



FORM 10-K

ARAMARK CORP/DE – RMK

Filed: December 19, 2003 (period: October 03, 2003)

Annual report which provides a comprehensive overview of the company for the past year

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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

☒ Annual report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the fiscal year ended October 3, 2003 or

☐ Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the transition period from _____ to _____

Commission file number: 001-16807

ARAMARK CORPORATION

(Exact name of registrant as specified in its charter)

Delaware
(State of Incorporation)

23-3086414
(I.R.S. Employer Identification No.)

ARAMARK Tower
1101 Market Street
Philadelphia, Pennsylvania 19107
(Address of principal executive offices)

Telephone Number: 215-238-3000

Securities registered pursuant to Section 12(b) of the Act:

Class B Common Stock, \$0.01 par value

Securities registered pursuant to Section 12(g) of the Act:

Class A Common Stock, \$0.01 par value

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☒

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Act). Yes ☒ No ☐

Aggregate market value of the voting stock held by nonaffiliates at March 28, 2003: \$3.4 billion

Common stock outstanding at October 31, 2003:

Class A Common Stock	85,844,515 shares
Class B Common Stock	98,429,325 shares

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's Proxy Statement for the 2004 annual meeting of stockholders are incorporated by reference in Part III of this Annual Report.

PART I

Item 1.

BUSINESS

Overview

ARAMARK Corporation (“ARAMARK,” the “Company,” “we” or “us”) is a leading provider of a broad range of outsourced services to business, educational, healthcare and governmental institutions and sports, entertainment and recreational facilities. We have leadership positions in food and support services and uniform and career apparel services. Our strong presence in food service allows us to serve clients in many of the key industrial countries, which continue to experience substantial growth in the outsourcing services we provide. We plan to continue our growth by capitalizing on this worldwide outsourcing trend by providing our clients with innovative and high quality services and by pursuing acquisitions.

Our objective is to be a world leader in managed services by exceeding our customers’ expectations, continuing to grow our business and providing an environment where exceptional people want to work. In the United States, we are one of the largest food service companies, and in most of the other countries in which we operate, we are among the top three. Our uniform and career apparel business is the second largest in the United States and provides both rental and direct marketing services. Due to our geographic presence and our approximately 200,000 employees, we serve millions of clients and customers in 18 countries around the world. In this Annual Report, when we refer to our fiscal years, we say “fiscal” and the year number, as in “fiscal 2003,” which refers to our fiscal year ended October 3, 2003.

Segment information is incorporated by reference to footnote 12 of our consolidated financial statements.

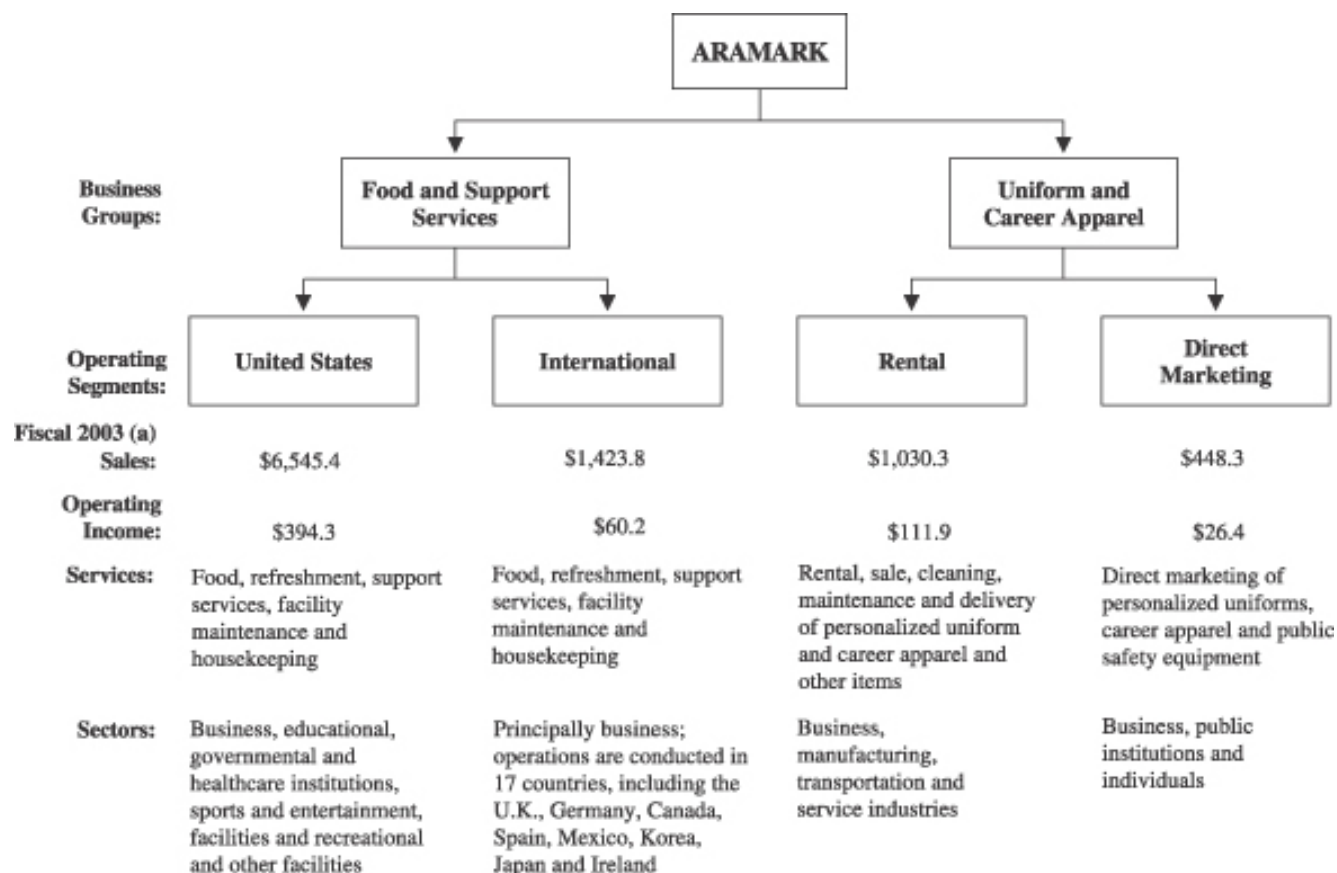
Fiscal 2003 Acquisitions and Divestiture

On September 30, 2002, the Company completed the acquisition of the Clinical Technology Services business from Premier, Inc. for approximately \$100 million in cash.

In December 2002, we acquired certain assets of Fine Host Corporation (“Fine Host”), a food service management company, for approximately \$95 million, of which \$30 million represents a holdback which is scheduled to be paid over time, subject to satisfaction of any claims which may be made by us against the holdback pursuant to the terms of the acquisition agreement and the assignment of certain client contracts. See “Legal Proceedings.”

On May 9, 2003, we completed the sale of our childcare segment, ARAMARK Educational Resources, for approximately \$250 million in cash (See Note 2 to the consolidated financial statements).

The following diagram provides a brief overview of our business:



(a) Dollars in millions, Operating income excludes \$30.1 million of corporate expenses and \$10.7 million of other expense.

History

Our business traces its history back to the 1930s, when we began providing vending services to plant employees in the aviation industry in Southern California. In 1959, our founders, Davre J. Davidson and William S. Fishman, combined their two businesses to form our predecessor company, which became publicly traded in 1960. In the ensuing years, we broadened our service offerings and expanded our client base, while retaining our entrepreneurial character. These increased service offerings included our uniform services business, acquired in 1977. In 1984, we completed a management buyout, and from 1984, our management and employees increased their ownership of the Company and, directly and through our employee benefit plans, owned approximately 90% of our equity capital until our public offering was completed in December 2001.

Food and Support Services

Our food and support services group manages a growing number of interrelated services—including food, refreshment, facility and other support services—for businesses, healthcare facilities, school districts, colleges and universities, conference and convention centers, national and state parks, sports, entertainment and recreational venues and correctional institutions. In fiscal 2003, our Food and Support Services—United States segment generated \$6.5 billion in sales, or 69% of our total sales. In fiscal 2003, our Food and Support Services—International segment generated \$1.4 billion in sales or 15% of our total sales. Serving thousands of client locations, we believe we are a leader in size, capability, quality and innovation in the contract food and support services industry.

We are the exclusive provider of food and beverage management services at most of the facilities we serve and are responsible for hiring, training and supervising substantially all of the food service personnel in addition to ordering, receiving, preparing and serving food and beverage items sold at those facilities. In governmental, business, educational and healthcare facilities (for example, offices and industrial plants, schools and universities and hospitals), our client generally provides us access to customers, namely their employees, students and patients. At sports, entertainment and recreational facilities, which include convention centers, our clients are responsible for attracting patrons, generally on an event-specific basis. We focus on new business development, client retention and sales growth at existing locations through marketing efforts directed toward customers and potential customers at the client locations we serve.

