit | - | - | - | 152 | 378 |
| Total dividend | - | - | - | 113 | 158 |
| **3 – Per share data** *(in €)* | | | | | |
| Earnings/(loss) per share after tax, before depreciation, amortization and provision expense | (5.59) | (10.75) | (10.77) | 0.98 | 1.31 |
| Earnings/(loss) per share | (5.59) | (10.75) | (10.77) | 0.67 | 1.67 |
| Dividend per share (1) | - | - | - | 0.50 | 0.70 |
| **4 – Employee information** | | | | | |
| Number of employees (2) | - | - | - | 136 | 148 |
| Total payroll | | | | (5) | (17) |
| Total benefits | | | | (4) | (9) |

*(1) Recommended 2011 dividend based on 225,897,396 shares.*

*(2) Average employees for the year.*

7

# CAPITAL AND OWNERSHIP STRUCTURE

# 7.1 INFORMATION ABOUT THE COMPANY

## 7.1.1 COMPANY NAME

The Company's name is Edenred.

## 7.1.2 REGISTRATION DETAILS AND APE CODE

The Company is registered in Nanterre under no. 493 322 978. Its APE business identifier Code is 6420Z.

## 7.1.3 INCORPORATION DATE AND TERM

The Company was incorporated on December 14, 2006 for a 99-year term as a *société par actions simplifiée*. It was converted into a *société anonyme* on April 9, 2010.

## 7.1.4 REGISTERED OFFICE, LEGAL FORM AND GOVERNING LAW

The Company's registered office is at 166 to 180 boulevard Gabriel Péri, 92240 Malakoff, France.

Phone: + 33 1 74 31 75 00.

The Company is a *société anonyme* with a Board of Directors governed by the laws of France, mainly the provisions of the *Code de Commerce* (Commercial Code).

## 7.1.5 CORPORATE PURPOSE

The corporate purpose is set out in Article 3 of the bylaws, which are obtainable on request from the Company's headquarters and may be consulted on the website Edenred.com/Finance.

The Company's corporate purpose is to engage in the following activities, in France and abroad, for its own account and on behalf of third parties:

- the design, development, promotion, marketing and management of paper and paperless service vouchers and, more generally, of all employee and public benefits, incentives and rewards, and expense management services;
- the development, promotion and operation of any and all information systems needed to support the development and implementation of the voucher and other activities described above, including related consulting services, and the management of associated financial transactions;
- the provision of consulting services, analyses and expertise in assessing the administrative, technical and financial resources needed to develop and implement service voucher policies and policies related to the above activities;
- the acquisition, by any method, of interests in any and all companies and ventures in France or abroad that have a similar or related purpose;
- the deployment of all public relations and communication initiatives related to the above service activities, including the organization of symposia, seminars, meetings, conventions, shows and events;
- the provision of short, medium and long-term financing and cash management services for subsidiaries and sister companies. To this end, the Company may (i) obtain any and all loans in France or abroad, in euros or in foreign currencies, (ii) make loans and advances in euros or in foreign currencies, and (iii) carry out any and all treasury, short-term investment and hedging transactions;
- generally, the carrying out of any and all commercial, industrial, financial, securities and real estate transactions related directly or indirectly to the corporate purpose and all similar or related purposes or that facilitate the fulfillment of said purpose.

To fulfill its corporate purpose, the Company may carry out actions or transactions of any type and size and in any location, including the creation of new companies, the acquisition of shares or rights in existing companies, through a capital increase or otherwise, a company acquisition or a merger, that (i) contribute or may contribute to, or facilitate or may facilitate the conduct of the activities defined above or (ii) directly or indirectly preserve the commercial, industrial or financial interests of the Company, its subsidiaries or its business partners.

# 7.2 INFORMATION ABOUT THE COMPANY'S SHARES

## 7.2.1 DESCRIPTION OF THE COMPANY'S SHARES

### 7.2.1.1 Type, class and listing – ISIN code

At December 31, 2011, the Company's capital was made up of 225,897,396 shares with a par value of €2 each, all fully paid.

The 225,897,396 shares are ordinary shares with rights to all distributions of interim and final dividends, reserves or equivalent amounts.

All of the shares are listed on NYSE Euronext Paris (compartment A) under ISIN code FR0010908533 (ticker symbol: EDEN). Edenred is included in the CACNext20 index.

### 7.2.1.2 Governing law and competent courts

The Company's shares are governed by the laws of France.

The courts of the district where the Company has its registered office have jurisdiction over disputes where the Company is defendant. In disputes where the Company is plaintiff, the court of jurisdiction will be designated depending on the type of dispute, unless otherwise specified in France's Civil Procedure Code.

### 7.2.1.3 Form of the shares and procedures for recognizing ownership

The Company's shares may be held in registered or bearer form, at the choice of the shareholder.

In application of Article L.211-3 of France's Monetary and Financial Code, ownership of the Company's shares is not evidenced by certificates but by an entry in a securities account kept by the Company or an authorized intermediary. The rights of shareholders are evidenced by an entry in their name in the books kept by:

- the Company's registrar, Société Générale (32 rue du Champ-de-Tir, BP 81236 - 44312 Nantes Cedex 3, France), for registered shares;
- a bank or broker chosen by the shareholder and recognized by the Company's registrar, Société Générale (32 rue du Champ-de-Tir, BP 81236 - 44312 Nantes Cedex 3, France), for registered shares;
- a bank or broker chosen by the shareholder, for bearer shares.

Settlement/delivery of transactions in the Company's shares is carried out through Euroclear France, as central securities depository.

Shares are transferred by book entry and the transfer of title results from their being recorded in the buyer's securities account, in accordance with Articles L.211-15 and L.211-17 of France's Monetary and Financial Code.

Securities services are provided by the Company's registrar, Société Générale (32 rue du Champ-de-Tir, BP 81236 - 44312 Nantes Cedex 3, France).

### 7.2.1.4 Rights attached to the Company's shares

From the time of issue, the Company's shares are subject to all of the provisions of the Company's bylaws, as adopted by the Shareholders Meeting of June 29, 2010. Based on current French law and the Company's bylaws, the main rights attached to the shares are as follows:

#### Dividend rights

Each year, 5% of profit for the year, less any losses brought forward from prior years, is transferred to the legal reserve until such time as the legal reserve represents one-tenth of the share capital. The process resumes if the legal reserve subsequently falls to below one-tenth of the share capital for whatever reason.

The balance, plus any retained earnings brought forward from prior years, is available for distribution to shareholders in the form of dividends, in accordance with the applicable laws and regulations.

The Annual Shareholders Meeting called to approve the financial statements may decide to pay a dividend to all shareholders.

The Shareholders Meeting may decide to offer shareholders the option of reinvesting all or part of any interim or final dividend in shares of the Company, in accordance with the applicable laws and regulations. Dividends not claimed within five years of the payment date will be time-barred and will be paid over to the French State.

The Shareholders Meeting may decide, before paying a dividend, to deduct from distributable profit any amounts that it thinks fit to be credited to retained earnings or to one or more general or special reserve accounts to be used for any purposes decided by shareholders.

The Shareholders Meeting may also decide to distribute unrestricted reserves, as allowed by law, in which case the related resolution will specify the reserve accounts from which the dividend is to be deducted.

However, except in the case of a capital reduction, no such distribution may be made to shareholders if the Company's equity represents less than the sum of its share capital and restricted reserves, or would represent less than that amount as a result of the distribution.

Dividends paid to non-residents are subject to French withholding tax (see section 7.2.1.8 of this Registration Document, page 209).

New shares are issued cum rights and rank *pari passu* with existing shares. They carry rights to all interim and final dividends and all distributions of reserves or equivalent amounts decided after their issue.

## Voting rights

The voting rights attached to shares are proportionate to the portion of capital they represent. All shares have the same par value and therefore one voting right is attached to each share.

However, Article 24 of the Company's bylaws provides that in certain circumstances a double voting right may be granted to shares, having regard to the percentage of capital they represent.

Thus fully paid shares registered in the name of the same holder for at least two years carry double voting rights. In the case of a share issue paid up by capitalizing reserves, profits or premiums, the new shares allocated in respect of shares with double voting rights also have double voting rights from the time of issue.

Registered shares converted into bearer shares or sold to a different shareholder lose their double voting rights. However, transfers through inheritance, liquidation of marital assets or an *inter vivos* transfer to a spouse or to a relative in the ascending or descending line do not result in the loss of double voting rights or a break in the qualifying period. The merger of the Company has no impact on double voting rights, provided that the bylaws of the surviving company allow for their exercise.

Article 24 of the Company's bylaws stipulate that voting rights attached to shares held by beneficial and non-beneficial owners are exercisable at Ordinary and Extraordinary Shareholders Meetings by the beneficial owner, except that the non-beneficial owner may also vote in his or her own name when the resolution requires a unanimous vote of all of the shareholders.

## Pre-emptive right to subscribe for securities in the same category

Under current French law, shareholders have a pre-emptive right to subscribe for any new shares issued for cash, immediate or in the future, proportionately to their stake in the Company's capital.

The Shareholders Meeting that decides or authorizes a capital increase may decide to waive shareholders' pre-emptive right for the entire capital increase or for one or several tranches of the capital increase, in which case the meeting may decide as an alternative to set a fixed period during which shareholders may subscribe on a priority basis. For issues offered to the public or that are the subject of a private placement governed by Article L.411-2-II of France's Monetary and Financial Code, without pre-emptive subscription rights for existing shareholders, the issue price must be determined in compliance with Article L.225-136 of the Commercial Code. Any such issues may not represent more than 20% of the capital per year.

The Shareholders Meeting may decide to restrict participation in a capital increase to certain named persons or to certain categories of persons with specified characteristics, in accordance with Article L.225-138 of the Commercial Code.

The Shareholders Meeting that decides or authorizes a capital increase may also decide to restrict participation to the shareholders of another company that is the target of a public stock-for-stock offer initiated by Edenred in application of Article L.225-148 of the Commercial Code. Capital increases by contribution in kind are subject to the specific procedure provided for in Article L.225-147 of the Commercial Code.

During the subscription period, the pre-emptive rights may be stripped from the underlying shares and traded separately. Alternatively, they may be sold with and on the same terms as the underlying shares. Shareholders may individually waive their pre-emptive subscription rights in application of Articles L.225-132 and L.228-91 of the Commercial Code.

## Right to a share of the Company's profits

Shareholders are entitled to a share of the Company's profits on the basis defined in Articles L.232-10 *et seq.* of the Commercial Code.

## Right to a share of any liquidation surplus

Shares in all classes entitle their holders to a share of the company's net assets and, if applicable, the liquidation surplus equal to the portion of the share capital that they represent, taking into account any returns of capital and any unpaid portion of the par value.

From the Company's point of view, all shares are indivisible.

## Buyback clause – conversion clause

The bylaws do not include any share buyback or conversion clauses.

## Identification of shareholders

The Company uses all methods provided by French legislation to obtain information about the identity of holders of current or future rights to vote at Shareholders Meetings.

## Disclosure thresholds

Any person, acting alone or in concert with other persons, that becomes the owner of or ceases to own a number of shares representing a percentage of the capital or voting rights corresponding to a statutory disclosure threshold is required to notify the Company on the basis required by the applicable laws and regulations. Failure to comply with this obligation will expose the shareholder to the sanctions provided for in the applicable laws and regulations.

In addition, any person or any group of persons acting alone or in concert, that acquires or raises its interest to 1% of the capital or voting rights is required to disclose its interest to the Company by registered letter with return receipt requested sent to the head office, within four trading days of the transaction date or the signature of any agreement resulting in the disclosure threshold being crossed, whatever the date on which the shares are recorded in the holder's account. The notification must include details of the total number of shares and/or share equivalents held and the number of voting rights held.

The same disclosure rules will apply to any increase in a shareholder's interest by any multiple of 0.5% of the capital or voting rights beyond 1% and to any reduction in a shareholder's interest by any multiple of 1% of the capital or voting rights. In the case of failure to comply with the applicable disclosure rules, at the request of one or several shareholders representing at least 3% of the Company's capital or voting rights, as duly recorded in the minutes of the Shareholders Meeting, the undisclosed shares will be stripped of voting rights at all Shareholders Meetings held in the two years following the date when the omission is remedied.

In addition, as well as making the statutory disclosures, any person or group of persons acting in concert, that becomes the owner of a number of shares representing more than one-twentieth of the Company's capital or voting rights, is required to include in its disclosure to the Company details of its intentions regarding the shares over the next twelve months, covering in particular the information referred to in Article L.233-7 VII, paragraph 2, of the Commercial Code.

At the end of each successive twelve-month period following the initial disclosure, if the shareholder continues to hold a number of shares representing more than one-twentieth of the Company's capital or voting rights, it is required to notify the Company of its intentions for the following twelve months.

The Company will have the right to inform the public and shareholders of the said shareholder's disclosed intentions, or of the shareholder's failure to comply with this requirement.

For the application of the above disclosure provisions of the bylaws, disclosable interests include the shares or voting rights referred to in Article L.233-91 of the Commercial Code.

### 7.2.1.5 Restrictions on the sale of the shares

The bylaws do not include any restrictions on the sale of the Company's shares. A detailed description of the commitments given by the Company and some of its shareholders is provided in section 7.2.1.9 of this Registration Document page 210.

### 7.2.1.6 French regulations governing public tender offers

The Company is subject to French laws and regulations governing compulsory public tender offers, public buyout offers and squeeze-out procedures.

#### Compulsory public tender offers

The situations in which a public tender offer must be made for all of the shares and share equivalents of a Company listed on a regulated market are specified in Article L.433-3 of the Monetary and Financial Code and Articles 234-1 *et seq.* of the AMF's General Rules.

#### Public buyout offer and squeeze-out procedure

The procedure for filing a buyout offer and the compulsory buyout of minority shareholders in a company whose shares are listed on a regulated market is specified in Article L.433-4 of the Monetary and Financial Code, and Articles 236-1 *et seq.* (public buyout offer), 237-1 *et seq.* (squeeze-out procedure following a public buyout offer) and 237-14 *et seq.* (squeeze-out procedure following a public tender offer) of the AMF's General Rules.

### 7.2.1.7 Public offer for the Company's shares made during the current or previous financial year

No public offer for the Company's shares has been made during the current or previous financial year.

The following items could have an impact in the event of a public tender offer for the Company's shares (information disclosed in application of Article L.225-100-3 of the French Commercial Code):

- **capital structure:** see section 7.3.1 of this Registration Document page 213, which presents the capital structure and ownership of voting rights, including the percentage of the capital and voting rights held by ColDay and Legendre Holding 19, which have together signed a shareholders' pact;
- **agreements providing for the payment of compensation for loss of office or other termination benefits to members of the Board of Directors or to employees if they stand down, resign, are removed from office or terminated other than for gross misconduct or if their employment ends due to a change of control:** see section 5.4 of this Registration Document page 87;
- **employee share ownership system:** in accordance with Article L.214-40 of the French Monetary and Financial Code, the decision to tender to a public purchase or exchange offer Edenred shares held in a corporate mutual fund set up in connection with an employee share ownership system is made by the fund's Supervisory Board;
- **long-term financing:** bonds and bank borrowings for a total of €1,400 million excluding accrued interest could become immediately repayable in the event of a change of control, by decision of any individual lender bank or bond holder. (Article 4 c – Redemption at the option of the Bond Holders – of the Prospectus for the bond issue dated October 4, 2010 and Clause 7.3 – Mandatory prepayment on change of control – of the Term Loan agreement dated June 23, 2010).

### 7.2.1.8 Tax regime applicable to the Company's shares

This section outlines the rules governing French withholding tax applicable to the Company's dividends, based on current French legislation. It does not take into account the effects of any international tax treaties that may apply to individual shareholders. Shareholders are encouraged to seek advice from their tax adviser concerning their specific situation. Shareholders that are not resident in France for tax purposes are required to also comply with the tax rules in force in their country of residence. French tax residents are required to comply with applicable French tax laws.

### (a) Withholding tax

In principle, dividends paid by the Company are subject to withholding tax deducted by the paying agent, when the shareholder's tax domicile or headquarters is located outside France. Except as specified below, withholding tax is deducted at the rate of (i) 21% from January 1, 2012 when the shareholder is an individual and is resident in a member State of the European Union or a European Economic Area country that has signed a tax treaty with France that includes a clause providing for administrative assistance in combatting tax fraud and evasion, and (ii) 30% in all other cases.

The withholding tax may be reduced or canceled in application of international tax treaties or of Article 119ter of France's General Tax Code which applies in some circumstances to corporate shareholders resident in the European Union.

However, the Company's dividends will be subject to 55% withholding tax from January 1, 2012, whatever the shareholder's tax residence (unless an international tax treaty applies that provides for a lower rate), if they are paid outside France to an "uncooperative country or territory" within the meaning of Article 238-0 A of the General Tax Code. The list of uncooperative countries and territories is published by ministerial order and updated annually.

Shareholders concerned by these rules are encouraged to seek advice from their tax adviser, in order to determine whether the new legislation on uncooperative countries and territories applies to them and/or whether they qualify for withholding tax relief or exemption. Shareholders are also invited to seek advice about the procedure to be followed to apply international tax treaty provisions, in particular as provided for in the Instruction dated February 25, 2005 (BOI 4 J-1-05) which describes the "standard" and "simplified" procedures for claiming withholding tax relief or exemption.

### (b) *Prélèvements sociaux* social welfare levies

Dividends paid to individuals resident in France are also subject to *prélèvements sociaux* social welfare levies that are withheld at source and treated as a component of personal income tax.

Shareholders concerned by these levies are encouraged to seek advice from their tax adviser about personal income tax rules.