Industry Overview

The food and support service industry consists of the supply of food and beverage services and facilities services management to a range of clients, including businesses, educational, governmental, correctional and healthcare institutions, and operators of sports, entertainment and recreational facilities in a variety of formats, service levels and price points.

Although the markets in which we operate are highly fragmented, in recent years the contract food service industry has experienced consolidation and multi-national expansion. We believe that other recent marketplace dynamics in the food and support services industry include:

- continued growth in the outsourcing of food service and facilities management as a result of:
 - clients focusing on their core competencies and outsourcing their non-core activities and services;
 - clients addressing the need to satisfy demanding customers; and
 - clients facing increasing cost pressures and looking for cost-effective alternatives to self-administered food and support activities;
- an increase in the retail orientation of food service management due to the proliferation of alternative retail outlets, including quick serve restaurants; and
- continuing client interest in obtaining food and facilities support management services from one supplier.

Customers and Services—United States Segment

Our Food and Support Services—United States segment serves a number of customer sectors, distinguished by the types of customers they serve and types of services they offer. No individual client represents more than 2% of our sales, other than, collectively, a number of U.S. government agencies.

Business. We satisfy the business dining needs of several million people annually, delivering customized solutions to clients in business and industry. We provide a range of services, which includes on-site restaurants, catering, convenience stores, executive dining rooms and conference center management. In addition, we provide certain of our food service clients with facilities management services.

We provide vending and coffee services to business and industry clients at thousands of locations in the United States. Our service and product offerings include gourmet coffee and beverage offerings, “grab and go” food operations, convenience stores, home meal replacement programs and a proprietary drinking water filtration system.

Sports & Entertainment. We provide concessions, banquet and catering services, retail, merchandise and novelty sales, and recreational and lodging services to millions of people annually at approximately 232 sports, entertainment and recreational facilities. We serve 40 professional sports arenas, ballparks and stadiums, 46 convention and civic centers, 15 national and state parks, plus numerous concert venues, entertainment complexes, resorts and other popular tourist attractions across the United States. We are the leading provider to major league sports, serving 48 teams in Major League Baseball, the National Basketball Association, the National Football League and the National Hockey League. We have provided services at many of the highest visibility sporting events in the United States, including the World Series, the Major League Baseball All-Star Game, the Stanley Cup Finals, the NBA All-Star Game and the NBA Championship Series. We also provide services at highly visible special events, including serving food to the athletes at ten Olympic Games since 1968, including most recently in Sydney, Australia. We, along with our joint venture partner, will provide food service to the athletes at the 2004 Olympic Games in Athens, Greece.

We own 50% of SMG, a leader in providing outsourced management of public assembly facilities including arenas, stadiums and theaters, as well as convention centers. SMG offers services such as event booking and management, cash management, maintenance services and risk management while seeking to maximize the number of events and attendance at such facilities. The facilities managed by SMG include facilities throughout the United States as well as facilities in Europe, the United Kingdom and Canada.

Education. We provide food services to over 400 colleges, universities and preparatory schools, serving over 200 million meals annually to students, faculty and visitors. We also offer convenience-oriented retail operations, including gourmet coffee outlets and other facilities offering traditional convenience store items, health and beauty items, snacks and beverages. We believe campus administrators increasingly recognize students as paying customers with sophisticated tastes and preferences who demand greater quality, more menu choices and greater flexibility. Based on these trends, we seek to create an appealing, healthy and attractive dining experience that is designed to enhance the school's reputation while integrating our services into the school's structure and campus life.

We also provide food services to more than 400 school systems and districts. Our services are designed to increase student participation in school lunch programs, while providing improved service at lower cost. Our One World CaféSM brand offers student-friendly merchandising, branded concepts and promotional programs. We believe this is an underpenetrated market and that a large number of school districts do not currently outsource their food service.

Healthcare. We are a leader in providing innovative non-clinical support services solutions to hospitals, long-term care facilities and regional healthcare systems.

Correctional. We provide correctional food services to state, county and municipal clients at more than 450 correctional facilities in 42 states and serve over 300,000 inmates. Public demand for increased public sector cost efficiency is prompting a number of correctional facilities to outsource many of their needs. The size of inmate populations, the number of correctional facilities in the United States and the low outsourcing penetration rates have made this segment one of the fastest growing of the outsourced food service industry. In addition, we believe this is an underpenetrated sector as only a few states currently outsource their statewide correctional systems' food services.

Facility Services. We provide a variety of facility management services to healthcare, education and business and industry clients. These services are provided nationwide and include the management of housekeeping, plant operations and maintenance, laundry and linen, groundskeeping, landscaping, clinical equipment maintenance, capital program management and commissioning services and other facility consulting services relating to building operations. We serve approximately 750 clients in the healthcare sector, approximately 400 educational clients and approximately 500 business and industry clients.

Customers and Services—International Segment

Our Food and Support Services—International segment provides the same range of services provided to our United States clients, but primarily to business and industry clients. In addition, in the international segment, we also provide lodging, food service, commissary and facilities management at remote sites, such as offshore drilling platforms and mining camps. Our international services are provided in 17 countries outside the United States. Our largest international operations are in Canada, the U.K. and Germany, where we are among the three largest food service providers. We also are among the three largest providers in Spain and Mexico. The clients served in each country are typically similar to those served in the United States and vary by country depending upon local market dynamics and conditions. Our sales in this segment were approximately \$1.4 billion in fiscal 2003. There are particular risks attendant with our operations overseas. Please see the “Risk Factors” section.

Purchasing

We negotiate the pricing and other terms for the majority of our domestic purchases of food and related products directly with national manufacturers. We purchase these products and other items through SYSCO Corporation and other distributors. We have a national master distribution agreement with SYSCO that covers our purchase of these products and items. SYSCO and other distributors are responsible for tracking our orders and delivering products to our specific locations. These relationships provide our location managers with the ability to order high quality food and non-food products at competitive prices while relieving our managers of many of the details of purchasing and distribution activities. Due to our purchasing power, we receive volume discounts, rebates, allowances and other vendor consideration. With respect to purchases from SYSCO, these discounts include discounts on SYSCO-branded products. Our location managers also purchase a number of items, including bread, dairy products and alcoholic beverages from local suppliers, and we purchase certain items directly from manufacturers.

Our agreements with our distributors are generally for an indefinite term, subject to termination by either party after a notice period, which is generally 120 days. The pricing and other financial terms of these agreements are renegotiated periodically. We have had distribution agreements with SYSCO for more than 15 years. Our current agreement with SYSCO is terminable by either party with 120 days notice.

Our relationship with SYSCO is important to our operations. In fiscal 2003, SYSCO distributed approximately 44% of our consolidated food and non-food products, and we believe that we are one of SYSCO's largest customers. However, we believe that the products acquired through SYSCO can, in all significant cases, be purchased through other sources and that termination of our relationship with SYSCO or any disruption of SYSCO's business would cause only short-term disruptions to our operations.

Sales and Marketing

We maintain sales personnel focused on each specific client or service sector that are responsible for: identifying and pursuing potential new business opportunities, analyzing and evaluating such opportunities together with our operational and financial management and developing specific contract proposals. In addition to these professionals dedicated exclusively to sales efforts, our food and support field management shares responsibility for identifying and pursuing new sales opportunities, both with the clients for which they are directly responsible and for potential clients in their geographic area of responsibility. In addition, in several sectors we also have dedicated client retention teams.

Our marketing efforts are directed primarily toward increasing our business with existing clients, as well as obtaining business from new clients. We regularly develop and offer innovations in products and services for our clients that allow us to grow sales at existing locations while enhancing value to those clients and their customers or employees by tailoring new offerings to their needs.

Types of Contracts

We use two general contract types in our food and support services segments: profit and loss contracts and client interest contracts. These contracts differ in their provision for the amount of financial risk that we bear and, accordingly, the potential compensation, profits or fees we may receive. Commission rates and management fees, if any, may vary significantly among contracts based upon various factors, including the type of facility involved, the term of the contract, the services we provide and the amount of capital we invest.

Profit and Loss Contracts. Under profit and loss contracts, we receive all of the revenue from, and bear all of the expenses of, the provision of our services at a client location. Expenses under profit and loss contracts sometimes include commissions paid to the client, typically calculated as a fixed or variable percentage of various categories of sales, and, in some cases, require minimum guaranteed commissions. While we may benefit from greater upside potential with a profit and loss contract, we are responsible for all the operating costs and consequently bear greater downside risk than with a client interest contract. For fiscal 2003, approximately 67% of our food and support services sales were derived from profit and loss contracts.

Client Interest Contracts. Client interest contracts include management fee contracts, under which our clients reimburse our operating costs and pay us a management fee, which may be calculated as a fixed dollar amount or a percentage of our sales or operating costs. Some management fee contracts entitle us to receive incentive fees based upon our performance under the contract, as measured by factors such as sales, operating costs and customer satisfaction surveys. Client interest contracts also include limited profit and loss contracts, under which we receive a percentage of any profits earned from the provision of our services at the facility and we generally receive no payments if there are losses. For our client interest contracts, both our upside potential and downside risk are reduced compared to our profit and loss contracts. For fiscal 2003, approximately 33% of our food and support services revenues were derived from client interest contracts.

Generally, our contracts require that the client's consent be obtained in order to raise prices on the food, beverages and merchandise we sell within a particular facility. More than half of the sales from our business service clients are derived from contracts in which the clients partially or fully subsidize our food service operations for the benefit of their employees.

The length of contracts that we enter into with clients varies. Business, campus and healthcare support services are generally provided under contracts of indefinite duration, which may be subject to termination on short notice by either party without cause. Contracts in other businesses generally are for fixed terms, some of which may be well in excess of one year. Client contracts for sports, entertainment and recreational services typically require capital investments, but have correspondingly longer and fixed terms, usually from five to fifteen years.

When we enter into new contracts, or extend or renew existing contracts, particularly those for stadiums, arenas, convention centers and other sports, entertainment and recreational facilities, we are sometimes contractually required to make some form of up-front or future capital investment to help finance facility improvement construction or renovation. Contractually required capital expenditures typically take the form of investment in leasehold improvements, food service equipment and/or grants to clients. At the end of the contract term or its earlier termination, assets such as equipment and leasehold improvements typically become the property of the client, but generally the client must reimburse us for any undepreciated or unamortized capital expenditures.

Contracts within the food and support services group are generally obtained and renewed either through a competitive process or on a negotiated basis, although contracts in the public sector are frequently awarded on a competitive bid basis, as required by applicable law. Contracts for food services with school districts and correctional clients are typically awarded through a formal bid process. Contracts in the private sector may be

entered into on a less formal basis, but we and other companies will often compete in the process leading up to the award or the completion of contract negotiations. Typically, after the award, final contract terms are negotiated and agreed upon.

Competition

There is significant competition in the food and support services business from local, regional, national and international companies, as well as from businesses, healthcare institutions, colleges and universities, correctional facilities, school districts and public assembly facilities. Institutions may decide to operate their own services following the expiration or termination of contracts with us or with our competitors. In our U.S. Food and Support Services business, our major external competitors include other multi-regional food service providers, such as Compass Group plc, Delaware North Companies Inc., Sodexo Alliance SA and Volume Services America, Inc. Internationally, our major external food service and support service competitors in the outsourced market include Compass Group plc, Elior SA, International Service System A/S, Pedus Service and Sodexo Alliance SA. We also face competition from many regional and local service providers.

While the markets in which we operate continue to be highly fragmented, in recent years the contract food service industry has experienced consolidation and multi-national expansion.

We believe that the principal competitive factors in our business include:

- quality and breadth of services and management talent;
- service innovation;
- reputation within the industry;
- pricing; and
- financial strength and stability.

Seasonality

Our sales and operating results have varied, and are expected to continue to vary, from quarter to quarter as a result of different factors. Within our United States Food and Support Services segment, historically there has been a lower level of activity during the first and second fiscal quarters in the generally higher margin sports, entertainment and recreational services. This lower level of activity historically has been partially offset during our first and second fiscal quarters by the increased provision of campus and school support services. Conversely, historically there has been a significant increase in the provision of sports, entertainment and recreational services during the third and fourth fiscal quarters, which is partially offset by the effect of summer recess at colleges, universities and schools.

Uniform and Career Apparel

Overview

Our Uniform and Career Apparel Group provides uniforms, career and image apparel, equipment, work clothes and accessories to meet the needs of clients in a wide range of industries in the United States, including manufacturing, transportation, construction, restaurants and hotels, public safety and healthcare industries and many others. We supply garments, other textile and paper products, public safety equipment and other accessories through rental and direct purchase programs to businesses, government agencies and individuals.

Customers use our uniforms to meet a variety of needs, including:

- establishing corporate identity and brand awareness—uniforms can help identify employees working for a particular company or department and promote a company's brand identity. Uniformed employees are perceived as trained, competent and dependable, and uniforms provide a professional image of employees by enhancing the public appearance of those employees and their company;
- protecting workers—uniforms can help protect workers from difficult environments such as heavy soils, heat, flame or chemicals;
- protecting products—uniforms can help protect products against contamination in the food, pharmaceutical, electronics and health care industries; and
- retaining employees—uniforms can enhance worker morale and help promote teamwork.

Uniform and Career Apparel—Rental Segment

Our Uniform and Career Apparel—Rental segment provides a full service employee uniform solution, including design, sourcing and manufacturing, delivery, cleaning and maintenance. We rent or lease uniforms, career and image apparel, work clothing, outerwear, particulate-free garments and additional textile and related products to businesses in a wide range of industries throughout the United States. Our uniform products include shirts, pants, jackets, coveralls, jumpsuits, smocks, aprons and specialized protective wear. We also offer non-garment items and related services, including industrial towels, floor mats, mops, linen products, as well as paper products and safety products. Our uniform business is the second largest in the United States, generating \$1.0 billion in sales, or 11% of our total fiscal 2003 sales.

The outsourcing of career apparel needs through a uniform rental program offers customers advantages over ownership. Renting eliminates investment in uniforms and the related costs associated with employee turnover, offers flexibility in styles, colors and quantities as customer requirements change, assures consistent professional cleaning, finishing, repair and replacement of items in use and decreases expense and management time necessary to administer a uniform program. Centralized services, specialized equipment and economies of scale generally allow us to be more cost effective in providing garments and garment services than customers could be by themselves.

Customers and Services

Our Uniform and Career Apparel—Rental segment serves businesses of all sizes in many different industries. We have a diverse customer base, serving more than 400,000 customer accounts in 43 states from over 200 service location and distribution centers nationwide. We offer a range of garment rental service options, from full-service rental programs in which we clean and service garments and replace uniforms as needed, to lease programs in which garments are cleaned and maintained by individual employees. We also clean and service customer-owned uniforms.

As part of our full service rental business, we design and choose fabrics, styles and colors specific to a customer's needs. We stock a broad product line of uniforms and career apparel. We typically visit our customers' sites weekly, delivering clean, finished uniforms and, at the same time, removing the soiled uniforms or other items for cleaning, repair or replacement as necessary. Under our leasing program, we provide the customer with rental garments which are cleaned either by the customer or individual employees. This program is ideal for customers operating in low soil environments. This program also benefits clients by reducing their capital investment in garments. We administer and manage the program, and repair and replace garments as necessary.

Our cleanroom service offers advanced static dissipative garments, barrier apparel, sterile garments and cleanroom application accessories for customers with contamination-free operations in the technology, food, healthcare and pharmaceutical industries. We provide reusable and disposable garment programs and have ISO-9001-2000 certification in all of our cleanrooms.

Operations

We operate our uniform rental business as a hub-and-spoke network of plants and depots in strategic locations. This network is comprised of 75 laundry plants and 144 satellite plants and depots supporting approximately 2,700 pick-up and delivery routes. We operate a fleet of approximately 3,500 service vehicles that pick up and deliver uniforms for cleaning and maintenance.

We operate a fabric cutting facility in Georgia and sewing plants in Mexico, which satisfy a substantial amount of our standard uniform inventory needs. We also purchase additional uniform and textile products as well as equipment and supplies from several domestic suppliers and, to a limited extent, from non-domestic suppliers. The loss of any one vendor would not have a significant impact on us.

Sales and Marketing

We employ trained sales representatives whose sole function is to sell our services to potential customers and develop new accounts through the use of an extensive, proprietary database of pre-screened and qualified business prospects. Our customer service representatives and district managers are active salespeople as well. We build our brand identity through local advertising, promotional initiatives and through our distinctive service vehicles. Our customers frequently come to us through client referrals, either from our uniform rental business or from our other service sectors. Our customer service representatives generally interact on a weekly basis with their clients, while our support personnel are charged with expeditiously handling customer requirements regarding the outfitting of new customer employees and other customer service needs.

In connection with the provision of our services, we have developed or acquired long-standing brand name recognition through our ApparelOne[®], WearGuard[®] and Crest[®] uniform programs. Our ApparelOne program assists customers in meeting their specific needs by offering quality and brand name products through a combination of rental, lease or purchase options. We customize the program on an individual client basis to offer a single catalog and/or website specifically tailored to the client's needs.

Types of Contracts

We typically serve our rental customers under written service contracts for an initial term of three to five years. While customers are not required to make an up-front investment for their uniforms, in the case of non-standard uniforms and certain specialty products or programs, customers typically agree to reimburse us for our costs if they terminate their agreement before completion of the current service term.