## 7.2.1.9 Lock-up commitment

On May 4, 2008, an agreement [1] was signed by Colony Capital (represented by ColTime [2] and ColDay [3]) and Eurazeo (represented by Legendre Holding 19 [4]), acting in concert in accordance with the agreement regarding their investment in Accor, which they had signed on January 27, 2008. Details of the agreement were disclosed to the AMF and published on the AMF website on May 13, 2008. The AMF notice concerning the Accor shareholders' pact was issued under reference D&I AMF 208C0875 on May 13, 2008.

On December 18, 2009, an addendum to the agreement was signed following the Accor Board of Directors' approval of the potential benefits of demerging the Group's Hotels and Prepaid Services businesses to create two separate listed companies. As explained in a joint statement issued by Colony Capital and Eurazeo on December 15, 2009, the purpose of the addendum, which would apply provided that the separation of the two Accor businesses was completed, was (i) to extend the provisions of the May 2008 shareholders' agreement between them to the shares of the two companies, until May 4, 2013, and (ii) to extend under such shareholders' agreement the lock-up undertaking on their shares in Accor and in the Prepaid Services entity (Edenred), until January 1, 2012. The AMF notice concerning this addendum dated December 18, 2009 was issued under reference D&I AMF 210C0606 on July 7, 2010.

As a result of the agreement, as amended on December 18, 2009, Colony Capital and Eurazeo cannot sell their Edenred shares until January 1, 2012 at the earliest, except in connection with a public tender offer initiated by an external bidder or one of the two partners. This prohibition does not apply to ColTime, which notified the AMF on January 11, 2012 and January 13, 2012 of changes in its interests, in accordance with disclosure threshold rules (AMF reference number 212C0082).

*(1) For more information on shareholders' agreements, see section 7.3.1.*

*(2) ColTime SARL is controlled by investment funds Colony Investors VI, L.P. and Colyzeo Investors L.P., which are managed by investment firm Colony Capital, LLC.*

*(3) ColDay SARL is controlled by investment funds Colony Investors VIII, L.P. and Colyzeo Investors II L.P., which are managed by investment firm Colony Capital, LLC.*

*(4) Controlled by Eurazeo SA.*

## 7.2.2 SHARE BUYBACK PROGRAM

### 7.2.2.1 Authorization granted by the Annual Shareholders Meeting of May 13, 2011

The Shareholders Meeting of May 13, 2011 gave the Board of Directors an eighteen-month authorization to trade in the Company's shares on the stock market.

The shares may not be purchased at a price of more than €30 and may not be sold at a price of less than €15. However, the minimum price will not apply to shares sold upon exercise of stock options (or to stock grants). In such cases, the sale price or consideration will be determined in accordance with the provisions of the plan concerned. The maximum and minimum sale price may be adjusted to reflect the impact of any corporate actions.

The maximum number of shares that may be acquired under this authorization is set at 22,589,739, corresponding to a total investment of no more than €678 million based on the maximum purchase price of €30 per share authorized above.

The authorization may be used to purchase, sell or transfer shares for the following purposes:

- to purchase shares for cancellation, in connection with a capital reduction decided or authorized by the Company's shareholders in an Extraordinary Meeting;
- to purchase shares for allocation on exercise of stock options granted under plans governed by Articles L.225-177 *et seq.* of the French Commercial Code, or to members of an employee stock ownership plan governed by Articles L.3332-1 *et seq.* of the Labor Code or to recipients of stock grants made under plans governed by Articles L.225-197-1 *et seq*. of the Commercial Code;
- to purchase shares for allocation on conversion, redemption, exchange or exercise of share equivalents;
- to purchase shares representing up to 5% of the Company's capital to be held in treasury for subsequent remittance in exchange or payment in connection with external growth or restructuring transactions, including a merger, demerger, or asset contribution, in accordance with market practices approved by the Autorité des marchés financiers;
- to make a market in the Company's shares under a liquidity contract entered into with an investment service provider that complies with the code of ethics recognized by the Autorité des marchés financiers.

The program may also be used for any other purpose currently authorized or that may be authorized at a future date under the applicable laws or regulations, provided that the Company issues a press release notifying shareholders of said use.

### 7.2.2.2 Implementation of the share buyback program in 2011

The authorization granted by shareholders on May 13, 2011 was used during the year.

At the year-end, 311,463 shares were held in treasury.

#### (a) Transactions carried out by the Company

In 2011, the Company bought back 231,907 shares at an average price of €17.36 per share, representing a total of €4 million.

#### (b) Transactions carried out under the liquidity contract

On November 3, 2011, the Company signed a liquidity contract with Exane BNP Paribas to maintain a liquid market for its shares on the NYSE Euronext Paris market. Automatically renewable every December 31, the contract complies with the AMAFI Code of Ethics recognized by the Autorité des marchés financiers.

Resources allocated to the liquidity contract included:

- an amount of €10 million;
- Edenred shares: none.

During 2011, under the liquidity contract, the Company:

- purchased 723,186 shares at an average price of €18.77 per share, representing a total of €13.6 million;
- sold 643,630 shares at an average price of €18.79 per share, representing a total of €12.1 million.

As a result, at December 31, 2011 the Company held 79,556 shares under the liquidity contract, representing an average price of €18.58 per share or a total of €1.5 million.

In addition, the Company's balance sheet at December 31, 2011 included €8.5 million in marketable securities held under the liquidity contract.

### 7.2.2.3 Summary of Edenred share transactions

Pursuant to Instruction 2005-06 issued by the French securities regulator (AMF) on February 22, 2005, transactions carried out by the Company in its own shares between July 2, 2010 and December 31, 2011 are summarized below:

- percentage of capital held by the Company directly and indirectly: 0.14% at December 31, 2011;
- number of shares canceled over the last twenty-four months: none;
- number of shares held in treasury: 311,463, of which:
  - shares bought back for cancellation (231,907),
  - shares held at the year-end under the liquidity contract (79,556).

The total amount of transaction fees excluding tax was €0.03 million in 2011.

## 7.2.3 FINANCIAL AUTHORIZATIONS

At the Ordinary and Extraordinary Shareholders' Meetings of May 10, 2010 and May 13, 2011, shareholders granted the Board of Directors the following authorizations:

| Type of authorization | Date of authorization | Nominal amount authorized | Duration and expiry date | Utilization in 2010 | Utilization in 2011 |
|---|---|---|---|---|---|
| **Corporate action** | | | | | |
| Issue of shares and compound securities | Shareholders Meeting of May 10, 2010 4th, 5th, 6th, 7th, 8th and 9th resolutions | (par value) | 26 months – July 10, 2012 | | |
| • With pre-emptive subscription rights | | €225 million | | | |
| • Without pre-emptive subscription rights | | €112.5 million | | | |
| • In connection with a stock-for-stock offer | | €90 million | | | |
| • In payment for contributed assets | | 10% of the capital | | | |
| • Increase in the amount of any issues that are oversubscribed | | 15% of the amount of the initial issue | | | |
| Issuance of new shares by capitalizing reserves, retained earnings or additional paid-in capital | | €225 million | | | |
| **Employee share issue** | Shareholders Meeting of May 10, 2010 10th resolution | 2% of the post-asset contribution capital | 26 months – July 10, 2012 | | |
| **Stock option and performance share plans** | | | | | |
| Stock option plans | Shareholders Meeting of May 10, 2010 11th resolution | 7% of the post-asset contribution capital | 38 months – July 10, 2013 | Board meeting of June 29, 2010 Granted 4,235,000 stock options | Board meeting of February 23, 2011 Granted 611,700 stock options |
| Performance share plans | Shareholders Meeting of May 13, 2008 12th resolution | 4% of the post-asset contribution capital | 38 months – July 10, 2013 | Board meeting of June 29, 2010 Granted 912,875 performance shares | Board meeting of February 23, 2011 Granted 805,025 performance shares |

## 7.2.4 SHARE EQUIVALENTS

### Stock options

At December 31, 2011, a total of 4,674,700 stock options were outstanding (see Note 18 to the consolidated financial statements, page 149). Exercise of all of these options would increase the Company's capital by 2.03%.

### 7.2.5 SHARES NOT REPRESENTING CAPITAL

The Company has not issued any shares not representing capital. There are no other potential ordinary shares.

### 7.2.6 CHANGES IN CAPITAL

Changes in capital over the past five years

| Year | Changes in capital over the past five years | Amount of the change in capital (in euros) – Par value | Premium | New capital (in euros) | New number of shares |
|---|---|---|---|---|---|
| **2006** | Initial capital | 37,000 | | 37,000 | 370 |
| **2010** | Capital reduction | 11,900 | | 25,100 | 251 |
| | Issue of shares | 11,900 | 100 | 37,000 | 370 |
| | 50-for-1 stock-split | 37,000 | | 37,000 | 18,500 |
| | Shares issued in payment for assets contributed by Accor S.A. | 451,757,792 | 647,427,593,63 | 451,794,792 | 225,897,396 |

## 7.3 OWNERSHIP STRUCTURE

### 7.3.1 OWNERSHIP OF SHARES AND VOTING RIGHTS

At January 15, 2012, the Company's capital consisted of 225,897,396 shares and the same number of voting rights, of which 225,585,933 were exercisable.

At December 31, 2011, there were 3,354 registered shareholders together owning 21% of the total shares and voting rights.

The Company's ownership structure was as follows:

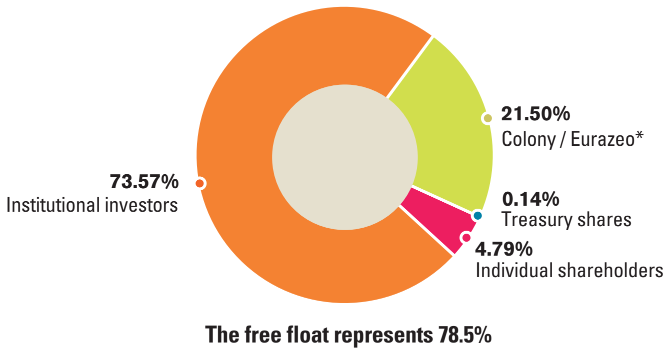
| | December 31, 2010 | | | December 31, 2011 | | |
|---|---|---|---|---|---|---|
| | Number of shares and voting rights | % capital | % voting rights | Number of shares and voting rights | % capital | % voting rights |
| Shareholders acting in concert(1) | 61,844,245 | 27.38% | 27.38% | 48,568,160 | 21.50% | 21.50% |
| Morgan Stanley Investment Management | 19,944,400 | 8.83% | 8.83% | 22,653,117 | 10.03% | 10.03% |
| Other institutional investors | 14,799,800 | 6.55% | 6.55% | 0 | 0.0% | 0.0% |
| Individual shareholders | 118,204,697 | 52.33% | 52.33% | 143,533,472 | 63.54% | 63.54% |
| Edenred (held in treasury) | 11,104,254 | 4.91% | 4.91% | 10,831,184 | 4.79% | 4.79% |
| Capital autodétenu (2) | - | - | - | 311,463 | 0.14% | 0.14% |
| **TOTAL** | **225,897,396** | **100.00%** | **100.00%** | **225,897,396** | **100.00%** | **100.00%** |

*Sources: Euroclear France, Edenred share register, additional survey and disclosures made to the Autorité des marchés financiers.*

*(1) At January 15, 2012, the members of the shareholders' pact, who vote in concert, are ColDay (Colony Capital, LLC), which holds 25,506,869 shares and voting rights and Legendre Holding 19 (controlled by Eurazeo), with 23,061,291 shares and voting rights. For details of the pact, see page 215.*

*(2) Shares held in treasury do not carry voting rights.*

As the Group was only created in 2010, no table of changes in ownership structure over the last three years is presented.




**ColDay (Colony Capital, LLC) and Legendre Holding 19 (controlled by Eurazeo) acting in concert under the terme od a shareholders'pact. For details ot the pact, see page 215*

During the year, the following registered intermediaries and fund managers notified the Autorité des marchés financiers of changes in their interests, in accordance with disclosure threshold rules:

| Registered intermediary or fund manager | Disclosure date | AMF reference number | Increase or decrease in interest | Number of shares held | % capital | Number of voting rights | % voting rights |
|---|---|---|---|---|---|---|---|
| Southeastern Asset Management | July 2, 2010 | 210C0598 | Increase | 14,600,878 | 6.46% | 14,600,878 | 6.46% |
| Franklin Resources, Inc. | July 7, 2010 | 210C0618 | Increase | 12,904,219 | 5.71% | 12,904,219 | 5.71% |
| Morgan Stanley Investment Management | July 8, 2010 | 210C0620 | Increase | 14,102,853 | 6.24% | 14,102,853 | 6.24% |
| Caisse des Dépôts et Consignations/ Fonds Stratégique d'Investissement | July 8, 2010 | 210C0621 | Increase | 19,549,639 | 8.65% | 19,549,639 | 8.65% |
| Franklin Resources, Inc. | August 27, 2010 | 210C0850 | Decrease | 11,253,997 | 4.98% | 11,253,997 | 4.98% |
| Franklin Resources, Inc. | September 3, 2010 | 210C0868 | Increase | 11,381,568 | 5.04% | 11,381,568 | 5.04% |
| Franklin Resources, Inc. | September 29, 2010 | 210C0979 | Decrease | 11,086,640 | 4.91% | 11,086,640 | 4.91% |
| Caisse des Dépôts et Consignations/ Fonds Stratégique d'Investissement | October 11, 2010 | 210C1048 | Decrease | 2,884,974 | 1.28% | 2,884,974 | 1.28% |
| Southeastern Asset Management | July 25, 2011 | 211C1338 | Decrease | 0 | 0.00% | 0 | 0.00% |
| Barclays Plc | July 27, 2011 | 211C1363 | Increase | 7,023,379 | 3.11% | 7,023,379 | 3.11% |
| Morgan Stanley Investment Management | August 3, 2011 | 211C1498 | Increase | 22,653,117 | 10.03% | 22,653,117 | 10.03% |
| ColTime | January 16, 2012 | 212C0082 | Decrease | 0 | 0.00% | 0 | 0.00% |

## Shareholders' pacts

Apart from the shareholders' pact described below, the Company is not aware of any other agreements between shareholders relating to its shares.

On May 4, 2008, a shareholders' pact was entered into between Colony Capital (represented by ColTime (1) and ColDay (2)) and Eurazeo (represented by Legendre Holding 19 (3)), acting in concert in accordance with the shareholders' pact regarding their investment in Accor, which they had signed on January 27, 2008.

On December 18, 2009, an addendum to the shareholders' pact was signed following approval by Accor's Board of Directors of the potential benefits of demerging the Hotels and Prepaid Services businesses to create two separate listed companies. The purpose of the addendum, which came into effect on completion of the demerger, was i) to extend the provisions of the May 2008 pact to the shares of the two new companies until May 4, 2013 and ii) to extend until January 1, 2012 the signatories' undertaking not to sell their shares in Accor and Edenred.

The main clauses of the pact are as follows:

- undertaking to vote in the same way on strategic decisions at Board of Directors' meetings;
- undertaking to vote in the same way at Edenred Shareholders Meetings;
- agreement that the parties should have equal representation on Edenred's Board;
- undertaking whereby, if either party breaches the voting agreement, it will offer to sell its shares to the other party at a price equal to 80% of the lower of (i) the volume-weighted average price quoted for the shares over the 20 trading days preceding the breach, and (ii) the closing share price on the day of the breach. This offer must be made and taken up within a month of the date of breach;
- undertaking by each party not to sell its Edenred shares for a period of two years, except in connection with a public offer initiated by a third party or by one of the two members of the pact (4);
- undertaking not to enter into any purchase or other agreement with a third party that would result in the concert group raising its interest to above one third of Accor's capital and/or voting rights;
- in the event that one of the parties decides to sell its shares to an identified purchaser, right of first refusal for the other party, exercisable within ten days following notification of the intention to sell at the price proposed by the selling shareholder;
- requirement for each party to give the other party four days' notice if they decide to sell their shares on the market to unidentified purchasers;
- in the event that one of the parties sells its shares, right for the other party to sell the same proportion of shares, exercisable within ten days following the related notification;
- in the event that the two parties' existing shareholdings are equal, obligation for either party that decides to purchase additional shares to propose the acquisition of the same number of shares to the other party;
- priority share purchase right for the party holding the least number of shares. However, ColDay may freely purchase shares enabling it to raise its interest to 11% of Edenred's capital and Eurazeo may freely acquire shares enabling it to raise its interest to 10% of the capital;
- in the case of a public tender offer initiated by a third party, if one of the two parties does not wish to tender its shares and the other party does, right for the party that does not want to participate to purchase the other party's shares at the offer price (or the price of any improved offer or counter-bid);
- in the event of a public offer initiated by one of the parties, in which the other party does not wish to participate, right for either of the parties to terminate the concert arrangement. If the party not participating in the offer wishes to sell its Accor shares, right for the initiator of the offer to acquire said shares before filing the offer, at the offer price (or the price of any improved offer or counter-bid).

The shareholders' pact has a five-year term, after which the concert arrangement may be terminated with 30 days' notice. However, it may be terminated in advance if either of the parties breaches its obligations or announces an intention to acquire a number of additional shares that would raise the concert group's interest to above the capital and/or voting rights threshold beyond which the group would be required to launch a public tender offer. The two-year lock-up period applicable to both parties' investments will remain in force even if the pact is terminated due to breach of one of its clauses. In addition, between the third and fifth year either party may terminate the pact subject to three months' notice. It will also be terminated if either of the parties reduces its interest in Edenred to below 5% of the Company's capital.

The demerger of the Hotels and Services business, that took place on July 2, 2010 through the capital contribution and the distribution to Accor shareholders of one Edenred share for each Accor share held as of July 1, 2010, extended the provisions of the above pacts to the partners in their new capacity as Edenred shareholders. The extension was disclosed to the Autorité des marchés financiers by the partners on July 7, 2010 (AMF reference no. 210C0606).