Competition

Although the U.S. rental industry has seen consolidation in the last several years, the rental markets we serve continue to be highly fragmented, and competition varies from location to location. Much of the competition consists of smaller local and regional firms; however, other large competitors include Cintas Corporation, G&K Services, Inc. and Unifirst Corporation. We believe that the primary competitive factors that affect our operations, in order of importance, are quality, service, design consistency of product, garment cost and distribution capability, particularly for large multi-location customers, and price. We believe that our ability to compete effectively is enhanced by the quality and breadth of our product line.

Uniform and Career Apparel—Direct Marketing Segment

Our Uniform and Career Apparel—Direct Marketing segment designs, sells and distributes personalized uniforms, rugged work clothing, outerwear, business casual apparel and footwear, public safety equipment and accessories through mail order catalogs, websites, telemarketing and field sales representatives. In fiscal 2003, this segment generated \$448.3 million in sales, or 5% of our total company sales, substantially all in the United States. Teamed with our rental business, our direct marketing enables us to provide a total uniform solution to our clients.

Customers and Services

WearGuard–Crest. We are a leading national distributor of distinctive image apparel, which includes uniforms and work clothing, to workers in a wide variety of industries including construction, utilities, repair and maintenance services, restaurant and hospitality and healthcare. Through our two operations, we are able to deliver expanded services to customers through catalog, web and telemarketing sectors.

- *WearGuard.* With its recognized brand name, WearGuard is one of America's largest direct mail and telemarketing retailers of work clothes, serving personalized work clothing needs for almost 50 years. WearGuard designs and embroiders personalized uniforms and logos for customers through an extensive computer assisted design center and distributes work clothing, outerwear, business casual apparel and footwear throughout the United States. Our customer service function is further supported by our management information systems, which provide our personnel with access to information on the status of customers' orders, inventory availability and shipping information, as well as information regarding customers' individual employees, including names, sizes, uniform styles and colors.
- *Crest.* Crest is a leading designer and distributor of uniform apparel programs to the restaurant and healthcare industries, and is a leading supplier to the quick service restaurant industry.

Galls. Galls is one of the country's largest suppliers of uniforms and equipment to public safety professionals. This multi channel business (catalog, telemarketing sales, field sales, e-commerce and retail) caters to the special needs of people involved in public safety, law enforcement, fire fighting, federal government agency, military and emergency medical services. Galls markets uniforms, equipment and accessories under the Galls, Dynamed and other brand names to over one million individuals, as well as to public safety departments and private safety agencies. Galls operates four retail store locations and a company warehouse outlet, under the Galls and Long Beach Uniform name.

Operations

We conduct our direct marketing activities principally from our facilities in Norwell, Massachusetts, Salem, Virginia and Lexington, Kentucky. Customer orders are filled by our warehouse personnel and generally shipped directly to customers within one business day. We also conduct our business through four retail stores and a company outlet store. None of our customers represents individually a material portion of our sales. We manufacture a significant portion of our uniform requirements and offer a variety of customized personalization options such as embroidery and logos. We also purchase uniforms and other products from a number of domestic and international suppliers.

Sales and Marketing

Our direct marketing operations distribute approximately 28 million catalogs annually to approximately ten million existing and prospective customers. Catalog distribution is based on the selection of recipients in accordance with predetermined criteria from customer lists developed by WearGuard and Galls as well as those purchased or rented from other organizations. Our in-bound and out-bound telemarketing operations are staffed by approximately 650 trained professionals. We also sell across the Internet at www.aramark-uniform.com, www.wearguard.com and www.galls.com.

Types of Contracts

Because the bulk of our customers purchase on a recurring basis, our backlog of orders at any given time consists principally of orders in the process of being filled. With the exception of certain governmental bid business, most of our direct marketing business is conducted under invoice arrangement with repeat customers.

Competition

The direct sales markets we serve are highly fragmented. We believe that the primary competitive factors that affect our direct marketing operations are quality, service, design consistency of products, distribution and price. While there are other companies in the uniform, work clothing or public safety direct marketing business that have financial resources comparable to ours, much of the competition consists of smaller local and regional companies and numerous retailers, including some large chain apparel retailers, as well as numerous catalog sales sources.

Seasonality

Due to a number of factors, primarily related to the weather in the northern tier of the United States and the Thanksgiving–Christmas holiday period, there historically has been a seasonal increase in the sales of directly marketed work clothing during our first fiscal quarter.

Employees of ARAMARK

As of October 3, 2003, we had a total of approximately 200,000 employees, consisting of approximately 120,000 full-time and approximately 80,000 part-time employees in our four business segments. The number of part-time employees varies significantly from time to time during the year due to seasonal and other operating requirements. We generally experience our highest level of employment during the fourth quarter. The approximate number of employees by segment is as follows: Food and Support Services—United States: 145,000; Food and Support Services—International: 39,800; Uniform and Career Apparel—Rental: 13,000; and Uniform and Career Apparel—Direct Marketing: 2,000. In addition, the ARAMARK corporate staff is approximately 200 employees. Approximately 34,400 employees in the United States are covered by collective bargaining agreements. We have not experienced any material interruptions of operations due to disputes with our employees and consider our relations with our employees to be satisfactory.

Governmental Regulation

We are subject to various governmental regulations, such as environmental, employment and health and safety laws. In addition, our facilities and products are subject to periodic inspection by federal, state, and local authorities. We have established, and periodically update, various internal controls and procedures designed to maintain compliance with these regulations. Our compliance programs are subject to changes in federal or state legislation, or changes in regulatory interpretation, implementation or enforcement. From time to time both federal and state government agencies have conducted audits of our billing practices as part of routine investigations of providers of services under government contracts, or otherwise. Like others in our business, we receive requests for information from governmental agencies in connection with these audits. If we fail to comply with applicable laws, we could be subject to civil remedies, including fines and injunctions, as well as potential criminal sanctions.

Food and Support Services Segments

Our operations are subject to various governmental regulations, such as those governing:

- the service of food and alcoholic beverages;
- minimum wage and employment;
- governmentally funded entitlement programs;
- environmental protection;
- human health and safety; and
- federal motor carrier safety.

While there are a variety of regulations at various governmental levels relating to the handling, preparation and serving of food, including in some cases requirements relating to the temperature of food, the cleanliness of the kitchen, and the hygiene of personnel, these regulations are enforced primarily at the local public health department level. We cannot assure you that we are in full compliance at all times with all of the applicable laws and regulations referenced above. Furthermore, additional or amended regulations in this area may significantly increase the cost of compliance.

In addition, various federal and state agencies impose nutritional guidelines and other requirements on us at certain of the education and corrections facilities we serve. There can be no assurance that federal or state legislation, or changes in regulatory implementation or interpretation of government regulations, would not limit our activities in the future or significantly increase the cost of regulatory compliance.

Since we serve alcoholic beverages at many sports, entertainment and recreational facilities, including convention centers, we also hold liquor licenses incidental to our contract food service business and are subject to the liquor license requirements of the states in which we hold a liquor license. As of October 3, 2003, we and our subsidiaries held liquor licenses in 40 states and the District of Columbia.

Typically, liquor licenses must be renewed annually and may be revoked or suspended for cause at any time. Alcoholic beverage control regulations relate to numerous aspects of our operations, including minimum age of patrons and employees, hours of operation, advertising, wholesale purchasing, inventory control and handling, and storage and dispensing of alcoholic beverages. We have not encountered any material problems relating to alcoholic beverage licenses to date. The failure to receive or retain a liquor license in a particular location could adversely affect our ability to obtain such a license elsewhere. Under most of our contracts, we are liable to our clients for damages resulting from a suspension of our liquor license for the relevant facility. In most instances, the loss of our liquor license at a facility constitutes a default that may result in termination of the contract for the affected facility.

Our service of alcoholic beverages must also comply with applicable state, provincial and local service laws, commonly called dram shop statutes. Dram shop statutes generally prohibit serving alcoholic beverages to minors or visibly intoxicated persons. If we violate dram shop laws, we may be liable to third parties for the acts of the patron. We sponsor regular training programs designed to minimize the likelihood of such a situation, although we cannot guarantee that intoxicated or minor patrons will not be served or that liability for their acts will not be imposed on us.