This prohibition does not apply to ColTime, which notified the AMF on January 11, 2012 and January 13, 2012 of changes in its interests, in accordance with disclosure threshold rules (AMF reference number 212C0082).

*(1) ColTime SARL is controlled by investment funds Colony Investors VI, L.P. and Colyzeo Investors L.P., which are managed by investment firm Colony Capital, LLC.*

*(2) ColDay SARL is controlled by investment funds Colony Investors VIII, L.P. and Colyzeo Investors II L.P., which are managed by investment firm Colony Capital, LLC.*

*(3) Controlled by Eurazeo SA.*

*(4) This prohibition does not apply to ColTime in order for Colony to fulfill its fiduciary duties towards its investors;*

## Voting rights of the main shareholders

As of December 31, 2011, each Edenred share entitled its holder to one vote.

## Agreements that may lead to a change of control

None.

# 7.3.2 DIVIDENDS

| Year | Shares outstanding at December 31 | Dividend for the year *(in euros)* – Net | Dividend for the year *(in euros)* – Total | Paid on | Share price *(in euros)* – High | Share price *(in euros)* – Low | Share price *(in euros)* – Year-end | Yield based on year-end price |
|---|---|---|---|---|---|---|---|---|
| 2010 | 225,897,396 | 0.50 | 0.50 | May 31, 2011 | 19.01 | 11.40 | 17.71 | 2.82% |
| 2011 | 225,585,933 | 0.70 (1) | 0.70 (1) | (2) | 22.64 | 15.40 | 19.02 | 3.68% |

*(1) To be recommended at the Annual Shareholders' Meeting on May 15, 2012.*

*(2) To be recommended at the Annual Shareholders Meeting on May 15, 2012 for payment on May 31, 2012.*

No interim dividend was paid in 2011. Dividends are paid by Euroclear France.

Dividends not claimed within five years from the date of payment are forfeited, as provided for by law.

At the Annual Meeting of May 15, 2012, the Board of Directors will recommend setting the 2011 dividend at €0.70 per share, payable in cash.

# 7.4 MARKET FOR EDENRED SECURITIES

## MARKET FOR EDENRED SHARES

Edenred shares are traded on the NYSE Euronext Paris stock exchange (Compartment A) and are included in the CAC Large 60 index. They are also included in the following stock market indices: SBF 120, SBF 250, CAC High Dividend, CAC All-Share, Euronext 100 and MSCI Standard Index Europe.

The shares were initially listed at a reference price of €11.40. On the first day of trading (July 2, 2010), the shares opened at €13 and closed at €14.80.

On December 31, 2011, the shares closed at €19.02 and the Company's market capitalization stood at €4.3 billion.

## EDENRED SHARE PRICES AND TRADING VOLUMES (ISIN: FR0010908533)

| *(in euros)* | Average closing price | High | Low | Trading volume |
|---|---|---|---|---|
| 2011 | | | | |
| January | 18.43 | 19.92 | 17.40 | 9,572,301 |
| February | 18.25 | 19.56 | 16.81 | 9,055,669 |
| March | 19.91 | 22.64 | 18.30 | 15,150,822 |
| April | 21.04 | 22.17 | 19.58 | 7,437,394 |
| May | 20.82 | 22.02 | 19.30 | 7,270,877 |
| June | 20.18 | 21.09 | 19.41 | 6,985,259 |
| July | 20.69 | 21.77 | 19.66 | 10,368,944 |
| August | 18.03 | 20.56 | 15.40 | 12,561,312 |
| September | 18.38 | 19.34 | 17.00 | 11,830,423 |
| October | 18.84 | 20.67 | 16.58 | 10,209,756 |
| November | 18.73 | 20.20 | 17.45 | 11,438,627 |
| December | 18.73 | 20.09 | 17.60 | 9,018,506 |
| 2012 | | | | |
| January | 19.04 | 19.75 | 18.31 | 8,887,849 |
| February | 19.21 | 20.48 | 18.51 | 8,913,620 |

*Source: NYSE Euronext Paris.*

## SHAREHOLDER SERVICES

Shareholder services are provided by:

Société Générale
32, rue du Champ-de-Tir
BP 81236
44312 Nantes Cedex 3
France.

# 8 ANNUAL SHAREHOLDERS' MEETING

# 8.1 PRESENTATION OF PROPOSED RESOLUTIONS

## 8.1.1 APPROVAL OF THE FINANCIAL STATEMENTS AND APPROPRIATION OF PROFIT

The purpose of the **first resolution** is to approve the consolidated financial statements of Edenred for the year ended December 31, 2011.

The purpose of the **second resolution** is to approve the parent company financial statements of Edenred for the year ended December 31, 2011 which show net profit of €377,716,305.

The **third resolution** concerns the appropriation of profit and payment of a dividend. Shareholders are invited to set the 2011 dividend at €0.70 per share, payable from May 31, 2012.

## 8.1.2 RE-ELECTION OF DIRECTORS AND RENEWAL OF AUDITORS' APPOINTMENTS

In the **fourth to seventh resolutions**, shareholders are invited to re-elect Mr. Jean-Paul Bailly, Mr. Bertrand Meheut, Ms. Virginie Morgon and Mr. Nadra Moussalem as directors for the four-year term specified in the bylaws.

Biographical details for these directors are provided in the 2011 Registration Document, section 5.1, page 72.

Provided they are re-elected, the Board plans to confirm Mr. Jean-Paul Bailly's appointment as member of the Audit & Risks Committee and the Commitments Committee, Mr. Bertrand Meheut's appointment as member of the Commitments Committee, Ms. Virginie Morgon's appointment as member of the Audit & Risks Committee and Mr. Nadra Moussalem's appointment as member of the Audit & Risks Committee.

The **eighth and ninth resolutions** concern the renewal of the appointment of one of the Statutory Auditors (Deloitte & Associés) and one of the Alternate Auditors (BEAS).

## 8.1.3 APPROVAL OF A RELATED PARTY AGREEMENT

In the **tenth resolution**, shareholders are invited to approve a related party agreement governed by Article L.225-38 of the Commercial Code that was authorized by the Board of Directors on December 16, 2011 and is described in the Auditor's special report on related party agreements. The agreement, between the Edenred and Accor Groups, provides for any risks and costs that may arise from a reassessment of Italian registration duty to be shared equally between the two groups. The reassessment concerned registration duty payable on transactions carried out in connection with demerger of the Accor Group and amounted to €27.4 million, for which an Italian subsidiary of Accor and four Edenred Group companies are jointly and severally liable. The two groups have contested the reassessment before the Italian courts.

## 8.1.4 AUTHORIZATIONS GIVEN TO THE BOARD OF DIRECTORS

### 8.1.4.1 Authorization to trade in the Company's shares

The purpose of the **eleventh resolution** is to authorize the Board of Directors to trade in Edenred SA shares on the Company's behalf, subject to compliance with the applicable laws. This authorization is being sought for a period of 18 months from the date of the meeting and will supersede the authorization given by the Annual Meeting of May 13, 2011 (10th resolution).

The purposes for which the shares could be bought back under the program are presented in the Registration Document, section 7.2.2 page 211, and listed in the resolution (see section 8.2 page 225). The authorization could not be used while a takeover bid for the Company was in progress.

The maximum purchase price under this authorization is €30 and the minimum sale price is €15. The Company would not be authorized to buy back more than 22,589,739 shares (i.e. 10% of the total shares outstanding at February 23, 2011), representing a maximum total investment of €677,692,170.

The authorization to the same effect given by shareholders on May 13, 2011 was used by the Board during 2011 to buy back 231,907 shares at an average price of €17.36, for a total investment of roughly €4 million.

A total of 311,463 Edenred shares are currently held in treasury, representing 0.14% of the capital at December 31, 2011.

### 8.1.4.2 Authorization to reduce the capital by canceling shares

In the **twelfth resolution** shareholders are invited to authorize the Board of Directors to cancel all or some of the shares bought back pursuant to the 11th resolution and to reduce the capital accordingly. The number of shares canceled in any given 24-month period would not exceed 10% of the total shares outstanding.

This authorization would be valid for a period of 24 months and is the subject of a special report by the Auditors. It will supersede the authorization given by the Annual Meeting of May 13, 2011 (11th resolution).

The previous authorization for the same purpose granted by shareholders on May 13, 2011 was not used during the year.

### 8.1.4.3 Authorizations to issue shares and/ or other securities with and without pre-emptive subscription rights for existing shareholders

In the **thirteenth to sixteenth resolutions** the Board of Directors is asking shareholders to renew the authorizations previously granted for the same purposes which are due to expire. Under these authorizations the Board would have full powers to decide to carry out rights issues or financial market transactions, giving it the necessary flexibility to swiftly raise the financial resources required to implement the Group's growth strategy.

If these resolutions are adopted, the Board will be authorized to issue shares and/or securities carrying immediate or deferred rights to shares in France or abroad, with or without pre-emptive subscription rights for existing shareholders, based on the opportunities offered by the financial markets and in the best interests of the Company and its shareholders.

The **thirteenth resolution** authorizes the Board of Directors to issue shares and/or securities carrying rights to shares with pre-emptive subscription rights for existing shareholders.

The aggregate par value of shares issued under this authorization would be capped at €225 million, not including the par value of any additional shares to be issued pursuant to the law to protect the rights of existing holders of securities carrying rights to shares.

The aggregate nominal value of debt securities carrying rights to shares that could be issued under the authorization would be capped at €2.25 billion or the equivalent in foreign currencies.

The **fourteenth to sixteenth resolutions** authorize the Board of Directors to issue shares and/or securities carrying rights to shares without pre-emptive subscription rights for existing shareholders.

The Board of Directors wants to be able to react quickly to any opportunity arising in the financial markets in France and abroad by swiftly arranging issues that can be placed with investors interested in certain types of financial instruments. To be able to do so, the Board needs to be in a position to offer the securities to investors without waiting for shareholders to exercise their pre-emptive rights. In the case of a public offer, the Board of Directors would have the option of offering shareholders a priority right to subscribe for the securities that would be exercisable during the period and on the basis to be decided by the Board in accordance with the applicable laws and regulations. The Board of Directors and the Auditors would issue reports in connection with any such issues, which would be made available to shareholders in accordance with the legal requirements.

The aggregate par value of shares issued under each of these authorizations would be capped at **€67.5 million**, not including the par value of any additional shares to be issued pursuant to the law to protect the rights of existing holders of securities carrying rights to shares.

The aggregate nominal value of bonds or other debt securities carrying rights to shares that could be issued under each of these authorizations would be capped at **€675 million** or the equivalent in foreign currencies.

The sixteenth resolution would authorize the Board of Directors to increase the discount at which shares or securities were issued pursuant to the fourteenth and fifteenth resolutions. The aggregate par value of shares issued directly or indirectly with the higher discount in any given year would not represent more than 10% of the Company's capital.

The previous authorizations for the same purposes granted by shareholders on May 10, 2010 were not used during the year.

These authorizations, which are described in a special report drawn up by the Auditors, are being sought for a period of 26 months from the date of this meeting and would supersede the previous authorizations granted by shareholders for the same purpose.

The purpose of the **seventeenth** resolution is to authorize the Board of Directors to increase by up to 15% the amount of any issues carried out with or without pre-emptive subscription rights that are oversubscribed.

The previous authorization for the same purpose granted by shareholders on May 10, 2010 was not used during the year.

This authorization is being sought for a period of 26 months from the date of this meeting and would supersede the previous authorization granted by shareholders for the same purpose.

In the **eighteenth resolution**, shareholders are invited to renew the authorization granted to the Board of Directors to issue shares and/ or other securities in payment for contributed assets. The aggregate amount of these issues would not result in the Company's capital being increased by more than 10%. This procedure is governed by the rules relating to contributed assets, particularly the requirement to have the assets valued by an appraisal auditor.

The previous authorization for the same purpose granted by shareholders on May 10, 2010 was not used during the year. This authorization, which is described in a special report drawn up by the Auditors, is being sought for a period of 26 months from the date of this meeting and would supersede the previous authorization.

#### 8.1.4.4 Authorization to increase the capital by capitalizing reserves, retained earnings, additional paid-in capital or any other eligible amounts

The purpose of the **nineteenth resolution** is to renew the authorization previously given to the Board of Directors to increase the Company's capital by capitalizing retained earnings, profit, additional paid-in capital or any other eligible amounts, and issuing bonus shares or increasing the par value of existing shares. The Board of Directors would be able to use this authorization in conjunction with a share issue for cash carried out under the 13th, 14th or 15th resolutions.

The previous authorization for the same purpose granted by shareholders on May 10, 2010 was not used during the year. This authorization is being sought for a period of 26 months from the date of this meeting and would supersede the previous authorization granted by shareholders for the same purpose.

#### 8.1.4.5 Employee rights issue

The purpose of the **twentieth resolution** is to renew the authorization previously granted to the Board of Directors to issue shares and/or securities carrying rights to shares to employees who are members of an Edenred Group employee stock ownership plan The total number of shares that could be issued under this authorization, either directly or indirectly, would be limited to the equivalent of 2% of the Company's capital as of the date of this meeting, unchanged from the maximum amount authorized by the Shareholders' Meeting of May 10, 2010. This authorization is being sought for a period of 26 months from the date of this meeting and would supersede the previous authorization.

## 8.1.5 POWERS TO CARRY OUT FORMALITIES

The purpose of the **twenty-first resolution** is to authorize the bearer of an original, extract or copy of the minutes of the Shareholders' Meeting to carry out any and all filing and other formalities required by law.

# 8.2 ORDINARY RESOLUTIONS

## FIRST RESOLUTION (APPROVAL OF THE 2011 CONSOLIDATED FINANCIAL STATEMENTS)

Having considered (i) the Board of Directors' management report, included in the Group Management Report in accordance with Article L.233-26 of the Commercial Code, and (ii) the Auditors' report on the consolidated financial statements, the shareholders approve the consolidated financial statements for the year ended December 31, 2011 as presented, as well as the transactions reflected in said financial statements, which show consolidated net profit for the year of €194,2 million or described in the Group Management Report.

## SECOND RESOLUTION (APPROVAL OF THE 2011 PARENT COMPANY FINANCIAL STATEMENTS)

Having considered the parent company financial statements for the year ended December 31, 2011, the Board of Directors' management report and the Auditors' report on the parent company financial statements, the shareholders approve the financial statements of the parent company for the year ended December 31, 2011, which show net profit for the year of €377,716,305, as well as all the transactions reflected in said financial statements or described in said reports.

The shareholders place on record (i) the report of the Chairman of the Board of Directors on the Board's membership structure and application of the principle of balanced gender representation on corporate Boards, the Board's practices and the Company's internal control and risk management procedures and (ii) the Auditors' report on the Chairman's report.

In application of Article 223 *quater* of the French Tax Code, the shareholders also place on record that the aggregate amount of non-deductible costs and expenses referred to in Article 39 para. 4 of said Code amounted to €52,520 for 2011, and that the tax paid thereon was €18,083.

## THIRD RESOLUTION (APPROPRIATION OF 2011 PROFIT AND DIVIDEND)

Having noted that the Company recorded net profit of €377,716,305 in 2011, the shareholders resolve, in accordance with the Board of Directors' recommendation, to appropriate this amount as follows *(in euros)*:

- net profit for the year: 377,716,305;
- retained earnings brought forward from prior year: 38,764,020;
- profit available for distribution: 416,480,325;
- dividends: 158,128,177;
- retained earnings: 258,352,148.

The dividend per share will amount to €0.70 and will be payable from May 31, 2012.

The shareholders resolve that dividends on shares held in treasury or that are cancelled before the payment date will be allocated to the "Retained earnings" account.

As provided for in Article 158-3-2 of the French Tax Code, shareholders who are resident for tax purposes in France will qualify for the 40% tax relief on the whole amount of their dividend (€0.70), unless they have elected to be taxed at the flat rate of 21% (plus *prélèvements sociaux* surtaxes) in application of Article 117 *quater* of said Code.

After appropriation of net profit for the year, the Company's equity amounts to €1,357,623,211.

Dividends for the last three years were as follows (information disclosed in application of Article 243 *bis* of the French Tax Code):

- 2010 dividend per share of €0.50 paid on May 31, 2011, representing a total payout of €112,948,698
- no dividends were paid for 2009 or 2008.

As provided for in Article 158-3-2 of the French Tax Code, shareholders who were resident for tax purposes in France qualified for the 40% tax relief on the whole amount of their 2010 dividend, unless they had elected to be taxed at the flat rate of 19% for 2010 (plus *prélèvement sociaux* surtaxes) in application of Article 117 *quater* of said Code.

## FOURTH RESOLUTION (RE-ELECTION AS A DIRECTOR OF JEAN-PAUL BAILLY)

The shareholders re-elect Mr. Jean-Paul Bailly as a director for a four-year term commencing at the close of this meeting and expiring at the Annual Shareholders' Meeting to be called to approve the financial statements for the year ending December 31, 2015.

## FIFTH RESOLUTION (RE-ELECTION AS A DIRECTOR OF BERTRAND MEHEUT)

The shareholders re-elect Mr. Bertrand Meheut as a director for a four-year term commencing at the close of this meeting and expiring at the Annual Shareholders' Meeting to be called to approve the financial statements for the year ending December 31, 2015.

## SIXTH RESOLUTION (RE-ELECTION AS A DIRECTOR OF VIRGINIE MORGON)

The shareholders re-elect Ms. Virginie Morgon as a director for a four-year term commencing at the close of this meeting and expiring at the Annual Shareholders' Meeting to be called to approve the financial statements for the year ending December 31, 2015.