Uniform and Career Apparel Segments

Our uniform rental segment is subject to various federal, state and local laws and regulations, including the federal Clean Water Act, Clean Air Act, Resource Conservation and Recovery Act, Comprehensive Environmental Response, Compensation, and Liability Act and similar state statutes and regulations. In particular, industrial laundries use and must discharge wastewater containing detergents and other residues from the laundering of garments and other merchandise through publicly operated treatment works or sewer systems and are subject to volume and chemical discharge limits and penalties and fines for non-compliance. We are attentive to the environmental concerns surrounding the disposal of these materials and have through the years taken measures to avoid their improper disposal. In the past, we have settled, or contributed to the settlement of, actions or claims brought against us relating to the disposal of hazardous materials. We may, in the future, be required to expend material amounts to rectify the consequences of any such disposal. Under federal and state environmental laws, we may be liable for the costs of removal or remediation of certain hazardous or toxic substances located on or in or emanating from our owned or leased property, as well as related costs of investigation and property damage. Such laws often impose liability without regard to whether we knew about or were responsible for the presence of such hazardous or toxic substances. We may not know whether acquired or leased locations have been operated in compliance with environmental laws and regulations or that our future uses or conditions will not result in the imposition of liability upon us under such laws or expose us to third party actions such as tort suits.

We do not anticipate any capital expenditures for environmental remediation that would have a material effect on our financial condition, and we are not aware of any material non-compliance by us with environmental laws.

Intellectual Property

We have the patents, trademarks, trade names and licenses that are necessary for the operation of our business as we currently conduct it. Other than the ARAMARK brand, we do not consider our patents, trademarks, trade names and licenses to be material to the operation of our business.

Available Information

We file annual, quarterly and current reports, proxy statements and other information with the Securities and Exchange Commission (the "SEC"). These filings are available to the public over the Internet at the Securities and Exchange Commission's web site at <http://www.sec.gov>. You may also read and copy any document we file at the Securities and Exchange Commission's public reference room at 450 Fifth Street, N.W., Washington, D.C. 20549. Please call the Securities and Exchange Commission at 1-800-SEC-0330 for further information on the public reference room.

Our principal Internet address is www.aramark.com. We make available free of charge on www.aramark.com our annual, quarterly and current reports, and amendments to those reports, as soon as reasonably practicable after we electronically file such material with, or furnish it to, the SEC.

We have adopted a code of ethics for our principal executive officer, our principal financial officer and our principal accounting officer that is embodied in our Business Conduct Policy. Our Business Conduct Policy is available on the Investor Relations section of our website at www.aramark.com and is available in print to any stockholder who requests it by writing or telephoning us at the address or telephone number set forth below. Our Corporate Governance Guidelines and the charters of our Audit and Corporate Practices Committee and Corporate Governance and Human Resources Committee also are available on the Investor Relations section of our website at www.aramark.com and are available in print to any stockholder who requests them.

In addition, you may request a copy of our SEC filings (excluding exhibits) and our Business Conduct Policy, Corporate Governance Guidelines, and charters of the Committees referenced above at no cost by writing or telephoning us at the following address or telephone number:

ARAMARK Corporation
1101 Market Street
Philadelphia, PA 19107
Attention: Investor Relations
Telephone: (215) 238-3361

The references to our web site and the SEC's web site are intended to be inactive textual references only.

Item 2. *Properties*

Our principal executive offices are located at ARAMARK Tower, 1101 Market Street, Philadelphia, Pennsylvania 19107. Our principal real estate is comprised primarily of uniform and career apparel facilities. As of October 3, 2003, we operated approximately 235 service facilities in our uniform and career apparel segments, consisting of industrial laundries, cleanroom laundries, warehouses, distribution centers, satellites, depots and four retail stores, that are located in 40 states. Of these, approximately half are leased and approximately half are owned. We also maintain other real estate and leasehold improvements, which we use in the uniform and career apparel and food and support services segments. No individual parcel of real estate owned or leased is of material significance to our total assets.

Item 3. Legal Proceedings

We are engaged in discussions with the U.S. government towards a civil settlement and resolution of a grand jury investigation in Illinois involving our school support services business. The investigation has been conducted by the United States Attorneys' Offices in the Southern District of Illinois, with assistance from the United States Department of Agriculture's Office of Inspector General. The investigation relates to whether certain pricing practices in connection with the management services provided by us to public school food service programs are consistent with United States Department of Agriculture regulations. A grand jury subpoena was also issued out of the Eastern District of Missouri. The government's investigative activities have been stayed while we negotiate a civil settlement. On October 4, 2000, a civil complaint alleging breach of contract, common law fraud and common law civil conspiracy was filed on behalf of the East St. Louis School District. The suit was dismissed on motion, but then refiled to seek the certification of a class action for restitution to all Illinois school districts served by us of the value of federally donated commodities. On November 20, 2003, a proposed settlement was reached in principle with counsel for the lead plaintiff in this matter. The proposed settlement, which is subject to execution of a written agreement, certification of a class and Court approval, among other things, would contemplate a payment of \$3.1 million (plus legal fees awarded by the Court), which would be fully covered by our existing reserves, to be distributed to Illinois school district class members. We can give no assurance that such settlement will occur upon the terms described, or that if it is not settled, the outcome of any such claim would not have a material adverse effect upon us. We do not know whether any settlement of the civil complaint will have an impact on the government investigation.

Our uniform rental segment is subject to various federal, state and local laws and regulations governing, among other things, the generation, handling, storage, transportation, treatment and disposal of water wastes and other substances. We engage in informal settlement discussions with federal, state and local authorities regarding allegations of violations of environmental laws at operations relating to our uniform rental segment or to businesses conducted by our predecessors, the aggregate amount of which and related remediation costs should not have a material adverse effect on our financial condition or results of operations. In addition, a subsidiary of ARAMARK, as a result of activities of acquired businesses prior to their acquisition by us, was identified as a potentially responsible party, along with numerous other parties, for cleanup of a Superfund site in Monterey Park, California. In June 2002, the subsidiary paid approximately \$1.2 million to fully settle its portion of the matter pursuant to a consent decree entered into with the Environmental Protection Agency, State of California and other potentially responsible parties in September 2001.

In connection with our acquisition of certain assets of Fine Host, we have received and are cooperating with document requests from the U.S. Attorney's Office for the Southern District of New York and the U.S. Department of Agriculture's Office of Inspector General regarding certain billing practices that Fine Host put in place prior to our acquisition of the assets of Fine Host and we are pursuing our indemnification rights under the purchase agreement relating to the issues raised by the government document requests, the costs of responding to such requests and certain other matters.

From time to time, we are a party to various legal actions involving claims incidental to the normal conduct of our business, including actions by clients, customers and employees. Based on information currently available, advice of counsel, available insurance coverage and established reserves, we do not believe that any such actions are likely to be, individually or in the aggregate, material to our business, financial condition, results of operations or cash flows. However, in the event of unexpected further developments, it is possible that the ultimate resolution of these matters, if unfavorable, may be materially adverse to our business, financial condition, results of operations or cash flows.

Item 4. Submission of Matters to a Vote of Security Holders

Not applicable.

Executive Officers of the Company

The following table presents the names and positions of our executive officers, their ages as of October 3, 2003 and the length of time they have been officers:

Name	Age	Position	Officer Since
Joseph Neubauer	61	Chairman and Chief Executive Officer	1979
William Leonard	55	President and Chief Operating Officer	1992
Bart J. Colli	55	Executive Vice President, General Counsel and Secretary	2000
Timothy P. Cost	44	Executive Vice President, Corporate Affairs	2003
Brian G. Mulvaney	47	Executive Vice President, Human Resources	1993
L. Frederick Sutherland	51	Executive Vice President and Chief Financial Officer	1983
John J. Zillmer	48	Executive Vice President	2000
Barbara A. Austell	50	Senior Vice President, Finance and Treasurer	1996
John M. Lafferty	59	Senior Vice President, Controller and Chief Accounting Officer	2000
Christopher S. Holland	37	Vice President and Treasurer	Effective 12/19/03

Joseph Neubauer has been our chief executive officer since February 1983 and our chairman since April 1984. He was our president from February 1983 to May 1997. Effective January 1, 2004, Joseph Neubauer will become our Executive Chairman of the Board.

William Leonard has been our president and chief operating officer since May 1997. He was our executive vice president from May 1992 until May 1997. From May 1993 to May 1997, Mr. Leonard also served as president of our Global Food and Support Services division. He was president of our Uniform Services division from March 1992 to May 1993 and president of ARATEX from 1984 to March 1992. Effective January 1, 2004, William Leonard will become our President and Chief Executive Officer.

Bart J. Colli joined us in February 2000 as general counsel and was elected as our executive vice president and secretary in March 2000. Prior to joining us, he was a partner with McCarter & English LLP since 1985.

Timothy P. Cost joined us in June 2003 and was elected as our executive vice president, Corporate Affairs in August 2003. Prior to joining us, he served as senior vice president of Corporate Affairs at Pharmacia Corporation from March 2002 to June 2003 prior to the company's acquisition by Pfizer, Inc. From 1996 to 2002, he was vice president of Investor Relations and Corporate Intelligence for Bristol Myers Squibb Company.

Brian G. Mulvaney has been our executive vice president of Human Resources since June 2003 and from August 1996 to August 1998. From August 1998 to June 2003, he was our executive vice president of Human Resources and Public Affairs. He was our senior vice president of Human Resources from February 1995 to August 1996 and our vice president of Human Resources from February 1993 to February 1995.

L. Frederick Sutherland became our chief financial officer in May 1997. He has served as our executive vice president since May 1993. From May 1993 to May 1997, he also served as president of our Uniform Services division and from February 1991 to May 1993, he served as our senior vice president of Finance and Corporate Development. Mr. Sutherland served as our treasurer from February 1984 to February 1991.

John J. Zillmer was elected our executive vice president in May 2000. He was president of our Food and Support Services International division from August 1999 to May 2000 and president of our Business Services

division from May 1995 to August 1999. He became president of our Food and Support Services division in May 2000. Mr. Zillmer has indicated he plans to resign from the Company effective at the end of January 2004.

Barbara A. Austell was elected as our senior vice president and treasurer in August 1996. Prior to joining us in July 1996, she was a managing director of J.P. Morgan & Co. Ms. Austell will be resigning as an officer of the Company effective December 19, 2003.

John M. Lafferty joined us and was elected as our senior vice president and appointed controller and chief accounting officer in August 2000. Prior to joining us, he retired as a partner with Arthur Andersen LLP, where he had been a partner since 1977.

Christopher S. Holland joined us in November 2003, and he will become our vice president and treasurer effective December 19, 2003. Prior to joining us, Mr. Holland was vice president, Investment Banking at J.P. Morgan Chase & Co. since 1998.

Our executive officers are elected annually by the board of directors and serve at its discretion or until their successors are duly elected and qualified.

PART II

Item 5. *Market for Registrant's Common Equity and Related Stockholder Matters*

As of October 31, 2003, there were approximately 720 record holders of Class B common stock of the Company. There were approximately 2,900 record holders of the Class A common stock of the Company.

The Company has not paid a cash dividend during the last two fiscal years. On November 11, 2003, the Board of Directors declared a dividend of \$.05 per share on the Company's Class A common stock and Class B common stock, which will be payable to holders of record on November 24, 2003.

The Company's Class B common stock has been listed on the New York Stock Exchange under the symbol "RMK" since it began trading on December 11, 2001. The following table sets forth, on a per share basis for the periods presented, the range of high and low sales prices of the Company's Class B common stock.

<u>Quarter Ended</u>	<u>High Price</u>	<u>Low Price</u>
October 3, 2003	\$ 26.14	\$ 21.75
June 27, 2003	\$ 23.25	\$ 19.70
March 28, 2003	\$ 23.90	\$ 20.57
December 27, 2002	\$ 24.18	\$ 18.39
September 27, 2002	\$ 24.86	\$ 18.50
June 28, 2002	\$ 28.30	\$ 24.00
March 29, 2002	\$ 27.75	\$ 24.70
December 28, 2001	\$ 27.75	\$ 24.90

Item 6.

SELECTED CONSOLIDATED FINANCIAL DATA

The following table presents selected consolidated financial data. This information should be read in conjunction with the consolidated financial statements and the related notes thereto, Management's Discussion and Analysis of Results of Operations and Financial Condition, and Risk Factors, each included elsewhere herein.

ARAMARK Corporation and Subsidiaries(1)					
Fiscal Year Ended on or near September 30(10)					
	1999	2000	2001(3)	2002(2)(3)	2003(2)
(in millions, except per share amounts and ratios)					
Income Statement Data:					
Sales	\$ 6,354.4	\$ 6,846.3	\$ 7,369.5	\$ 8,356.0	\$ 9,447.8
Depreciation and amortization	173.7	197.7	214.6	229.6	262.9
Operating income (2)	339.2	385.9	415.5	529.6	552.0
Interest and other financing costs, net (9)	135.2	147.5	153.2	136.4	142.5
Income from continuing operations	129.7	148.6	162.7	251.3	265.4
Net income (4)	150.2	168.0	176.5	269.9	301.1
Basic earnings per share (5):					
Income from continuing operations	\$ 0.69	\$ 0.83	\$ 0.95	\$ 1.32	\$ 1.39
Net income	\$ 0.80	\$ 0.94	\$ 1.03	\$ 1.42	\$ 1.58
Diluted earnings per share (4) (5):					
Income from continuing operations	\$ 0.64	\$ 0.78	\$ 0.90	\$ 1.25	\$ 1.34
Net income	\$ 0.74	\$ 0.88	\$ 0.97	\$ 1.34	\$ 1.52
Ratio of earnings to fixed charges (6)	2.2x	2.3x	2.3x	3.1x	3.1x
Balance Sheet Data (at period end):					
Total assets	\$ 2,870.5	\$ 3,199.4	\$ 3,216.4	\$ 4,259.3	\$ 4,467.6
Long-term borrowings	1,608.5	1,776.8	1,635.5	1,835.6	1,711.7
Common stock subject to potential repurchase (7)	20.0	20.0	20.0	—	—
Shareholders' equity (8)	126.6	111.5	246.9	858.2	1,039.0

- (1) In the third quarter of fiscal 2003, ARAMARK completed the previously announced sale of ARAMARK Educational Resources (AER) to Knowledge Learning Corporation, for approximately \$250 million in cash. AER has been accounted for as a discontinued operation in accordance with Statement of Financial Accounting Standards No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets." AER's results of operations and cash flows have been removed from the Company's results of continuing operations for all periods presented.
- (2) During fiscal 2003, the Company reached agreement for the sale of its 15% interest in a previously divested periodicals distribution business to the majority shareholder, and wrote down this investment by \$10.7 million to the expected recoverable amount. Fiscal 2003 also includes approximately \$32 million of business interruption proceeds from the final settlement of the Company's September 11, 2001 claim. During fiscal 2002, the

Company recorded a pre-tax net gain of \$43.7 million, consisting of a gain (\$7.4 million) on the sale of a residual interest in a previously divested business, charges (\$1.6 million) incurred in connection with initiating a shareholder stock sale program and a gain (\$37.9 million) on the sale of the Company's interests in the Boston Red Sox Baseball Club and a related entity which controls the rights to broadcast Red Sox games.

- (3) On November 30, 2001, ARAMARK completed the acquisition of the management services division of The ServiceMaster Company for approximately \$790 million in cash plus costs of the acquisition. The following pro forma results assume the acquisition had occurred at the beginning of the respective fiscal periods. These pro forma disclosures are unaudited and are based on historical results, adjusted for the impact of certain acquisition related items, such as: amortization of identified intangibles, increased interest expense on acquisition debt and the related income tax effects. Pro forma adjustments do not reflect any synergies that might be achieved from the combined operations, and therefore, in management's opinion, are not indicative of what actual results may have been if the acquisition had occurred at the beginning of the respective periods. Pro forma results are not intended to be a projection of future results.

	Fiscal 2001	Fiscal 2002
Sales	\$ 8,349.7	\$ 8,517.5
Operating income (2)	474.1	537.7
Interest and other financing costs, net	206.9	141.9
Income from continuing operations	165.3	252.8
Net income	179.1	271.4
Basic earnings per share:		
Income from continuing operations	\$ 0.96	\$ 1.33
Net income	\$ 1.04	\$ 1.43
Diluted earnings per share:		
Income from continuing operations	\$ 0.91	\$ 1.26
Net income	\$ 0.99	\$ 1.35

- (4) ARAMARK adopted the provisions of SFAS No. 142, "Goodwill and Other Intangible Assets," at the beginning of fiscal 2002. With the adoption of SFAS No. 142, goodwill is no longer subject to amortization. The elimination of goodwill would have increased income from continuing operations by \$17.0 million (\$0.08 per diluted share) in fiscal 1999, \$17.4 million (\$0.09 per diluted share) in fiscal 2000, and \$19.2 million (\$0.11 per diluted share) in fiscal 2001.
- (5) Earnings per share amounts for all years presented have been restated to reflect the merger exchange ratios, which had the effect of a two-for-one stock split. See Note 8 to the consolidated financial statements.
- (6) For the purpose of determining the ratio of earnings to fixed charges, earnings include pre-tax income from continuing operations plus fixed charges (excluding capitalized interest). Fixed charges consist of interest on all indebtedness (including capitalized interest) plus that portion of operating lease rentals representative of the interest factor (deemed to be one-third of operating lease rentals).
- (7) Reflects shares of ARAMARK's common stock that prior to our corporate reorganization and public offering on December 14, 2001, may have been required to be repurchased under the ARAMARK stockholders' agreement, subject to a limit on such repurchases in the ARAMARK senior revolving credit facility. In connection with the merger, the stockholders' agreement was terminated. See Note 8 to the consolidated financial statements.
- (8) Shareholders' equity, as of September 27, 2002 and October 3, 2003, reflects the impact of the public offering and related transactions. See Note 8 to the consolidated financial statements.
- (9) During fiscal 2003, ARAMARK completed a tender offer to purchase approximately \$94.3 million of its 6.75% Guaranteed Notes due August 1, 2004, for approximately \$101.9 million, including accrued interest, and retired a \$45 million term loan due March 2005. These two transactions resulted in an extinguishment charge of \$7.7 million which is included in "Interest and other financing costs, net."
- (10) Fiscal 2003 is a 53-week year. All other periods presented are 52-week years.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION**