## SEVENTH RESOLUTION (RE-ELECTION AS A DIRECTOR OF NADRA MOUSSALEM)

The shareholders re-elect Mr. Nadra Moussalem as a director for a four-year term commencing at the close of this meeting and expiring at the Annual Shareholders' Meeting to be called to approve the financial statements for the year ending December 31, 2015.

## EIGHTH RESOLUTION (RE-APPOINTMENT OF A STATUTORY AUDITOR)

The shareholders, having noted that the appointment as Statutory Auditor of Deloitte & Associés expires at the close of this meeting, resolve to renew their appointment for a further six-year term expiring at the close of the Annual Shareholders' Meeting to be called to approve the financial statements for the year ending December 31, 2017.

## NINTH RESOLUTION (RE-APPOINTMENT OF AN ALTERNATE AUDITOR)

The shareholders, having noted that the appointment as Alternate Auditor of BEAS expires at the close of this meeting, resolve to renew their appointment for a further six-year term expiring at the close of the Annual Shareholders' Meeting to be called to approve the financial statements for the year ending December 31, 2017.

## TENTH RESOLUTION (APPROVAL OF AN AGREEMENT GOVERNED BY ARTICLE L.225-38 OF THE COMMERCIAL CODE)

The shareholders, having considered the Auditors' special report on related party agreements governed by Articles L.225-38 *et seq.* of the Commercial Code, approve the agreement with Accor SA referred to in said report.

## ELEVENTH RESOLUTION (AUTHORIZATION FOR THE BOARD OF DIRECTORS TO TRADE IN THE COMPANY'S SHARES)

The shareholders, having considered the report of the Board of Directors, authorize the Board to buy, sell or otherwise transfer the Company's shares pursuant to Articles L.225-209 *et seq.* of the Commercial Code, directly or through a representative using practices approved by the Autorité des marchés financiers and subject to the conditions set out below. The shareholders resolve that the Board of Directors may use this authorization for the following purposes:

- to purchase shares for cancellation in connection with a capital reduction decided or authorized by shareholders in an Extraordinary Meeting;
- to purchase shares for allocation (i) upon exercise of stock options granted under plans governed by Articles L.225-177 *et seq.* of the Commercial Code, or (ii) to members of an employee stock ownership plan governed by Articles L.3332-1 *et seq.* of the Labor Code or (iii) to recipients of stock granted under plans governed by Articles L.225-197-1 *et seq.* of the Commercial Code;
- to purchase shares for allocation on conversion, redemption, exchange or exercise of share equivalents;
- to purchase shares representing up to 5% of the Company's capital to be held in treasury for subsequent remittance in exchange or payment in connection with a merger, demerger, asset contribution or other external growth or restructuring transaction, in accordance with market practices approved by the Autorité des marchés financiers;
- to make a market in the Company's shares under a liquidity contract that complies with the code of ethics recognized by the Autorité des marchés financiers.

The program may also be used for any other purpose currently authorized or that may be authorized at a future date under the applicable laws or regulations, provided that the Company issues a press release notifying shareholders of said use. The shares may be bought back at any time except when a takeover bid for the Company is in progress, in accordance with the applicable regulations.

They may not be purchased at a price of more than €30 and may not be sold at a price of less than €15. However, the minimum price will not apply to shares sold upon exercise of stock options (or allocated to employees in the form of stock grants). In such cases, the sale price or consideration will be determined in accordance with the provisions of the plan concerned. In addition, the maximum purchase price and the minimum sale price may be adjusted to reflect the impact of any corporate actions.

In application of Article L.225-209 of the Commercial Code, the maximum number of shares that may be acquired under this authorization is set at 22,589,739, corresponding to a total investment of no more than €677,692,170 based on the maximum purchase price of €30 per share authorized above.

The shareholders resolve that (i) the purchase, sale or transfer of shares may be effected and settled by any method, on the basis and within the limits prescribed by the laws and regulations in force on the transaction date, in one or several transactions on the market or over-the-counter, including through the use of options, derivatives – particularly, the purchase or sale of puts or calls – or securities carrying rights to Company shares, and that (ii) the entire buyback program may be implemented through a block trade.

The shareholders give full powers to the Board of Directors – which may be delegated as provided for by law – to use this authorization, including to place any and all buy and sell orders, enter into any and all contracts, notably for the keeping of registers of share purchases and sales, make any and all filings with the regulatory authorities, and generally do whatever is necessary.

The shareholders cancel, with immediate effect, the authorization given in the 10th resolution of the Annual Meeting of May 13, 2011 and resolve that this authorization shall be valid for a period of eighteen months from the date of this meeting.

# 8.3 EXTRAORDINARY RESOLUTIONS

## TWELFTH RESOLUTION (AUTHORIZATION FOR THE BOARD OF DIRECTORS TO REDUCE THE COMPANY'S CAPITAL BY CANCELING SHARES)

Having considered the report of the Board of Directors and the Auditors' report on capital reductions carried out by canceling shares, in accordance with Articles L.225-209 *et seq.* of the Commercial Code, the shareholders:

1. authorize the Board of Directors to reduce the Company's capital, on one or several occasions, by canceling all or some of the shares bought back or held by the Company, provided that the number of shares canceled in any 24-month period does not exceed 10% of the total shares outstanding;
2. give full powers to the Board of Directors – which may be delegated as provided for by law – to:
   - carry out the capital reduction or reductions,
   - determine the final amount and the terms and conditions of the share cancellations and place the capital reduction(s) on record,
   - charge the difference between the carrying amount of the canceled shares and their par value to any reserve or premium accounts,
   - amend the Company's bylaws to reflect the new capital, carry out any necessary filing and other formalities, and generally do whatever is necessary;

all in compliance with the laws and regulations in force when this authorization is used.

This authorization is granted for a period of twenty-four months from the date of the meeting and supersedes the authorization granted in the eleventh resolution of the Annual Meeting of May 13, 2011.

## THIRTEENTH RESOLUTION (AUTHORIZATION FOR THE BOARD OF DIRECTORS TO ISSUE SHARES AND/OR SECURITIES CARRYING IMMEDIATE OR DEFERRED RIGHTS TO SHARES OF THE COMPANY OR SUBSIDIARIES AND/OR SECURITIES CARRYING RIGHTS TO DEBT SECURITIES)

Having considered the report of the Board of Directors and the Auditors' special report, the shareholders resolve, in accordance with Articles L.225-129, L.225-129-2, L.228-92, L.228-93 and the other relevant provisions of the Commercial Code:

1. to give the Board of Directors the necessary powers to issue with pre-emptive subscription rights for existing shareholders, on one or more occasions, shares (excluding preference shares) and/or securities carrying immediate and/or deferred rights to shares of the Company – or of any entity in which the Company directly or indirectly holds over half of the capital – and/or securities carrying rights to debt securities governed by Articles L.228-91 *et seq.* of the Commercial Code, to be paid up in cash or by capitalizing liquid and callable debt. The Board of Directors shall have full discretionary powers to determine the amount and timing of said issues, which may be carried out in France or abroad. The securities may be denominated in euros, foreign currencies or any monetary unit determined by reference to a basket of currencies;
2. that the aggregate par value of shares issued under this authorization – either directly or on exercise of rights attached to other securities – may not exceed €225,000,000, not including the par value of any additional shares to be issued pursuant to the law to protect the rights of existing holders of securities carrying rights to shares following any corporate actions;

3. that the aggregate nominal value of bonds or other debt securities carrying rights to shares that are issued under this authorization may not exceed €2,250,000,000 or the equivalent in foreign currencies or monetary units;
4. that shareholders will have a pre-emptive right to subscribe for the shares and/or other securities issued under this authorization, as provided for by law, pro rata to their existing holdings. In addition, the Board of Directors may grant shareholders a pre-emptive right to subscribe for any shares and/or other securities not taken up by other shareholders. If the issue is oversubscribed, such additional pre-emptive rights shall also be exercisable pro rata to the existing interest in the Company's capital of the shareholders concerned.

If an issue is not taken up in full by shareholders exercising their pre-emptive rights as described above, the Board of Directors may take one or the other following courses of action, in the order of its choice:

- limit the amount of the issue to the subscriptions received provided that at least three-quarters of the issue is taken up,
- freely allocate all or some of the unsubscribed securities among the investors of its choice,
- offer all or some of the unsubscribed securities for subscription by the public;

5. that warrants to subscribe for the Company's shares may be offered for subscription on the above basis or allocated among holders of existing shares without consideration;
6. that this authorization will automatically entail the waiver of shareholders' pre-emptive rights to subscribe for the shares to be issued on exercise of rights attached to other securities;
7. that the Board of Directors shall have full powers to use this authorization and to delegate said powers subject to compliance with the law. Accordingly, the Board of Directors shall be authorized to:
   - decide to carry out a capital increase and determine the type of securities to be issued,
   - decide on the amount of each issue, the issue price and any issue premium,
   - decide on the timing and other terms of the issues, including the form and characteristics of the securities. In the case of an issue of debt securities, the Board of Directors shall determine (i) whether the debt should be subordinated or unsubordinated and the ranking of any subordinated debt in accordance with Article L.228-97 of the Commercial Code; (ii) the interest rate (i.e. fixed or variable, indexed or zero coupon); (iii) the circumstances in which interest payments will or may be cancelled or suspended; (iv) the life of the securities (i.e. dated or undated); (v) whether the nominal amount of the securities may be reduced or increased; and (vi) all other terms and conditions of issue (including any collateral or other guarantees) and repayment (including the option of extinguishing the debt through an exchange of assets). The issued securities may have warrants attached that are exercisable or exchangeable for bonds or other debt securities. They may also include the option for the Company to issue fungible or other debt securities in settlement of interest whose payment has been suspended by the Company or they may take the form of complex bonds as defined by the securities regulator (for example as a result of their interest or repayment terms or whether they are indexed or include embedded options). The Board of Directors may amend any of the above terms and conditions during the life of the securities, provided that the applicable formalities are carried out,
   - determine the method by which the shares and/or other securities will be paid up,
   - determine, where appropriate, the terms and conditions for (i) exercising the rights attached to the shares and/or other securities, notably by setting the date – which may be retroactive – from which new shares will carry rights; and (ii) exercising any conversion, exchange and repayment rights, including repayment in assets such as other securities of the Company, as well as any other terms and conditions applicable to such issues,
   - set the terms and conditions under which the Company may buy back or exchange the securities on the open market at any time or within specified periods, with a view to holding them or canceling them in accordance with the applicable laws,
   - allow for the exercise of the rights attached to the securities to be suspended, in accordance with the applicable laws and regulations,
   - at its sole discretion, charge any and all costs incurred in connection with said issues against the related premiums, and deduct from these premiums the necessary amounts to be credited to the legal reserve,
   - make any and all adjustments to take into account the impact of corporate actions, including (i) a change in the par value of the shares; (ii) a bonus share issue paid up by capitalizing retained earnings; (iii) a stock-split or reverse stock-split; (iv) a distribution of reserves or other assets; or (v) a return of capital, and determine the method to be used to ensure that the rights of existing holders of securities carrying rights to shares are protected,
   - place on record the capital increase(s) resulting from the use of this authorization and amend the bylaws to reflect the new capital,
   - generally, enter into any and all agreements, take all appropriate steps and carry out all formalities necessary for the issue, listing and service of the securities pursuant to this authorization and for the exercise of any related rights;
8. that this authorization shall be valid for a period of twenty-six months as from the date of this meeting and shall supersede, with immediate effect, any previous authorizations granted for the same purpose.

## FOURTEENTH RESOLUTION (AUTHORIZATION FOR THE BOARD OF DIRECTORS TO ISSUE SHARES AND/OR SECURITIES CARRYING IMMEDIATE OR DEFERRED RIGHTS TO SHARES OF THE COMPANY OR SUBSIDIARIES AND/OR SECURITIES CARRYING RIGHTS TO DEBT SECURITIES, THROUGH A PUBLIC OFFER WITHOUT PRE-EMPTIVE SUBSCRIPTION RIGHTS INCLUDING IN PAYMENT FOR SECURITIES TENDERED TO A PUBLIC EXCHANGE OFFER)

Having considered the report of the Board of Directors and the Auditors' special report, the shareholders resolve, in accordance with Articles L.225-129 to L.225-129-6, L.225-135, L.225-136, L.225-148, L.228-92, L.228-93 and the other relevant provisions of the Commercial Code:

1. to give the Board of Directors the necessary powers to issue and place, through a public offer, on one or more occasions, shares (excluding preference shares) and/or securities carrying immediate and/or deferred rights to shares of the Company – or of any entity in which the Company directly or indirectly holds over half of the capital – and/or securities carrying rights to debt securities governed by Articles L.228-91 *et seq.* of the Commercial Code, to be paid up in cash or by capitalizing liquid and callable debt. The Board of Directors shall have full discretionary powers to determine the amount and timing of said issues, which may be carried out in France or abroad. The securities may be denominated in euros, foreign currencies or any monetary unit determined by reference to a basket of currencies These securities may be issued as payment for securities complying with Article L.225-148 of the Commercial Code that are tendered to a public exchange offer carried out by the Company in France or abroad in accordance with local regulations, such as in the case of a reverse merger;
2. that the aggregate par value of shares issued under this authorization – either directly or on exercise of rights attached to other securities – may not exceed €67,500,000, not including the par value of any additional shares to be issued pursuant to the law to protect the rights of existing holders of securities carrying rights to shares following any corporate actions;
3. that shares may be issued on exercise of rights attached to securities issued by any entity in which the Company directly or indirectly holds over half of the capital, that are convertible, exchangeable, redeemable or otherwise exercisable for shares of the Company, subject to the latter's approval;
4. that the aggregate nominal value of bonds or other debt securities carrying rights to shares that are issued under this authorization may not exceed €675,000,000 or the equivalent in foreign currencies;
5. that the aggregate par value of shares issued under this authorization will be deducted from the blanket ceiling provided for in paragraph 2 of the thirteenth resolution and that the aggregate nominal value of bonds or other debt securities carrying rights to shares issued under this authorization will be deducted from the blanket ceiling provided for in paragraph 3 of the thirteenth resolution;
6. to cancel shareholders' pre-emptive rights to subscribe for the shares or other securities to be issued under this authorization. However, in accordance with paragraph 2 of Article L.225-135 of the Commercial Code, the Board of Directors may offer shareholders a priority right to subscribe for all or part of any issue, for a specified period and subject to terms and conditions to be set in accordance with the applicable laws and regulations. This priority subscription right will not be transferable and the securities will be allocated pro rata to shareholders' existing interests. If any shareholders elect not to exercise this right, the Board of Directors may offer the unsubscribed securities to the other shareholders, and any remaining unsubscribed securities may be placed on the market in France and/or abroad, and/or on the international market;
7. that if an issue is not taken up in full by shareholders or the public, the Board of Directors may take one or the other following courses of action, in the order of its choice:
   - limit the amount of the issue to the subscriptions received provided that at least three-quarters of the issue is taken up,
   - freely allocate all or some of the unsubscribed securities among the investors of its choice,
   - offer all or some of the unsubscribed securities for subscription by the public;
8. that this authorization will automatically entail the waiver of shareholders' pre-emptive rights to subscribe for the shares to be issued on exercise of rights attached to other securities;
9. that, in accordance with Article L.225-136 of the Commercial Code:
   - the issue price of the shares issued directly under this authorization will be at least equal to the minimum price provided for in the applicable regulations on the issue date (currently corresponding to the weighted average of the prices quoted for the Company's shares on NYSE Euronext Paris over the three trading days preceding the pricing date less a 5% discount), as adjusted for any difference in cum-dividend dates,
   - the issue price of securities carrying rights to shares shall be set in such a way that the amount received by the Company at the time of issue plus the amount to be received on exercise of the rights attached to the issued securities is at least equal to the minimum issue price defined above for each new share,
   - the number of shares to be issued on conversion, exchange, redemption or exercise of securities carrying rights to shares issued under this authorization shall be determined in such a way

as to ensure that the amount per share received by the Company – taking into account the nominal value of said securities – is at least equal to the minimum issue price set out above;

10. that the Board of Directors shall have full powers to use this authorization and to delegate said powers subject to compliance with the law. Accordingly, the Board of Directors shall be authorized to:
  - decide to carry out a capital increase and determine the type of securities to be issued,
  - decide on the amount of each issue, the issue price and any issue premium,
  - decide on the timing and other terms of the issues, including the form and characteristics of the securities. In the case of an issue of debt securities (including securities with rights to debt securities governed by Article L.228-91 of the Commercial Code), the Board of Directors shall determine (i) whether the debt should be subordinated or unsubordinated and the ranking of any subordinated debt in accordance with Article L.228-97 of the Commercial Code; (ii) the interest rate (i.e. fixed or variable, indexed or zero coupon); (iii) the circumstances in which interest payments will or may be cancelled or suspended; (iv) the life of the securities (i.e. dated or undated); (v) whether the nominal amount of the securities may be reduced or increased; and (vi) all other terms and conditions of issue (including any collateral or other guarantees) and repayment (including the option of extinguishing the debt through an exchange of assets). The issued securities may have warrants attached that are exercisable or exchangeable for bonds or other debt securities. They may also include the option for the Company to issue fungible or other debt securities in settlement of interest whose payment has been suspended by the Company or they may take the form of complex bonds as defined by the securities regulator (for example as a result of their interest or repayment terms or whether they are indexed or include embedded options). The Board of Directors may amend any of the above terms and conditions during the life of the securities, provided that the applicable formalities are carried out,
  - determine the method by which the shares and/or other securities will be paid up,
  - determine, where appropriate, the terms and conditions for (i) exercising the rights attached to the shares and/or other securities, notably by setting the date – which may be retroactive – from which new shares will carry rights; and (ii) exercising any conversion, exchange and repayment rights, including repayment in assets such as other securities of the Company; as well as any other terms and conditions applicable to such issues,
  - set the terms and conditions under which the Company may buy back or exchange the securities on the open market at any time or within specified periods, with a view to holding them or cancelling them in accordance with the applicable laws,
  - allow for the exercise of the rights attached to the securities to be suspended, in accordance with the applicable laws and regulations,
  - if the securities are issued in payment for another issuer's securities tendered to a public offer with an exchange component (i) draw up the list of securities tendered to the offer; (ii) set the terms and conditions of the issue, the exchange ratio and, if applicable, the amount of the cash component; (iii) determine the issue terms and conditions in connection with a paper offer, a paper offer with a cash alternative or a cash offer with a paper alternative, a cash and paper offer, a paper offer with a secondary cash offer or a cash offer with a secondary paper offer or any other form of public offer that complies with the applicable laws and regulations,
  - at its sole discretion, charge any and all costs incurred in connection with said issues against the related premiums, and deduct from these premiums the necessary amounts to be credited to the legal reserve,
  - make any and all adjustments to take into account the impact of corporate actions, including (i) a change in the par value of the shares; (ii) a bonus share issue paid up by capitalizing retained earnings; (iii) a stock-split or reverse stock-split; (iv) a distribution of reserves or other assets; or (v) a return of capital, and determine the method to be used to ensure that the rights of existing holders of securities carrying rights to shares are protected,
  - place on record the capital increase(s) resulting from the use of this authorization and amend the bylaws to reflect the new capital,
  - generally, enter into any and all agreements, take all appropriate steps and carry out all formalities necessary for the issue, listing and service of the securities pursuant to this authorization and for the exercise of any related rights;
11. that this authorization shall be valid for a period of twenty-six months as from the date of this meeting and shall supersede, with immediate effect, any previous authorizations granted for the same purpose.

## FIFTEENTH RESOLUTION (AUTHORIZATION FOR THE BOARD OF DIRECTORS TO ISSUE SHARES AND/OR SECURITIES CARRYING IMMEDIATE OR DEFERRED RIGHTS TO SHARES OF THE COMPANY OR SUBSIDIARIES AND/OR SECURITIES CARRYING RIGHTS TO DEBT SECURITIES THROUGH A PRIVATE PLACEMENT WITHOUT PRE-EMPTIVE SUBSCRIPTION RIGHTS)

Having considered the report of the Board of Directors and the Auditors' special report, the shareholders resolve, in accordance with Articles L.225-129 to L.225-129-6, L.225-135, L.225-136, L.225-148, L.228-92, L.228-93 and the other relevant provisions of the Commercial Code and Article L.411-2, paragraph II.2, of the Monetary and Financial Code:

1. to give the Board of Directors the necessary powers to issue and place with qualified investors or a restricted group of investors through a private offer governed by Article L.411-2, paragraph II.2, of the Monetary and Financial Code, on one or more occasions, shares (excluding preference shares) and/or securities carrying immediate and/or deferred rights to shares of the Company – or of any entity in which the Company directly or indirectly holds over half of the capital – and/or securities carrying rights to debt securities governed by Articles L.228-91 *et seq.* of the Commercial Code, to be paid up in cash or by capitalizing liquid and callable debt. The Board of Directors shall have full discretionary powers to determine the amount and timing of said issues, which may be carried out in France or abroad. The securities may be denominated in euros, foreign currencies or any monetary unit determined by reference to a basket of currencies;
2. that the aggregate par value of shares issued under this authorization – either directly and/or on exercise of rights attached to other securities – may not exceed €67,500,000, not including the par value of any additional shares to be issued pursuant to the law to protect the rights of existing holders of securities carrying rights to shares following any corporate actions, with the aggregate value of all issues carried out in a given year limited to the equivalent of 20% of the Company's capital;
3. that shares may be issued on exercise of rights attached to securities issued by any entity in which the Company directly or indirectly holds over half of the capital, that are convertible, exchangeable, redeemable or otherwise exercisable for shares of the Company, subject to the latter's approval;
4. that the aggregate nominal value of bonds or other debt securities carrying rights to shares that are issued under this authorization may not exceed €675,000,000 or the equivalent in foreign currencies;
5. that the aggregate par value of shares issued under this authorization will be deducted from the blanket ceiling provided for in paragraph 2 of the thirteenth resolution and that the aggregate nominal value of bonds or other debt securities carrying rights to shares issued under this authorization will be deducted from the blanket ceiling provided for in paragraph 3 of the thirteenth resolution;
6. that existing shareholders shall not have a pre-emptive right to subscribe for the securities issued under this authorization;
7. that if an issue is not taken up in full by qualified investors, the Board of Directors may take one or the other following courses of action, in the order of its choice:
   - limit the amount of the issue to the subscriptions received provided that at least three-quarters of the issue is taken up,
   - freely allocate all or some of the unsubscribed securities among the investors of its choice,
   - offer all or some of the unsubscribed securities for subscription by the public;
8. that this authorization will automatically entail the waiver of shareholders' pre-emptive rights to subscribe for the shares to be issued on exercise of rights attached to other securities;
9. that, in accordance with Article L.225-136 of the Commercial Code:
   - the issue price of the shares issued directly under this authorization will be at least equal to the minimum price provided for in the applicable regulations on the issue date (currently corresponding to the weighted average of the prices quoted for the Company's shares on NYSE Euronext Paris over the three trading days preceding the pricing date less a 5% discount), as adjusted for any difference in cum-dividend dates,
   - the issue price of securities carrying rights to shares shall be set in such a way that the amount received by the Company at the time of issue plus the amount to be received on exercise of the rights attached to the issued securities is at least equal to the minimum issue price defined above for each new share,
   - the number of shares to be issued on conversion, exchange, redemption or exercise of securities carrying rights to shares issued under this authorization shall be determined in such a way as to ensure that the amount per share received by the Company – taking into account the nominal value of said securities – is at least equal to the minimum issue price set out above;

10. that the Board of Directors shall have full powers to use this authorization and to delegate said powers subject to compliance with the law. Accordingly, the Board of Directors shall be authorized to:
    - decide to carry out a capital increase and determine the type of securities to be issued,
    - decide on the amount of each issue, the issue price and any issue premium,
    - decide on the timing and other terms of the issues, including the form and characteristics of the securities. In the case of an issue of debt securities (including securities with rights to debt securities governed by Article L.228-91 of the Commercial Code), the Board of Directors shall determine (i) whether the debt should be subordinated or unsubordinated and the ranking of any subordinated debt in accordance with Article L.228-97 of the Commercial Code; (ii) the interest rate (i.e. fixed or variable, indexed or zero coupon); (iii) the circumstances in which interest payments will or may be cancelled or suspended; (iv) the life of the securities (i.e. dated or undated); (v) whether the nominal amount of the securities may be reduced or increased; and (vi) all other terms and conditions of issue (including any collateral or other guarantees) and repayment (including the option of extinguishing the debt through an exchange of assets). The issued securities may have warrants attached that are exercisable or exchangeable for bonds or other debt securities. They may also include the option for the Company to issue fungible or other debt securities in settlement of interest whose payment has been suspended by the Company or they may take the form of complex bonds as defined by the securities regulator (for example as a result of their interest or repayment terms or whether they are indexed or include embedded options). The Board of Directors may amend any of the above terms and conditions during the life of the securities, provided that the applicable formalities are carried out,
    - determine the method by which the shares and/or other securities will be paid up,
    - determine, where appropriate, the terms and conditions for (i) exercising the rights attached to the shares and/or other securities, notably by setting the date – which may be retroactive – from which new shares will carry rights; and (ii) exercising any conversion, exchange and repayment rights, including repayment in assets such as other securities of the Company; as well as any other terms and conditions applicable to such issues,
    - set the terms and conditions under which the Company may buy back or exchange the securities on the open market at any time or within specified periods, with a view to holding them or cancelling them in accordance with the applicable laws,
    - allow for the exercise of the rights attached to the securities to be suspended, in accordance with the applicable laws and regulations,
    - at its sole discretion, charge any and all costs incurred in connection with said issues against the related premiums, and deduct from these premiums the necessary amounts to be credited to the legal reserve,
    - make any and all adjustments to take into account the impact of corporate actions, including (i) a change in the par value of the shares; (ii) a bonus share issue paid up by capitalizing retained earnings; (iii) a stock-split or reverse stock-split; (iv) a distribution of reserves or other assets; or (v) a return of capital, and determine the method to be used to ensure that the rights of existing holders of securities carrying rights to shares are protected,
    - place on record the capital increase(s) resulting from the use of this authorization and amend the bylaws to reflect the new capital,
    - generally, enter into any and all agreements, take all appropriate steps and carry out all formalities necessary for the issue, listing and service of the securities pursuant to this authorization and for the exercise of any related rights;
11. that this authorization shall be valid for a period of twenty-six months as from the date of this meeting and shall supersede, with immediate effect, any previous authorizations granted for the same purpose.

## SIXTEENTH RESOLUTION (AUTHORIZATION TO BE GIVEN TO THE BOARD, IN THE CASE OF AN ISSUE THROUGH A PUBLIC OFFER OR PRIVATE PLACEMENT WITHOUT PRE-EMPTIVE SUBSCRIPTION RIGHTS FOR EXISTING SHAREHOLDERS OF ORDINARY SHARES AND/OR SECURITIES CARRYING RIGHTS TO SHARES, TO SET THE ISSUE PRICE ON THE BASIS DECIDED BY THE GENERAL MEETING, APPLICABLE TO A MAXIMUM OF 10% OF THE COMPANY'S CAPITAL)

Having considered the report of the Board of Directors and the Auditors' special report, the shareholders resolve that, in the event the fourteenth or fifteenth resolutions are used, the Board of Directors shall be authorized to choose not to set the issue price on the basis specified in the said resolutions but to set it as follows:

- the issue price of the shares issued directly or on exercise of rights attached to other securities issued under this authorization will be at least equal to the weighted average of the prices quoted for the Company's shares on NYSE Euronext Paris over the three trading days preceding the pricing date less a discount of up to 10%;
- the issue price of securities carrying rights to shares shall be set in such a way that the amount received by the Company at the time of issue plus the amount to be received on exercise of the rights attached to the issued securities is at least equal to the minimum issue price defined above for each new share;
- the aggregate par value of shares issued directly or on exercise of rights attached to other securities issued under this authorization may not exceed (i) the equivalent of 10% of the Company's capital in any 12-month period and (ii) the ceilings set in the fourteenth and fifteenth resolutions from which said aggregate par value will be deducted.

This authorization is given for a period of twenty-six months from the date of this meeting.

## SEVENTEENTH RESOLUTION (AUTHORIZATION FOR THE BOARD OF DIRECTORS TO INCREASE THE SIZE OF AN ISSUE WITH OR WITHOUT PRE-EMPTIVE SUBSCRIPTION RIGHTS)

Having considered the report of the Board of Directors and the Auditors' special report, the shareholders resolve, in accordance with Article L.225-135-1 of the Commercial Code:

1. to grant the Board of Directors full powers – which may be delegated in accordance with the law – to increase the number of securities included in an issue of shares and/or securities carrying rights to shares, with or without pre-emptive subscription rights, notably in order to grant a greenshoe option in accordance with standard market practices. Said additional securities will be issued at the same price as for the original issue in accordance with the conditions and ceiling specified in the applicable regulations (currently the additional securities must be issued within thirty days of the close of the original subscription period and may not represent more than 15% of the original issue amount). Such additional issues will also be subject to the blanket ceiling set in the thirteenth resolution;
2. that this authorization shall be valid for a period of twenty-six months as from the date of this meeting and shall supersede, with immediate effect, any previous authorizations granted for the same purpose.

## EIGHTEENTH RESOLUTION (AUTHORIZATION FOR THE BOARD OF DIRECTORS TO ISSUE SHARES REPRESENTING UP TO 10% OF THE CAPITAL, DIRECTLY OR ON EXERCISE OF SECURITIES CARRYING RIGHTS TO SHARES, IN PAYMENT FOR ASSETS CONTRIBUTED TO THE COMPANY)

Having considered the report of the Board of Directors and the Auditors' special report, the shareholders resolve, in accordance with Articles L.225-129 *et seq.* of the Commercial Code and the other relevant provisions of the Commercial Code including Article L.225-147 paragraph 6:

1. to authorize the Board of Directors to issue shares and/or securities carrying immediate and/or deferred rights to shares in payment for shares and/or securities carrying rights to shares contributed to the Company in transactions not governed by Article L.225-148 of the Commercial Code. The shares issued directly or indirectly under this authorization may not exceed 10% of the Company's capital at the time of issue. This authority may be delegated in accordance with the law;

2. that the aggregate par value of shares issued under this authorization will be deducted from the blanket ceiling provided for in paragraph 2 of the thirteenth resolution;
3. to give the Board of Directors full powers to use this authorization, including the power (i) to approve the value attributed to the contributed assets as well as the granting of specific benefits; (ii) subject to the agreement of the contributor, to reduce the value attributed to the contributed assets or the consideration paid for specific benefits; (iii) to place the capital contribution on record; (iv) to charge any related fees and expenses to the share premium; and (v) to increase the Company's capital and amend the bylaws accordingly;
4. that, in accordance with the law, the Board of Directors' decision to carry out any issues under this authorization will be based on the report of one or several appraisal auditors, as required by Article L.225-147 of the Commercial Code;
5. that this authorization shall be valid for a period of twenty-six months as from the date of this meeting and shall supersede, with immediate effect, any previous authorizations granted for the same purpose.

## NINETEENTH RESOLUTION (AUTHORIZATION FOR THE BOARD OF DIRECTORS TO INCREASE THE COMPANY'S CAPITAL BY CAPITALIZING RETAINED EARNINGS, PROFIT, ADDITIONAL PAID-IN CAPITAL OR ANY OTHER ELIGIBLE AMOUNTS)

Having considered the report of the Board of Directors and the Auditors' special report, the shareholders resolve, in accordance with Articles L.225-129, L.225-129-2 and L.225-130 of the Commercial Code:

1. to give the Board of Directors full powers to decide to increase the capital, on one or more occasions, by capitalizing retained earnings, profit, additional paid-in capital or any other eligible amounts and issuing bonus shares and/or increasing the par value of existing shares, as well as to determine the amount and timing of such increases;
2. that the aggregate par value of shares issued under this authorization may not exceed €225,000,000, not including the par value of any additional shares to be issued pursuant to the law to protect the rights of existing holders of securities carrying rights to shares following any corporate actions;
3. that the aggregate par value of shares issued under this authorization will be deducted from the blanket ceiling provided for in paragraph 2 of the thirteenth resolution;
4. that the Board of Directors shall have full powers to use this authorization and to delegate said powers subject to compliance with the law. Accordingly, the Board of Directors shall be authorized to:
   - set the terms and conditions of the authorized transactions; decide on the amount and types of items to be capitalized, the number of new shares to be issued or the amount by which the par value of existing shares is to be increased; set the retrospective or future date from which the new shares will carry dividend and voting rights or the date on which the increase in par value will be effective; and charge the share issuance costs and any other costs against the related premium,
   - decide that, in accordance with Article L.225-130 of the Commercial Code, rights to fractions of shares will be non-transferable and that the corresponding shares will be sold, with the proceeds of such sale attributed to holders of rights in accordance with the applicable laws and regulations,
   - take all necessary measures and enter into any and all agreements to permit the execution of the planned transaction(s), and generally do whatever is necessary, perform all actions and formalities required to implement the capital increase(s) carried out under this authorization and amend the bylaws to reflect the new capital;
5. that this authorization shall be valid for a period of twenty-six months as from the date of this meeting and shall supersede, with immediate effect, any previous authorizations granted for the same purpose.

### TWENTIETH RESOLUTION (AUTHORIZATION FOR THE BOARD OF DIRECTORS TO ISSUE SHARES AND/OR SECURITIES CARRYING RIGHTS TO SHARES TO EMPLOYEES WHO ARE MEMBERS OF AN EMPLOYEE STOCK OWNERSHIP PLAN)

Having considered the report of the Board of Directors and the Auditors' special report, the shareholders resolve, in accordance with Articles L.3332-1 *et seq.* of the Labor Code on employee stock ownership and Article L.225-138-1 of the Commercial Code:

1. to authorize the Board of Directors to issue shares and/or securities carrying rights to shares on one or more occasions to employees of the Company and French and foreign related companies within the meaning of Article L.225-180 of the Commercial Code, who are participants in an Edenred Group employee stock ownership plan *(Plan d'Épargne d'Entreprise)*;
2. to authorize the Board of Directors to grant to employees free shares and/or securities carrying rights to shares, within the limits prescribed in Article L.3332-21 of the Labor Code, as part of any capital increase(s) carried out under this resolution;
3. that the total number of shares that may be issued directly or indirectly under this authorization may not exceed the equivalent of 2% of the Company's capital as of the date of this meeting;
4. that the subscription price for the shares issued under this authorization may not exceed the average of the prices quoted for the Company's shares during the twenty trading days preceding the Board of Directors' decision setting the opening date of the subscription period and may not represent less than said average less the maximum discount authorized by the regulations in force on the pricing date, and that the characteristics of any securities carrying rights to shares will be set in accordance with the applicable regulations;
5. that this resolution automatically entails the waiver by shareholders of their pre-emptive rights to subscribe for any shares and/or other securities to be issued pursuant to this authorization, as well as their rights concerning any free shares offered to employees pursuant to this authorization;
6. that the Board of Directors shall have full powers to use this authorization and to delegate said powers subject to compliance with the law. Accordingly, the Board of Directors shall be authorized to:
   - draw up the list of companies whose employees will be entitled to subscribe for the shares and/or other securities,
   - decide that the securities may be acquired either directly or through a corporate mutual fund,
   - allow employees a specified period of time to pay up their securities,
   - set the terms and conditions of membership of the employee stock ownership plan, and draw up or amend the plan rules,
   - set the opening and closing dates of the subscription period and the issue price of the securities,
   - decide the number of new shares to be issued,
   - place on record the capital increases,
   - carry out any and all transactions and formalities, directly or through a duly authorized representative,
   - amend the Company's bylaws to reflect the new capital and, generally, take all appropriate measures and do whatever is necessary to comply with the applicable laws and regulations;
7. that this authorization shall be valid for a period of twenty-six months as from the date of this meeting and shall supersede, with immediate effect, any previous authorizations granted for the same purpose.