The following discussion and analysis of our results of operations and financial condition for the fiscal years ended September 28, 2001, September 27, 2002 and October 3, 2003, should be read in conjunction with Selected Consolidated Financial Data and our audited consolidated financial statements and the notes to those statements. Our discussion contains forward-looking statements based upon current expectations that involve risks and uncertainties, such as our plans, objectives, opinions, expectations, anticipations and intentions and beliefs. Actual results and the timing of events could differ materially from those anticipated in those forward-looking statements as a result of a number of factors, including those set forth under the Risk Factors, Special Note About Forward-Looking Statements and Business sections and elsewhere in this Annual Report. In the following discussion and analysis of results of operations and financial condition, certain financial measures may be considered "non-GAAP financial measures" under Securities and Exchange Commission rules. These rules require supplemental explanation and reconciliation, which is provided in Exhibit 99.1 to this Annual Report on Form 10-K, and is incorporated by reference herein.

Critical Accounting Policies

The consolidated financial statements are prepared in conformity with accounting principles generally accepted in the United States. The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

The Company's significant accounting policies are described in the notes to the consolidated financial statements included herein. As described in such notes, the Company recognizes sales in the period in which services are provided pursuant to the terms of our contractual relationships with our clients. Direct marketing segment sales are recognized upon shipment.

Judgments and estimates of uncertainties are required in applying such accounting policies in certain areas. Following are some of the areas requiring significant judgments and estimates: cash flow and valuation assumptions in performing asset impairment tests of long-lived assets and goodwill; estimated costs to be incurred for environmental matters, contract disputes and litigation; and estimates of allowances for bad debts and inventory obsolescence.

There are numerous critical assumptions that may influence accounting estimates in these and other areas. We base our critical assumptions on our historical experience and on various other estimates we believe to be reasonable. Certain of the more critical assumptions include –

Asset Impairment Determinations

- The intended use of assets and the expected future cash flows resulting directly from such use.
- Comparable market valuations of businesses similar to ARAMARK's business segments.
- Industry specific economic conditions.
- Competitor activities and regulatory initiatives.
- Client and customer preferences and behavior patterns.

Environmental Matters

- Government regulations and enforcement activity.
- Changes in remediation technology and practices.
- Financial obligations and credit worthiness of other responsible parties and insurers.

Litigation and Claims

- Interpretation of contractual rights and obligations.
- Government regulatory initiatives, investigations, activities and interpretations of regulations.

Bad Debt Risk

- Credit worthiness of specific customers and aging of customer balances.
- General and specific industry economic conditions as well as industry concentrations.
- Contractual rights and obligations.

Inventory Obsolescence

- History of customer demand and sales within specific product categories.
- Economic conditions within customer specific industries.
- Style and product changes.

Critical accounting estimates and the related assumptions are evaluated periodically as conditions warrant, and changes to such estimates are recorded as new information or changed conditions require revision.

Results of Operations

On May 9, 2003, the Company closed the sale of its Educational Resources segment (see Note 2 to the consolidated financial statements). Accordingly, as required by generally accepted accounting principles, fiscal 2003 operating results along with the prior fiscal years, for this business are reported as “discontinued operations.” The following tables present our sales and operating income from continuing operations, and the related percentages attributable to each operating segment for the fiscal years 2001, 2002 and 2003. Fiscal 2003 is a 53-week year, and fiscal 2002 and 2001 are 52-week years. As discussed in Notes 1 and 4 to the consolidated financial statements, the Company adopted the provisions of SFAS No. 142, “Goodwill and Other Intangible Assets”, as of the beginning of fiscal 2002. As prescribed by SFAS No. 142, goodwill is no longer amortized, but must be reviewed periodically for impairment. No goodwill amortization is reflected in the fiscal 2002 and 2003 results shown below. To facilitate comparability, the As Adjusted fiscal 2001 amounts shown below have been adjusted to eliminate goodwill amortization from the fiscal 2001 as reported results. The discussion of fiscal 2002 results compared to those of fiscal 2001 compares fiscal 2002 operating results to the As Adjusted fiscal 2001 results, except as otherwise indicated. Certain fiscal 2001 and 2002 sales amounts have been reclassified to conform to the current year classification. There was no effect on operating income and the effect on sales was not material.

Sales by Segment	Fiscal					
	2001		2002		2003	
	\$	%	\$	%	\$	%
	(dollars in millions)					
Food & Support Services—United States	\$ 4,826.2	65%	\$ 5,716.5	69%	\$ 6,545.4	69%
Food & Support Services—International	1,109.3	15	1,200.8	14	1,423.8	15
Uniform and Career Apparel—Rental	995.2	14	1,004.2	12	1,030.3	11
Uniform and Career Apparel—Direct Marketing	438.8	6	434.5	5	448.3	5
	<u>\$ 7,369.5</u>	<u>100%</u>	<u>\$ 8,356.0</u>	<u>100%</u>	<u>\$ 9,447.8</u>	<u>100%</u>

Operating Income by Segment	Fiscal 2001 As Reported		Fiscal 2001 As Adjusted		Fiscal 2002 As Reported		Fiscal 2003 As Reported	
	\$	%	\$	%	\$	%	\$	%
	(dollars in millions)							
Food & Support Services—United States	\$ 264.7	64%	\$ 275.5	63%	\$ 326.7	62%	\$ 394.3	71%
Food & Support Services—International	39.4	9	41.2	9	46.3	9	60.2	11
Uniform and Career Apparel—Rental	119.7	29	125.0	29	121.9	23	111.9	20
Uniform and Career Apparel—Direct Marketing	15.6	4	18.7	4	22.6	4	26.4	5
	<u>439.4</u>	<u>106</u>	<u>460.4</u>	<u>105</u>	<u>517.5</u>	<u>98</u>	<u>592.8</u>	<u>107</u>
Corporate	(23.9)	(6)	(22.6)	(5)	(31.6)	(6)	(30.1)	(5)
Other Income/(Expense)	0.0	0	0.0	0	43.7	8	(10.7)	(2)

	\$ 415.5	100%	\$ 437.8	100%	\$ 529.6	100%	\$ 552.0	100%
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Fiscal 2003 Compared to Fiscal 2002

Consolidated Overview

Sales for fiscal 2003 were \$9.4 billion, an increase of 13% over fiscal 2002, with the 53rd week in fiscal 2003 contributing approximately 2% to the increase. Double digit sales increases were achieved in the Food and Support Services segments. Sales in the Uniform and Career Apparel segments increased 3%. Excluding the impact of acquisitions, foreign currency translation and the estimated impact of the 53rd week, sales increased 3% compared to the prior year. Operating income for fiscal 2003 was \$552.0 million, an increase of 4% from the prior year. Fiscal 2003 operating income includes \$32 million of business interruption insurance proceeds, received in the fourth quarter, representing the final settlement of our September 11, 2001 claim (see Note 12 to the consolidated financial statements). Fiscal 2003 also includes a charge of \$10.7 million to reduce an investment in a previously divested periodicals distribution business to its estimated recoverable value, and fiscal 2002 includes a \$43.7 million net gain, resulting principally from the sale of our ownership interests in the Boston Red Sox entities and a residual investment in a previously divested business, both of which are presented as "Other income/(expense), net" (see Note 13 to the consolidated financial statements). Excluding other income/(expense) and the insurance proceeds, 2003 operating income increased 9% compared to the prior year. Further, excluding the impact of acquisitions, foreign currency translation and the estimated effect of the 53rd week, operating income increased 2% over the prior year. The sales and operating income of certain of our businesses continued to be adversely affected by weak economic conditions throughout fiscal 2003, particularly continued low levels of employment and reduced visitations at National Parks. Consolidated operating income margin, excluding the insurance proceeds and other income/(expense), was 5.6% in fiscal 2003 compared to 5.8% in fiscal 2002 due to the Fine Host post-acquisition operating losses, the impact of depressed economic conditions on the Uniform Rental segment, decreased visitations at National Parks in the Sports and Entertainment sector, offset by increased synergies from the ServiceMaster acquisition.

Interest and other financing costs, net increased 4% compared to the prior year, due primarily to the debt extinguishment loss (see Note 5 to the consolidated financial statements) and the impact of higher average borrowing levels, partially offset by the impact of lower interest rates. The effective income tax rate was 35.2% for fiscal 2003 compared to 36.1% in fiscal 2002. Fiscal 2003 included a favorable adjustment for the settlement of open tax years, and the effective rate was favorably affected by "other income" in fiscal 2002.