## 8.4 ORDINARY RESOLUTIONS

### TWENTY-FIRST RESOLUTION (POWERS TO CARRY OUT FORMALITIES)

The shareholders give full powers to the bearer of an original, extract or copy of the minutes of this meeting to carry out any and all filing and other formalities required by law.

# 8.5 STATUTORY AUDITORS' SPECIAL REPORTS

## 8.5.1 STATUTORY AUDITORS' REPORT ON THE SHARE CAPITAL DECREASE BY CANCELLATION OF SHARES

Combined Ordinary and Extraordinary Shareholders' Meeting of May 15, 2012

12th Resolution

*This is a free translation into English of the Statutory Auditors' special report issued in French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction and construed in accordance with French law and professional auditing standards applicable in France.*

To the Shareholders,

In our capacity as Statutory Auditors of Edenred and pursuant to the provisions of Article L.225-209 of the French Commercial Code *(Code de commerce)* concerning capital share decreases by cancellation of shares, we hereby report to you on our assessment of the reasons for and the terms and conditions of the proposed share capital decrease.

Shareholders are requested to confer all necessary powers to the Board of Directors, during a period of twenty-four months starting from the May 15, 2012 Shareholders' Meeting, to cancel, on one or more occasions, and up to a maximum of 10% of the share capital in any twenty-four month period, the shares purchased by the Company pursuant to the authorization to purchase its own shares under the provisions of the above-mentioned Article.

We performed the procedures we deemed necessary in accordance with the professional guidelines of the French National Institute of Statutory Auditors *(Compagnie Nationale des Commissaires aux Comptes)* applicable to this engagement. Those procedures consisted in examining whether the reasons for and the terms and conditions of the proposed share capital decrease, which does interfere with the equal treatment of shareholders, are due and proper.

We have no matters to report on the reasons for or terms and conditions of the proposed capital decrease.

Paris and Neuilly-sur-Seine, March 12, 2012

The Statutory Auditors

| CABINET DIDIER KLING & ASSOCIÉS | DELOITTE & ASSOCIÉS |
|---|---|
| Didier KLING | David DUPONT-NOEL |

## 8.5.2 STATUTORY AUDITORS' REPORT ON THE ISSUE OF SHARES AND/OR VARIOUS SECURITIES WITH/WITHOUT WAIVER OF PRE-EMPTIVE SUBSCRIPTION RIGHTS

Combined Annual and Extraordinary Shareholders' Meeting of May 15, 2012

13th, 14th, 15th, 16th, 17th and 18th Resolutions

*This is a free translation into English of the Statutory Auditors' special report issued in French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction and construed in accordance with French law and professional auditing standards applicable in France.*

To the Shareholders,

In our capacity as Statutory Auditors of Edenred and in accordance with the procedures provided for in Articles L.228-92 and L.225-135 *et seq*. of the French Commercial Code *(Code de Commerce)*, we hereby report to you on the proposed delegation to the Board of Directors of the authority to issue, on one or more occasions, shares and/or more generally any and all securities, transactions on which you are asked to vote.

Your Board of Directors recommends that, having considered its report:

- you confer on it, for a period of twenty-six months, the authority to decide the following issues, set the final terms and conditions of these issues and, if necessary, waive your pre-emptive subscription rights:
  - issue of shares and/or securities (i) conferring immediate and/or future entitlement to shares in the Company or, pursuant to Article L.228-93 of the French Commercial Code, in any companies in which Edenred directly or indirectly holds more than half of the share capital, (ii) conferring entitlement to debt securities, with pre-emptive subscription rights (13th Resolution),
  - issue of shares and/or securities (i) conferring immediate and/or future entitlement to shares in the Company or, pursuant to Article L.228-93 of the French Commercial Code, in any companies in which Edenred directly or indirectly holds more than half of the share capital, (ii) conferring entitlement to debt securities, without pre-emptive subscription rights through public offerings, it being specified that such securities may be issued as consideration for the securities which would be contributed to the Company in the context of a public exchange offer of securities meeting the requirements of Article L.225-148 of the French Commercial Code (14th Resolution),
  - issue of shares and/or securities (i) conferring immediate or future entitlement to shares in the Company or, pursuant to Article L.228-93 of the French Commercial Code, in any companies in which Edenred directly or indirectly holds more than half of the share capital, (ii) conferring entitlement to debt securities, without pre-emptive subscription rights through public offerings governed by Section II of Article L. 411-2 of the French Monetary and Financial Code *(Code Monétaire et Financier)* and placed with qualified investors without exceeding 20% of the share capital per year (15th Resolution);
- you authorize the Board pursuant to the 16th Resolution and in the context of the implementation of the delegations pursuant to the 14th and 15th Resolutions, to waive the terms and conditions for setting the price pursuant to said Resolutions and to set the issue price of the shares of the Company by reference to the weighted average price quoted in the three trading days preceding the price setting date less a discount, if any, of up to 10% and within the legal annual limit of 10% of the share capital;
- you delegate to it, for a period of twenty-six months, the authority to set the terms and conditions of the issue of shares or more generally any and all securities conferring immediate and/or future entitlement to shares in the Company in consideration for contributions-in-kind to the Company and comprising equity or securities with entitlement to shares in the Company within the limit of 10% of the share capital as assessed on the issue date (18th Resolution).

The nominal amount of any share capital increases which may be performed immediately and/or in future may not exceed €225 million pursuant to all Resolutions, and €67.5 million pursuant to each of the 14th and 15th Resolutions individually. The nominal amount of any debt securities to be issued may not exceed €2.25 billion pursuant to all Resolutions, and €675 million pursuant to each of the 14th and 15th Resolutions individually.

These ceilings take into account the additional number of new securities to be issued in the context of the implementation of the delegations pursuant to the 13th, 14th and 15th Resolutions, under the terms and conditions of Article L.225-135-1 of the French Commercial Code, should you adopt the 17th Resolution.

It is the Board of Directors' responsibility to prepare a report in accordance with Articles R.225-113 *et seq.* of the French Commercial Code. Our role is to express an opinion on the fairness of the quantified data derived from the financial statements, on the proposed waiver of pre-emptive subscription rights and on certain other information pertaining to these transactions, as presented in this report.

We performed the procedures that we considered necessary in accordance with the professional guidelines of the French National Institute of Statutory Auditors *(Compagnie Nationale des Commissaires aux Comptes)* applicable to this engagement. Such procedures consisted in verifying the content of the Board of Directors' report as it relates to these transactions and the conditions in which the issue price of the equity securities to be issued was determined.

Subject to the subsequent review of the terms and conditions of the issues that may be decided, we have no comments on the methods, as presented in the Board of Directors' report , used to determine the issue price of the equity securities to be issued, pursuant to the 14th, 15th and 16th Resolutions.

In addition, as this report does not contain the conditions in which the issue price of the equity securities to be issued in connection with the implementation of the 13th and 18th Resolutions was determined, we cannot express an opinion on the items selected for the issue price calculation purposes.

As the issue price of the equity securities to be issued has not been determined, we express no opinion on the final terms and conditions under which the shares shall be issued and, consequently, on the proposed waiver of pre-emptive subscription rights on which you are asked to decide under the 14th, 15th and 16th Resolutions.

Pursuant to Article R. 225-116 of the French Commercial Code, we shall issue a supplementary report, if applicable, when these delegations are utilized by your Board of Directors, should it issue securities conferring entitlement to shares in the Company and/or debt securities and should any issues waive your pre-emptive subscription rights.

Paris and Neuilly-sur-Seine, March 12, 2012

The Statutory Auditors

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| **CABINET DIDIER KLING & ASSOCIÉS** | **DELOITTE & ASSOCIÉS** |
| Didier KLING | David DUPONT-NOEL |

## 8.5.3 STATUTORY AUDITORS' REPORT ON THE ISSUE OF SHARES AND/OR SECURITIES GRANTING ACCESS TO THE SHARE CAPITAL RESERVED FOR MEMBERS OF AN EMPLOYEE STOCK OWNERSHIP PLAN

Combined Ordinary and Extraordinary Shareholders' Meeting of May 15, 2012

20th Resolution

*This is a free translation into English of the statutory auditors' report issued in the French language and is provided solely for the convenience of English speaking readers. This report should be read in conjunction and construed in accordance with French law and professional auditing standards applicable in France.*

To the Shareholders,

In our capacity as Statutory Auditors of Edenred and in accordance with the procedures provided for in Articles L.228-92, and L.225-135 *et seq.* of the French Commercial Code *(Code de Commerce)*, we hereby report to you on the proposed delegation to the Board of Directors of the authority to issue, on one or several occasions, shares and/or more generally any and all marketable securities conferring entitlement to the share capital of the Company, with waiver of pre-emptive subscription rights, such issue being reserved for employees of the Company and affiliated French or foreign companies, within the meaning of Article L.225-80 of the French Commercial Code, who are members of an employee stock ownership plan of the Edenred Group, a transaction on which you are asked to vote.

Shareholders are asked to approve these issues pursuant to Articles L. 225-129-6 of the French Commercial Code and L.3332-18 *et seq.* of the French Labor Code *(Code du Travail)*.

The number of shares which may be issued on one or more occasions pursuant to this delegation may not exceed 2% of the Company's share capital as of the closing of this Shareholders' Meeting.

Your Board of Directors recommends that, having considered its report, you confer on it, for a period of twenty-six months, the authority to decide one or more issues and waive your pre-emptive subscription rights to the shares to be issued. If applicable, the Board shall be responsible for determining the final issue terms and conditions of these transactions.

Your Board of Directors is responsible for preparing a report in accordance with Articles R. 225-113 *et seq.* of the French Commercial Code. Our role is to express an opinion on the fairness of the quantified data derived from the financial statements, on the proposed waiver of pre-emptive subscription rights and on certain other information pertaining to these transactions, as presented in this report.

We performed the procedures that we considered necessary in accordance with the professional guidelines of the French National Institute of Statutory Auditors *(Compagnie Nationale des Commissaires aux Comptes)* applicable to this engagement. Such procedures consisted in verifying the content of the Board of Directors' report as it relates to these transactions and the conditions in which the issue price of the equity securities to be issued was determined.

Subject to the subsequent review of the terms and conditions of the issues that may be decided, we have no comments on the methods used to determine the price of the equity securities to be issued, as presented in the Board of Directors' report.

As the terms and conditions of the issues have yet to be determined, we cannot express an opinion on such issues nor, accordingly, on the proposed waiver of pre-emptive subscription rights on which you are asked to decide.

Pursuant to Article R.225-116 of the French Commercial Code, we shall issue a supplementary report, if applicable, when the issues are performed by the Board of Directors.

Paris and Neuilly-sur-Seine, March 12, 2012

The Statutory Auditors

| CABINET DIDIER KLING & ASSOCIÉS | DELOITTE & ASSOCIÉS |
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| Didier KLING | David DUPONT-NOEL |

## 8.5.4 STATUTORY AUDITORS' SPECIAL REPORT ON RELATED PARTY AGREEMENTS AND COMMITMENTS

Annual Shareholders' Meeting held to approve the financial statements for the year ended December 31, 2011.

*This is a free translation into English of the Auditors' special report on related party agreements and commitments with related parties that is issued in the French language and is provided solely for the convenience of English speaking readers.*

To the Shareholders,

In our capacity as Statutory Auditors of Edenred, we present below our report on related party agreements and commitments.

Our responsibility is to report to shareholders, based on the information provided, about the main terms and conditions of agreements and commitments that have been disclosed to us or that we discovered during our audit, without commenting on their relevance or substance or seeking to identify any undisclosed agreements or commitments.

Under the provisions of Article R.225-31 of the French Commercial Code, it is the responsibility of shareholders to determine whether the agreements are appropriate and should be approved.

In addition, it is our responsibility to report to shareholders, in accordance with Article R.225-31 of the Commercial Code, on any agreements and commitments approved by shareholders that were in effect during the fiscal year.

We performed the procedures that we considered necessary under the professional guidelines applicable in France. Those guidelines require that we carry out the necessary procedures to verify the consistency of the information disclosed to us with the source documents.

### I Agreements and commitments submitted to the Shareholders' Meeting for approval

#### Agreements and commitments authorized during the year

In accordance with Article L.225-40 of the Commercial Code, we have been informed of the following agreements and commitments that were authorized in advance by the Board of Directors.

#### Conclusion of a Tax matters agreement with a subsidiary of the Accor Group

Directors concerned: Jean-Paul Bailly, Virginie Morgon, Sébastien Bazin, Patrick Sayer, Philippe Citerne, Bertrand Meheut, and Gabriele Galateri di Genola.

Authorized by the Board of Directors on December 16, 2011.

Agreement signed on December 19, 2011.

Expiration of the agreement: conclusion of the proceedings now being examined.

Type of agreement, purpose, terms and conditions: in connection with a reassessment of the registration fees decided by the Italian tax authorities, following the demerger operations of the Accor Group covering a total M€ 27.4, jointly and severally against a subsidiary of the Accor Group and four member entities of the Edenred Group; the two groups, contesting the reassessment, concluded an agreement to equally share the risk and potential cost.

### II Agreements and commitments previously approved by the Shareholders' Meeting

#### Agreements and commitments authorized during prior years

Pursuant to Article L. 225-30 of the French Commercial Code, we have been informed of the following agreements and commitments, previously approved by the shareholders in prior years and having continuing effect during the year:

#### a) Agreements concluded with the Accor Group

Four agreements, covering the performance of the following services, were concluded with the Accor Group in 2010 and authorized by your Board of Directors on June 15, 2010:

- IT services master agreement (security, hosting, facilities management, maintenance, etc.), for a term of two years;
- agreement covering the use, support, maintenance and functional administration of the Grand Back accounting software for a term of three years;
- license for the use of Surf/Bia/Mega financial reporting software, including deployment, development, maintenance and operational support services for a term of ten months;
- license for the use of the GTM cash management software, including support, maintenance and related database administration for a term of one year.

The amounts assumed during the year regarding these agreements total €415,000, €440,000, €217,000 and €19,453, respectively.

#### b) Agreements and commitments concluded with Jacques Stern, Chairman and Chief Executive Officer

The following agreements and commitments, concluded in 2010 and authorized by meetings of your Board of Directors' held on June 29, 2010 and August 24, 2010, continued in effect in 2011:

- addendum to the employment contract enabling the transfer to Edenred of Jacques Stern's employment contract concluded in 1992 with Accor and providing for the payment of a termination benefit corresponding to the sum of the severance pay attributable to him by law and under the collective bargaining agreement and maintaining his 18 years' service as an employee of Accor, it being understood that his cumulative rights to termination benefits (other than statutory severance pay) under his employment contract and compensation for loss of office as executive director would be capped at an amount equal to two years' compensation as Chairman and Chief Executive Officer;
- allocation of a compensation for loss of office in the event that his appointment as Chairman and Chief Executive Officer is terminated, other than as a result of professional misconduct, or is not renewed. The compensation payable would not exceed the equivalent of double Mr. Stern's total gross annual compensation as Chairman and Chief Executive Officer, defined as:
  - his annual salary as of the date when his appointment as Chairman and Chief Executive Officer ended, plus

- the average annual bonus received or receivable for his last two years as Chairman and Chief Executive Officer prior to his appointment ending.

The compensation for loss of office as defined above would be subject to certain performance criteria measured over the three years preceding the year in which his appointment as Chairman and Chief Executive Officer was terminated.

The compensation payable to Mr. Stern would be reduced, if necessary, so that the sum of the compensation for loss of office and the termination benefit payable under his employment contract (excluding statutory severance pay) did not exceed the equivalent of two years' gross annual compensation as Chairman and Chief Executive Officer.

The Board of Directors has also decided that in the event his appointment was terminated in one of the circumstances described above, Mr. Stern would retain the benefit of all the stock options and performance shares initially allocated to him under plans in force when his appointment was terminated, provided that the performance conditions attached to the options or performance shares were met.

- subscription of private unemployment insurance with a guarantee capped at eight times the ceiling for calculating Social Security contributions. With respect to 2011, the Company paid €12,234.62 in premiums to the Association pour la Garantie Sociale des Chefs et Dirigeants d'Entreprise (GSC);
- extension of the employee death and disability insurance scheme and supplementary pension to the Chairman and Chief Executive Officer. During the year, Edenred paid the sum of €5,372.78 to JP Colonna – CGAM with respect to this extension;
- participation of the Chairman and Chief Executive Officer in the Edenred defined contribution and defined benefit pension plans on the same basis as certain senior executives of the Company.
  - The defined contribution plan represents total annual contributions of €8,838, as assumed by your Company for 2011,
  - Under the defined benefit plan, the Company is committed to paying an annuity to plan participants when they retire, provided that they are still on the Company's payroll at that date. In the case of executive directors, the pension benefit is equal to 2% of their gross annual compensation per year of participation in the plan, less the amount of benefits received under the defined contribution plan.

## Agreements and commitments authorized during the year

We have also been informed of the following agreement already approved by the Shareholders Meeting of May 13, 2011, subsequent to the statutory auditors' special report dated March 10, 2011.

- At its meeting on February 23, 2011, the Board of Directors also authorized the signature of a second addendum to Mr. Stern's employment contract, providing for the payment of a special termination benefit if his employment contract were to be terminated by the Company within six months of a decision by the Board not to renew his appointment as Chairman and Chief Executive Officer. This special termination benefit would be in addition to the severance pay attributable to him by law and under the collective bargaining agreement, provided that the sum of these benefits did not exceed the equivalent of two years' average compensation (including bonuses) paid to him as Chairman and Chief Executive Officer. The special termination benefit would be payable only if the performance criteria applicable for the determination of his compensation for loss of office as Chairman and Chief Executive Officer were met.

Neuilly-sur-Seine and Paris, March 12, 2012

The Statutory Auditors

| DELOITTE & ASSOCIÉS | CABINET DIDIER KLING & ASSOCIÉS |
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| David DUPONT-NOEL | Didier KLING |

# 9 ADDITIONAL INFORMATION

# 9.1 INVESTOR RELATIONS AND DOCUMENTS AVAILABLE TO THE PUBLIC

In addition to the Annual Shareholders Meeting and the events organized to present the annual results, Edenred keeps both private and institutional shareholders informed of the latest developments on a highly responsive daily basis. This information is tailored to the specific needs of different types of shareholders and financial analysts while constantly complying with the principle of equal access to information.

The Company's press releases and historical financial information are available on the Edenred website (www.edenred.com) and the website of the Autorité des marchés financiers (www.amf-france.org).

Copies may also be obtained from the Company's headquarters, 166-180 boulevard Gabriel Péri – 92240 Malakoff, France. The bylaws and the minutes of Shareholders Meetings, the financial statements of the Company and the Group, the Auditors' report s and all other corporate documents are available for consultation in paper format at the Company's headquarters.

## MEETINGS WITH INVESTORS

In 2011, Edenred met some 590 representatives of 277 financial institutions, held 14 roadshows in Europe, the United States and Canada, and participated in eleven investor conferences in France and the United States.

The Group also met with individual shareholders at a shareholder event in Strasbourg in December that was attended by nearly 400 shareholders.

## INVESTOR AND SHAREHOLDER PUBLICATIONS

All of the Group's financial news and publications can be accessed in the "Finance" section of the www.edenred.com website, which serves as a comprehensive investor relations database. The site carries live and deferred webcasts of results presentations and Annual Shareholders Meetings, as well as real-time tracking of the share price. It also includes a section dedicated to individual shareholders.

Statutory documents are available for consultation at the Company's administrative headquarters, 166-180 boulevard Gabriel Péri - 92240 Malakoff, France.

Regulatory filings are issued electronically through a professional disclosure service that complies with the criteria set out in the AMF's General Regulations. The filings are also available on the corporate website.

## SHAREHOLDER CONTACT

Virginie Monier
Financial Communications Director

Edenred, Immeuble Columbus
168-180 boulevard Gabriel Péri
92245 Malakoff Cedex, France

### Individual shareholders

E-mail: relations.actionnaires@edenred.com

Voice server: 0 805 652 662
(toll-free from a fixed line in France)

Shareholders can call this number at any time to obtain general information about the Group, the share price and guidelines for becoming a registered shareholder.

### Institutional investors

E-mail: investor.relations@edenred.com
Phone: + 33 1 74 31 86 26
Fax: + 33 1 74 31 98 03

# 9.2 PERSONS RESPONSIBLE FOR THE REGISTRATION DOCUMENT AND THE AUDIT OF THE ACCOUNTS

## 9.2.1 PERSONS RESPONSIBLE

### 9.2.1.1 Person responsible for the Registration Document

Jacques Stern, Chairman and Chief Executive Officer of Edenred

### 9.2.1.2 Statement by the person responsible for the Registration Document

"I hereby declare that having taken all reasonable care to ensure that such is the case, the information contained in this Registration Document is, to the best of my knowledge, in accordance with the facts and contains no omission likely to affect its import.

I declare that, to the best of my knowledge, (i) the financial statements have been prepared in accordance with the applicable accounting standards and give a true and fair view of the assets and liabilities, financial position and results of Edenred and the consolidated companies, and (ii) the management report presented from page 23 represents a fair view of the business, results and financial position of Edenred and its consolidated companies and provides a description of the main risks and uncertainties to which they are exposed.

I obtained a statement from the Auditors at the end of their engagement affirming that they have examined the information about the financial position and the accounts contained in the Registration Document and have read the whole of the Document."

Jacques Stern

Chairman and Chief Executive Officer of Edenred.

Paris, April 6, 2012

## 9.2.2 AUDITORS

### Statutory Auditors

#### Deloitte & Associés

David Dupont-Noel

185 avenue Charles-de-Gaulle – BP 136
92203 Neuilly-sur-Seine Cedex
France

Date of first appointment: March 15, 2010

Appointed until the Annual Shareholders Meeting called to approve the 2011 financial statements. Shareholders will be invited to renew this appointment at the Annual Shareholders Meeting on May 15, 2012.

#### Didier Kling & Associés

Didier Kling

41 avenue de Friedland
75008 Paris
France

Appointed for six years at the April 9, 2010 Annual Shareholders Meeting.

### Alternate Auditors

#### BEAS

William Di Cicco

195 avenue Charles de Gaulle
92200 Neuilly-sur-Seine
France

Appointed on the same basis and for the same period as Deloitte & Associés. Shareholders will be invited to renew this appointment at the Annual Shareholders Meeting on May 15, 2012.

#### CREA

Bernard Roussel

41 avenue de Friedland
75008 Paris
France

Appointed on the same basis and for the same period as Didier Kling & Associés.

# 9.3 FEES PAID TO THE AUDITORS

The following table presents the fees paid to the Auditors and the members of their networks by the Group for 2010 and 2011:

| | Deloitte & Associés | | | | Didier Kling & Associés | | | |
|---|---|---|---|---|---|---|---|---|
| | Amount (excluding tax) | | % | | Amount (excluding tax) | | % | |
| *(in € millions)* | 2010 | 2011 | 2010 | 2011 | 2010 | 2011 | 2010 | 2011 |
| **Audit services** | | | | | | | | |
| Statutory and contractual audit services | | | | | | | | |
| • Edenred SA | (0.4) | (0.4) | 17% | 16% | (0.2) | (0.2) | 67% | 96% |
| • Fully consolidated subsidiaries | (1.8) | (1.9) | 75% | 69% | | | | |
| Other audit-related services | | | | | | | | |
| • Edenred SA | (0.1) | (0.2) | 4% | 6% | (0.1) | (0.0) | 33% | 4% |
| • Fully consolidated subsidiaries | | (0.1) | | 3% | | | | |
| **SUB-TOTAL** | **(2.3)** | **(2.6)** | **96%** | **94%** | **(0.3)** | **(0.2)** | **100%** | **100%** |
| **Other services** | | | | | | | | |
| • Legal and tax advice | (0.0) | (0.0) | 0% | 1% | | | | |
| • Other | (0.1) | (0.1) | 4% | 5% | | | | |
| **SUB-TOTAL** | **(0.1)** | **(0.1)** | **4%** | **6%** | **-** | **-** | **0%** | **0%** |
| **TOTAL** | **(2.4)** | **(2.7)** | **100%** | **100%** | **(0.3)** | **(0.2)** | **100%** | **100%** |

# 9.4 INFORMATION ON HOLDINGS

Information relating to the undertakings in which the Company holds a proportion of the capital likely to have a significant effect on the assessment of its own assets and liabilities, financial position or profits and losses is provided in the notes to consolidated financial statements under Note 36 “Main Consolidated Companies at December 31, 2011”, on page 172.

# 9.5 THIRD PARTY INFORMATION

Not applicable.

# 9.6 INFORMATION INCORPORATED BY REFERENCE

In accordance with Article 28 of European Commission Regulation (EC) 809/2004, the Registration Document incorporates by reference the following information:

## PROSPECTUS FOR THE INITIAL PUBLIC OFFERING IN 2010

The Prospectus for the initial public offering of Edenred shares comprises the Prospectus registered with the Autorité des marchés financiers on May 12, 2010 under no. 10–128 and the supplement to the Prospectus approved by the Autorité des marchés financiers on June 10, 2010 under visa no. 10–170. Concerning fiscal years 2009, 2008 and 2007, it includes:

- the combined financial statements and corresponding Auditors report presented, respectively, on pages 164 to 229 and page 230 of the Prospectus for the initial public offering of Edenred shares;
- the pro forma financial statements and corresponding Auditors' report presented, respectively, on pages 231 to 307 and page 308 of the Prospectus for the initial public offering of Edenred shares;
- the pro forma financial information presented, respectively, on pages 55 to 79 of the Prospectus for the initial public offering of Edenred shares;
- sections of these documents that are not mentioned above are either not applicable to investors or are covered in another part of the Registration Document.

## 2010 REGISTRATION DOCUMENT

The 2010 Registration Document was filed on April 13, 2011 with the Autorité des marchés financiers under number R.11-013. It concerns:

- the consolidated financial statements and corresponding Auditors' report presented, respectively, on pages 173 to 231 and page 99 of Edenred's 2010 Registration Document;
- the pro forma financial statements and corresponding Auditors' report presented, respectively, on pages 100 to 172 and page 98 of Edenred's 2010 Registration Document;
- the pro forma financial information presented, respectively, on pages 21 to 34 of Edenred's 2010 Registration Document;
- sections of these documents that are not mentioned above are either not applicable to investors or are covered in another part of the Registration Document.

# 9.7 REGULATORY FILINGS

The following information was published or made available to the public by Edenred during the last twelve months (March 1, 2011 to March 14, 2012), in accordance with Article L.451-1-1 of France's Monetary and Financial Code and Article 222-7 of the General Regulations of the Autorité des marchés financiers.

- disclosure of number of shares and voting rights at March 31, 2011;
- press release dated April 13, 2011 announcing the publication of the Registration Document;
- press release dated April 18, 2011 announcing first-quarter 2011 revenue;
- disclosure of number of shares and voting rights at April 30, 2011;
- disclosure of number of shares and voting rights at May 31, 2011;
- disclosure of number of shares and voting rights at June 30, 2011;
- press release dated July 18, 2011 announcing first-half 2011 revenue;
- disclosure of number of shares and voting rights at July 31, 2011;
- press release dated August 16, 2011 announcing the disposal of Davison Trahaire Group;
- press release dated August 25, 2011 announcing the Group's 2011 interim results;
- press release dated August 25, 2011 announcing the publication of the 2011 interim report;
- disclosure of number of shares and voting rights at August 31, 2011;
- disclosure of number of shares and voting rights at September 30, 2011;
- press release dated October 17, 2011 announcing third-quarter 2011 revenue;

- disclosure of number of shares and voting rights at October 31, 2011;
- press release dated November 2, 2011 concerning the liquidity contract;
- disclosure of number of shares and voting rights at August 31, 2011;
- disclosure of number of shares and voting rights at November 30, 2011;
- press release dated November 29, 2011 concerning Investor Day;
- press release dated December 19, 2011 announcing Edenred's partnership with Partech International;
- disclosure of number of shares and voting rights at November 30, 2011;
- disclosure of number of shares and voting rights at December 31, 2011;
- press release dated January 10, 2012 concerning the liquidity contract at December 31, 2011;
- press release dated January 16, 2011 announcing fourth-quarter 2011 revenue;
- disclosure of number of shares and voting rights at January 31, 2012;
- press release dated February 23, 2012 announcing 2011 annual results;
- disclosure of number of shares and voting rights at February 29, 2012.

# 9.8 CONCORDANCE TABLE

The table below provides cross-references between the pages in the Registration Document and the key information required under Annex I of European Commission Regulation (EC) 809/2004 dated April 29, 2004.

| No. | Key information required under Annex 1 of European Commission Regulation 809/2004 | Registration Document section(s) | Page(s) |
|---|---|---|---|
| **1** | **Persons responsible** | | |
| 1.1 | Persons responsible for the information in the Registration Document | 9.2.1 Persons responsible | 243 |
| 1.2 | Statement by the person responsible for the Registration Document | 9.2.1 Persons responsible | 243 |
| **2** | **Auditors** | | |
| 2.1 | Name and address of the issuer's statutory auditors | 9.2.2 Auditors | 243 |
| 2.2 | Names of Auditors who resigned, were removed or were not re-appointed during the period | Not applicable | |
| **3** | **Selected financial information** | | |
| 3.1 | Selected historical financial information | 2.1.1 Consolidated results | 22 |
| 3.2 | Selected financial information for interim periods and comparative data from the same period in the prior financial year | Not applicable | |
| **4** | **Risk factors** | **3 Risk factors** | 35 |
| **5** | **Information about the Company** | | |
| 5.1 | History and development of the Company | 1.2 Milestones | 12 |
| *5.1.1* | *Legal and commercial name* | 7.1.1 Company name | 206 |
| *5.1.2* | *Place of registration and registration number* | 7.1.2 Registration details and APE code | 206 |
| *5.1.3* | *Date of incorporation and the length of life of the Company* | 7.1.3 Incorporation date and term | 206 |
| *5.1.4* | *Domicile and legal form of the Company, the legislation under which the Company operates, its country of incorporation, and the address and telephone number of its registered office* | 7.1.4 Registered office, legal form and governing law<br>1.4 Regulatory environment | 206<br>17 |
| *5.1.5* | *Important events in the development of the issuer's business* | 6.2 Note 3 Changes in scope of consolidation and significant events | 130 |
| 5.2 | Investments | | |
| *5.2.1* | *Description of the Company's principal investments for each financial year for the period covered by the historical financial information* | 6.2 Note 28 Capital expenditure | 168 |
| *5.2.2* | *Description of the principal investments that are in progress* | 1.1.2.2 A profitable, sustainable, low-capital intensive business model<br>1.3.2.2 A strong and sustainable growth strategy | 6<br>14 |
| *5.2.3* | *Information concerning the issuer's principal future investments on which it has already made firm commitments* | 1.3.2.2 A strong and sustainable growth strategy | 14 |
| **6** | **Business overview** | | |
| 6.1 | Principal activities | 1.1 Corporate profile | 4 |
| 6.1.1 | *Description of the nature of the issuer's operations and its principal activities* | 1.1 Corporate profile | 4 |
| 6.1.2 | *Significant new products and/or services that have been introduced* | 1.3.2.2 A strong and sustainable growth strategy | 14 |
| 6.2 | Principal markets | 1.1.3.1 The global leader *in* prepaid corporate services<br>2.1.1.2 Analysis of consolidated financial results | 7<br>23 |
| 6.3 | Exceptional factors that have influenced the information given pursuant to items 6.1 and 6.2 | 2.1.1.2 Analysis of consolidated financial results | 23 |

| No. | Key information required under Annex 1 of European Commission Regulation 809/2004 | Registration Document section(s) | Page(s) |
|---|---|---|---|
| 6.4 | Dependence on patents or licenses, industrial, commercial or financial contracts or new manufacturing processes | 1.6 Intellectual property | 20 |
| 6.5 | The basis for statements made by the issuer regarding its competitive position | 1.1.3 The global leader in prepaid corporate services | 7 |
| **7** | **Organizational structure** | | |
| 7.1 | Description of the Group and the issuer's position within the Group | 5.1.1.2 Members of the Executive Committee | 74 |
| | | 2.2 Description of the business | 31 |
| | | 6.2 Note 36 Main consolidated companies at December 31, 2011 | 172 |
| 7.2 | List of significant subsidiaries | 9.4 Information on holdings | 244 |
| | | 6.2 Note 36 Main consolidated companies at December 31, 2011 | 172 |
| **8** | **Property, plant and equipment** | | |
| 8.1 | Existing or planned material tangible fixed assets, including leased properties | 1.7 Real estate rights | 20 |
| 8.2 | Environmental issues that may affect the utilization of tangible fixed assets | Not applicable | |
| **9** | **Operating and financial review** | | |
| 9.1 | Description of the issuer's financial condition, changes in financial condition and results of operations for each year and interim period for which historical financial information is required | 2.1 Results of operations | 22 |
| 9.2 | Operating results | 2.1.1.2 Analysis of consolidated financial results | 23 |
| *9.2.1* | *Significant factors, including unusual or infrequent events or new developments, materially affecting the issuer's income from operations* | 2.1.1.2 Analysis of consolidated financial results | 23 |
| *9.2.2* | *Changes in net sales or revenues, and narrative discussion of the reasons for such changes* | 2.1.1.2 Analysis of consolidated financial results | 23 |
| *9.2.3* | *Governmental, economic, fiscal, monetary or political policies or factors that have materially affected, or could materially affect, the Company's operations.* | 2.1.1.2 Analysis of consolidated financial results | 23 |
| **10** | **Capital resources** | | |
| 10.1 | Information concerning the issuer's capital resources (both short and long term) | 2.1.1.4 Liquidity and financial resources | 26 |
| 10.2 | Sources and amounts of the issuer's cash flows | 2.1.1.4 Liquidity and financial resources | 26 |
| 10.3 | Information on the borrowing requirements and funding structure of the issuer | 2.1.1.4 Liquidity and financial resources | 26 |
| 10.4 | Information regarding any restrictions on the use of capital resources | 2.1.1.4 Liquidity and financial resources | 26 |
| 10.5 | Information regarding the anticipated sources of funds | 2.1.1.4 Liquidity and financial resources | 26 |
| **11** | **Research and development, patents and licenses** | | |
| | Description of the issuer's research and development policies and amount spent on issuer-sponsored research and development activities | Not applicable | |
| **12** | **Trend information** | | |
| 12.1 | Most significant recent trends in production, sales and inventory, and costs and selling prices since the end of the last financial year to the date of the Registration Document | 1.3 Strategic vision, investment strategy and outlook | 13 |
| 12.2 | Known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the issuer's prospects for at least the current financial year | 6.2 Note 35 Subsequent events | 171 |
| **13** | **Profit forecasts or estimates** | **Not applicable** | |

| No. | Key information required under Annex 1 of European Commission Regulation 809/2004 | Registration Document section(s) | Page(s) |
|---|---|---|---|
| **14** | **Administrative, management and supervisory bodies and senior management** | | |
| 14.1 | Information about the principal activities of the following persons, and statement that they have not been convicted of any fraudulent offences<br>• Members of the administrative, management or supervisory bodies<br>• Any senior manager who is relevant to establishing that the issuer has the appropriate expertise and experience for the management of the issuer's business | 5.1.1.1 Membership of the Board of Directors | 72 |
| 14.2 | Potential conflicts of interests between any duties to the issuer of members of the administrative, management and supervisory bodies or senior managers and their private interests and or other duties | 5.1.2.6 Director's Charter | 84 |
| | Any arrangement or understanding with major shareholders, customers, suppliers or others, pursuant to which any person referred to in item 14.1 was selected as a member of the administrative, management or supervisory bodies or member of senior management | 5.1.1 Members of the administrative and management bodies | 72 |
| | Details of any restrictions agreed by the persons referred to in item 14.1 on the disposal within a certain period of time of their holdings in the issuer's securities | 7.2.1.9 Lock-up commitment | 210 |
| **15** | **Remuneration and benefits of the persons referred to in item 14.1** | | |
| 15.1 | Remuneration paid and benefits in kind granted to such persons by the issuer and its subsidiaries | 5.4.1 Executive directors' compensation | 87 |
| 15.2 | Total amounts set aside or accrued to provide pension, retirement or similar benefits | 5.4.1 Executive directors' compensation | 87 |
| **16** | **Board practices** | **5.1.2 Practices of the administrative and management bodies** | **79** |
| 16.1 | Date of expiration of the current term of office of the members of the administrative, management or supervisory bodies | 5.1.1.1 Membership of the Board of Directors | 72 |
| 16.2 | Members of the administrative, management or supervisory bodies' service contracts | 5.1.1.1 Membership of the Board of Directors | 72 |
| 16.3 | Information about the issuer's Audit Committee and Remuneration Committee | 5.1.2 Practices of the administrative and management bodies | 79 |
| 16.4 | Statement of compliance with the country of incorporation's corporate governance regime | 5.3 Corporate governance | 87 |
| **17** | **Employees** | | |
| 17.1 | Number of employees at the end of the period or the average for each financial year for the period covered by the historical financial information and breakdown | 4.1 Human Resources | 46 |
| 17.2 | Shareholdings and stock options | 5.4.1.2 Directors' and managers' interests | 91 |
| | With respect to each person referred to in item 14.1, information as to their share ownership and any options over such shares in the issuer | 5.1.1.1 Membership of the Board of Directors | 72 |
| 17.3 | Arrangements for involving the employees in the capital of the issuer | 5.4.1.2 Directors' and managers' interests | 91 |

| No. | Key information required under Annex 1 of European Commission Regulation 809/2004 | Registration Document section(s) | Page(s) |
|---|---|---|---|
| **18** | **Major shareholders** | | |
| 18.1 | Name of any person other than a member of the administrative, management or supervisory bodies who, directly or indirectly, has an interest in the issuer's capital or voting rights which is notifiable under the issuer's national law | 7.3.1 Ownership structure | 213 |
| 18.2 | Different voting rights | 7.3.1 Ownership structure | 213 |
| 18.3 | Statement of whether the issuer is directly or indirectly owned or controlled and description of the measures in place to ensure that such control is not abused | Not applicable | |
| 18.4 | Arrangements which may result in a change in control of the issuer | 7.3.1 Ownership structure | 213 |
| 18.5 | Public offer made during the current or previous financial year | 7.2.1.7 Public offer for the Company's shares | 209 |
| 18.6 | Shareholders' pacts | 7.2.1.9 Lock-up commitment | 210 |
| | | 7.3.1 Shareholders' pacts | 213 |
| **19** | **Related party transactions** | **2.1.4 Main related-party transactions** | 30 |
| | | **6.2 Note 32 Related party transactions** | 170 |
| **20** | **Financial information concerning the issuer's assets and liabilities, financial position and profits and losses** | | |
| 20.1 | Historical financial information | 6.2 Consolidated financial statements and notes | 108 |
| 20.3 | Own and consolidated annual financial statements | 6.2 Pro forma and consolidated financial statements and notes | 108 |
| | | 6.4 Parent company financial statements and notes | 174 |
| 20.4 | Auditing of historical annual financial information | 6.1 Auditors' report on the consolidated financial statements | 106 |
| *20.4.1* | *Statement that the historical financial information has been audited* | 6.1 Auditors' report on the consolidated financial statements | 106 |
| *20.4.2* | *Other information in the Registration Document which has been audited by the Auditors* | 6.3 Auditors' report on the financial statements | 173 |
| *20.4.3* | *Where financial data in the Registration Document is not extracted from the issuer's audited financial statements, statement of the source of the data and statement that the data is unaudited* | Not applicable | |
| 20.5 | Age of latest financial information | 6.2 Note 1 Basis of preparation of financial statements | 121 |
| 20.6 | Interim and other financial information | Not applicable | |
| 20.7 | Dividend policy | 7.3.2 Dividends | 216 |
| *20.7.1* | *Dividend per share* | 7.3.2 Dividends | 216 |
| 20.8 | Legal and arbitration proceedings | 3.6. Legal and arbitration proceedings | 42 |
| 20.9 | Significant change in the issuer's financial or trading position | 2.1.6 Subsequent events | 30 |

| No. | Key information required under Annex 1 of European Commission Regulation 809/2004 | Registration Document section(s) | Page(s) |
|---|---|---|---|
| **21** | **Additional information** | | |
| 21.1 | Share capital | 7.2 Information about the Company's shares | 207 |
| *21.1.1* | *The amount of issued capital, the number of shares, the par value per share, and reconciliation of the number of shares outstanding at the beginning and end of the year* | 7.2.1.1 Type, class and listing – ISIN code<br>7.2.6. Changes in capital | 207<br>213 |
| *21.1.2* | *Shares not representing capital* | 7.2.5 Shares not representing capital | 213 |
| *21.1.3* | *Number, book value and face value of shares in the issuer held by the issuer itself or by subsidiaries of the issuer* | 7.3.1 Ownership structure | 213 |
| *21.1.4* | *Convertible securities, exchangeable securities or securities with warrants* | Not applicable | |
| *21.1.5* | *Information about and terms of any acquisition rights and or obligations over authorized but unissued capital or an undertaking to increase the capital* | Not applicable | |
| *21.1.6* | *Information about any capital of any member of the Group which is under option or agreed to be put under option* | Not applicable | |
| *21.1.7* | *History of share capital, highlighting information about any changes, for the period covered by the historical financial information* | 7.2.6. Changes in capital | 213 |
| 21.2 | Memorandum and articles of association | 5.1.2 Practices of the administrative and management bodies<br>5.2 Shareholders Meetings | 79<br>86 |
| *21.2.1* | *Corporate purpose* | 7.1.5 Corporate purpose | 206 |
| *21.2.2* | *Summary of provisions of the issuer's articles of association with respect to the members of the administrative, management and supervisory bodies* | 5.1.2 Practices of the administrative and management bodies | 79 |
| *21.2.3* | *Rights, preferences and restrictions attaching to each class of the existing shares* | 7.2.1 Description of the Company's shares | 207 |
| *21.2.4* | *Description of what action is necessary to change the rights of holders of the shares* | 5.2.2 Conduct of Shareholders Meetings (Article 24 of the bylaws) | 86 |
| *21.2.5* | *Description of the conditions governing the manner in which Annual General Meetings and Extraordinary General Meetings of shareholders are called* | 5.2.1 Notice of meeting (Article 23 of the bylaws) | 86 |
| *21.2.6* | *Description of any provision of the issuer's articles of association that would have an effect of delaying, deferring or preventing a change in control of the issuer* | Not applicable | |
| *21.2.7* | *Indication of the articles of association, if any, governing the ownership threshold above which shareholder ownership must be disclosed* | 7.2.1.4 Rights attached to the Company's shares | 207 |
| *21.2.8* | *Conditions imposed by the memorandum and articles of association governing changes in the capital, where such conditions are more stringent than is required by law* | Not applicable | |
| **22** | **Material contracts** | 2.1.1.6 Material contracts | 30 |
| **23** | **Third party information and statement by experts and declarations of any interests** | 9.5. Third party information | 244 |
| **24** | **Documents on display** | 9.1 Investor relations and documents available to the public | 242 |
| **25** | **Information on holdings** | | |
| | Information relating to the undertakings in which the issuer holds a proportion of the capital likely to have a significant effect on the assessment of its own assets and liabilities, financial position or profits and losses | 9.4 Information on holdings | 244 |

# 9.9 CROSS-REFERENCE TABLE WITH THE ANNUAL FINANCIAL REPORT

The 2011 Registration Document contains all of the information required to be included in the Annual Financial Report governed by Article L.451-1-2 of the French Monetary and Financial Code. To make this information easier to find, the following cross-reference table lists it by main topic.

| No. | Key information required under Annex 1 of European Commission Regulation 809/2004 | Page(s) |
|---|---|---|
| **1** | **Parent company financial statements** | 174 |
| **2** | **Consolidated financial statements** | 108 |
| **3** | **Management report (within the meaning of the Monetary and Financial Code)** | |
| 3.1 | Information provided in compliance with Article L.225-100 of the Commercial Code | |
| | Revenue analysis | 23 |
| | Earnings analysis | 23 |
| | Balance sheet analysis | 27 |
| | Key Human Resources and environmental indicators | 45 |
| | Main risks and uncertainties | 30 |
| 3.2 | Information provided in compliance with Article L.225-100-3 of the Commercial Code | |
| | Items that could have an impact in the event of a public tender offer for the Company's shares | 209 |
| 3.3 | Information provided in compliance with Article L.225-211 of the Commercial Code | |
| | Share buyback | 211 |
| **4** | **Statement by the persons responsible for the Annual Financial Report** | 243 |
| **5** | **Auditors' report s on the parent company and consolidated financial statements** | 106; 173 |
| **6** | **Auditors' fees** | 244 |
| **7** | **Report of the Chairman on internal control** | 94 |
| **8** | **Auditors' report on the report of the Chairman on internal control** | 104 |

# 9.10 CROSS-REFERENCE TABLE WITH THE NRE ACT (DECREE NO. 2002-221 OF FEBRUARY 20, 2002), ARTICLE R.225-104 OF THE COMMERCIAL CODE AND THE INFORMATION IN THE REGISTRATION DOCUMENT

NRE Act no. 2002-221 of February 20, 2002

| | Human Resources | Registration Document disclosures | Page(s) |
|---|---|---|---|
| 1a | Total headcount, number of people hired on fixed term versus permanent contracts, analysis of any hiring difficulties, redundancies and their cause, overtime and use of external employees | 4.1.1 Human Resources in figures<br>4.1.3.1 Employment and training<br>4.1.3.6 Social dialogue | 46<br>50<br>57 |
| 1b. | Information concerning redundancy plans, initiatives to offer other jobs internally, outplacement opportunities and job search assistance | 4.1.3.6 Social dialogue (Collective agreements)<br>4.1.3.1 Employment and training | 57<br>50 |
| 2. | Organization of working hours, the number of hours worked by full-time and part-time employees, absenteeism and its causes | 4.1.1 Human Resources in key figures<br>4.1.3.4 Workplace well-being (Health)<br>4.1.3.6 Social dialogue – A commitment to creating and nurturing employee representative organizations (Working hours)<br>4.1.3.6 Social dialogue | 46<br>54<br>57<br>57 |
| 3. | Employee compensation and raises, payroll taxes, application of the provisions of title IV of book IV of the Labor Code, gender equality in the workplace | 4.1.3.5 Compensation and benefits | 56 |
| 4. | Employee relations and collective agreements | 4.1.3.6 Social dialogue – A commitment to creating and nurturing employee representative organizations (Collective agreements) | 57 |
| 5. | Health and safety conditions | 4.1.3.6 Social dialogue – A commitment to creating and nurturing employee representative organizations and 4.1.4 Summary tables of employee data - France (number of meetings of Health, Safety and Working Conditions Committees) | 57 and 60 |
| 6. | Training | 4.1.3.2 Training and skills development | 52 |
| 7. | Employment and hiring of people with disabilities | 4.1.3.7 Diversity (Integrating people with disabilities) | 58 |
| 8. | Corporate philanthropy and community outreach | 4.1.3.6 Social dialogue | 57 |
| 9. | Reliance on subcontracting | 4.1.3.8 Outside contractors | 59 |

| | The environment | Registration Document disclosures | Page(s) |
|---|---|---|---|
| 1. | Consumption of water, raw materials and energy, including any measures taken to improve energy efficiency and the use of renewable resources, land use conditions, atmospheric emissions and discharges into water and soil that seriously affect the environment (a list of which shall be determined by order of the ministers responsible for the environment and industry), noise and odor pollution and waste | 4.2.3.1 Environmental report | 65 |
| 2. | Measures taken to limit impacts on the biological balance, natural habitats and endangered animal and plant species | 4.2.3 Environment | 65 |
| | | 4.2.3.5 Raising employee awareness | 67 |
| | | 4.2.3.6 Dialogue with stakeholders | 68 |
| 3. | Environmental assessment or certification programs | 4.2.3.4 Environmental certification | 67 |
| 4. | Any measures taken to ensure the organization's compliance with applicable legislation | 4.2.3 Environment | 65 |
| 5. | Expenditure incurred to forestall the environmental consequences of the company's operations | 4.2.3.7 Environmental expenditure | 68 |
| 6. | The existence within the company of internal environmental management units, related employee training and information, the resources devoted to reducing environmental risks and the organization set up to respond to accidental pollution emergencies having consequences beyond the company and its entities | 4.2.3 Environment | 65 |
| | | 4.2.1 The Corporate Social Responsibility policy | 61 |
| 7. | The amount of provisions and guarantees set aside for environmental risks, unless such disclosures are likely to cause serious harm to the company's interests in any pending litigation | 4.2.3.8 Provisions and guarantees for environmental risks | 68 |
| 8. | The amount of compensation paid during the year in execution of any court rulings on environmental matters and action taken to repair any environmental damages | 4.2.3.9 Penalties paid following a court ruling on environmental claims | 68 |
| 9. | Detailed information about the objectives that the company sets for its foreign subsidiaries in relation to points 1 to 6 above. | 4.2.3.10 Objectives assigned to foreign subsidiaries | 68 |
| 10. | Corporate philanthropy and community outreach | 4.2.4 A responsible corporate citizen | 69 |

# 9.11 GLOSSARY

| Term | Definition |
|---|---|
| **Acceptance network** | Network of affiliated merchants that accepts the Group's vouchers as a payment instrument. There are three types of acceptance networks: filtered, open and closed.<br>There are three main types of acceptance networks for the Group's card-based products:<br>• Closed loop: the card is issued by an affiliated merchant under its own brand (e.g. Carrefour, Wal-mart, Starbucks) and is only accepted in its outlets.<br>• Filtered loop: the card is issued only under the issuer's brand and is redeemable in a certain number of sales outlets, selected by the issuer who designed the prepaid service (meal card, food card, gasoline card, gift card, etc.).<br>• Open loop: products (for example, gift cards, prepaid cards and UUB cards) are cobranded by the acceptance network and the issuer. They are accepted anywhere. |
| **Affiliated merchant** | Merchant that accepts the Group's vouchers as a payment instrument in accordance with the terms of a contract signed with Edenred. |
| **Beneficiary** | End users of the prepaid benefit or service, who receive the vouchers from their employer or a public institution. |
| **Client commission** | Commission billed to Edenred's clients (companies, non-profits and public institutions), comprising a variable component calculated as a percentage of issue volume. |
| **Face value (specific to employee benefits)** | Amount of the payment voucher, determined at the employer's discretion but influenced by government limits on the employer's financial contribution in order to be eligible for payroll or income tax exemption. |
| **Float** | Net working capital requirement – which is structurally negative – breaking down as follows:<br>• Inventories (net)<br>• Trade receivables (net)<br>• Other receivables (net)<br>**Working capital items – assets**<br>• Trade payables<br>• Other payables<br>• Vouchers in circulation<br>**Working capital items – liabilities**<br>**Float (net working capital)** |
| **Funds from operations** | Funds from operations before non-recurring items corresponds to EBITDA less net financial expense, income tax expense, non-cash revenue and expenses included in EBITDA, provision movements included in net financial expense, income tax expense and non-recurring taxes. |
| **Like-for-like** | At constant exchange rates and scope of consolidation. |
| **Merchant commission** | Commission paid by affiliated merchants to Edenred based on the vouchers' face value (when the vouchers are presented for reimbursement, Edenred pays to the merchant the face value less the amount of its commission). |
| **Normalized growth** | Objective that the Group considers to be attainable in a context in which unemployment does not rise. |
| **Operating flow-through ratio** | Ratio between the like-for-like change in operating EBIT and the like-for-like change in operating revenue. |
| **Penetration rate** | The penetration rate *is* defined as the ratio between the number of beneficiaries of a service voucher and the eligible active population, which depends on the applicable regulations in the country concerned. |
| **Unlevered free cash flow** | Unlevered free cash flow is an indicator of the Company's cash-generating capacity. |

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Designed & published by Labrador +33 (0)1 53 06 30 80

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