Income from continuing operations for fiscal 2003 was \$265.4 million compared to \$251.3 million in fiscal 2002. Fiscal 2003 income from continuing operations includes "other expense" (\$6.6 million net of tax), the fourth quarter insurance proceeds (\$19.7 million net of tax), the debt extinguishment loss (\$4.7 million net of tax) and the tax settlement adjustment (\$8.4 million). Fiscal 2002 includes "other income," (\$30.8 million after tax). Fiscal 2003 diluted earnings per share from continuing operations was \$1.34 per share on a weighted average share count of approximately 198 million shares. Fiscal 2002 diluted earnings per share from continuing operations was \$1.25 per share on a weighted average share count of approximately 201 million shares. Excluding the above items from both years, diluted earnings per share from continuing operations was \$1.26 per share in fiscal 2003 and \$1.10 per share in fiscal 2002.

Net income for fiscal 2003 was \$301.1 million compared to \$269.9 million reported in fiscal 2002. In addition to the items discussed in the paragraph above, net income for fiscal 2003 includes the after-tax gain of \$23.6 million related to the divestiture of the Educational Resources segment. Fiscal 2003 diluted earnings per share was \$1.52 per share on a weighted average share count of approximately 198 million shares and fiscal 2002 diluted earnings per share was \$1.34 per share on a weighted average share count of approximately 201 million shares.

Segment Results

The following tables present a 2003/2002 comparison of segment sales and operating income together with the amount of and percentage change between periods.

	Fiscal		Change	
	2002	2003	\$	%
(dollars in millions)				
Sales by Segment				
Food and Support Services—United States	\$ 5,716.5	\$ 6,545.4	\$ 828.9	15%
Food and Support Services—International	1,200.8	1,423.8	223.0	19
Uniform and Career Apparel—Rental	1,004.2	1,030.3	26.1	3
Uniform and Career Apparel—Direct Marketing	434.5	448.3	13.8	3
	<u>\$ 8,356.0</u>	<u>\$ 9,447.8</u>	<u>\$ 1,091.8</u>	<u>13%</u>

	Fiscal		Change	
	2002	2003	\$	%
(dollars in millions)				
Operating Income by Segment				
Food and Support Services—United States	\$ 326.7	\$ 394.3	\$ 67.6	21%
Food and Support Services—International	46.3	60.2	13.9	30
Uniform and Career Apparel—Rental	121.9	111.9	(10.0)	(8)
Uniform and Career Apparel—Direct Marketing	22.6	26.4	3.8	17
Corporate	(31.6)	(30.1)	1.5	(5)
	<u>485.9</u>	<u>562.7</u>	<u>76.8</u>	<u>16</u>
Other income/(expense)	<u>43.7</u>	<u>(10.7)</u>	<u>(54.4)</u>	<u>n/m</u>
	<u>\$ 529.6</u>	<u>\$ 552.0</u>	<u>\$ 22.4</u>	<u>4%</u>

Food and Support Services—United States Segment

Food and Support Services—United States segment sales for fiscal 2003 increased 15% over the prior year due to acquisitions (approximately 9%), increased volume (approximately 4%) and net new accounts (approximately 2%). The 53rd week in fiscal 2003 contributed approximately 2% to the increase. Sales growth, excluding the impact of acquisitions and the 53rd week, was approximately 3%. Sales growth in the Education Sector was in the high single digits, and the Other Sector (which includes correctional and healthcare clients), experienced sales growth in the low double-digits due primarily to increased volume at existing accounts. The Business Services Sector continued to be negatively affected by the weak economy, particularly weak employment levels. While the economy has shown recent signs of recovery, we have not yet seen a meaningful increase in employment in the categories most important to this sector. Fiscal 2003 sales in this sector, excluding acquisitions, declined about 2% from the prior year, an improvement over the prior year decline of 7%. Sales in the Sports and Entertainment Sector increased in the high single digits compared to the prior year, with sales increases due to new locations, higher attendance at MLB games and an increased number of NHL and NBA games, being partially offset by a decline in visitations at National Parks. The Facilities Services Sector sales growth (excluding acquisitions) was in the low single digits for the year, but improved to the high single digits in the fourth quarter of fiscal 2003.

Segment operating income increased 21% compared to the prior year, with the \$32 million fourth quarter insurance proceeds and acquisitions contributing approximately 9% and 5%, respectively. We also estimate the fiscal 2003 53rd week contributed 2–3% to operating income growth based on the seasonality of certain of our businesses. Strong performance in the Education and Other Sectors and continued realization of synergies from the ServiceMaster acquisition were partially offset by significantly reduced profitability in the Sports and Entertainment Sector due to decreased visitations at National Parks, and the Fine Host post-acquisition operating loss.

Food and Support Services—International Segment

Sales in the Food and Support Services—International segment increased 19% compared to the prior year. Excluding the impact of foreign currency translation, sales increased 7% due to acquisitions (approximately 2%), increased volume (approximately 2%) and net new business (approximately 3%). Spain achieved low double-digit sales growth, while sales growth in the United Kingdom was in the high single-digits. Sales in Germany increased marginally over the prior year, reflective of the continuing weakness in the German economy.

Fiscal 2003 segment operating income increased 30%. Excluding the impact of foreign currency translation operating income increased 17% compared to the prior year, with acquisitions contributing approximately 6%. Base business growth of 11% was driven by solid performances in Germany, Canada and Spain, while earnings in the United Kingdom were approximately equal with the prior year. Our client interest contracts (which are described in the Business section of this annual report) provide that client billings, and for some contracts the sharing of profits and losses, are based on our determinations of costs of service for these contracts. Based on a recent internal review of certain client interest contracts in our International segment, we are working to clarify or adjust certain contractual arrangements. Fourth quarter 2003 operating results have been adjusted to reflect the possible effect of this effort. See “Risk Factors —Our business is contract intensive and may lead to client disputes.”

Uniform and Career Apparel—Rental Segment

Uniform and Career Apparel —Rental segment fiscal 2003 sales increased 3% compared to the prior year due to the impact of acquisitions and the 53rd week in 2003. Sales increases from net new business have been offset by reduced volume at existing accounts. Sales growth in this segment continues to be significantly constrained by depressed employment levels, particularly in the manufacturing, automotive and airline sectors.

Fiscal 2003 segment operating income, including the 53rd week, decreased 8% compared to the prior fiscal year. Net new sales growth and modest price increases were substantially offset by contraction in the base business, and while cost control and operational improvement initiatives mitigated to a large extent normal operating cost increases, increased medical and fuel costs and a very competitive business environment put continued downward pressure on margins compared to the prior year.

Uniform and Career Apparel—Direct Marketing Segment

Uniform and Career Apparel—Direct Marketing segment sales in 2003 increased 3% compared to the prior year. Excluding the impact of an acquisition, segment sales were about equal to the prior year, with increased sales of safety products offset by decreased sales of work clothing where sales continue to be constrained by sluggish economic conditions. Segment operating income for fiscal 2003 increased 17% compared to the prior year as a result of the acquisition, the seasonably significant 53rd week in 2003 and continued margin improvement due to apparel product cost reductions.

Corporate

Corporate expenses, those administrative expenses not allocated to the business segments, were \$30.1 million in fiscal 2003 compared to \$31.6 million in fiscal 2002. The decrease in fiscal 2003 was due principally to a gain of \$1.4 million from a residual payment related to a previously divested entity. Increases in insurance and other costs were largely offset by the absence in fiscal 2003 of certain IPO related costs incurred in the prior year.

Results of Discontinued Operations

As discussed above, on May 9, 2003, the Company closed the sale of its Educational Resources business to Knowledge Universe Corporation for \$250 million in cash, subject to certain post closing adjustments. The

proceeds were used to repay outstanding borrowings and the sale resulted in a net gain of \$23.6 million. The results of this business are reflected in the accompanying consolidated financial statements as discontinued operations for all periods presented in accordance with generally accepted accounting principles. Sales, operating income and income from discontinued operations for fiscal 2003 (excluding the net gain) through the transaction closing date and for fiscal 2002 and fiscal 2001 are as follows:

	Fiscal		
	2001	2002	2003
	(in millions)		
Sales	\$ 463.3	\$ 455.8	\$ 264.3
Income before income taxes	24.0	30.5	20.2
Income from discontinued operations	13.8	18.6	12.2

Outlook

Looking forward to fiscal 2004, we expect current economic conditions to remain relatively stable. Although recently there has been well publicized improvement in certain general economic indicators, unemployment levels, which are key to many of our businesses, remain at relatively high levels. This condition is expected to continue to constrain growth in fiscal 2004, particularly in the Uniform Rental segment and the tourist and convention services part of the U.S. food business. We have experienced significant increases in the cost of medical insurance programs and general liability insurance premiums. We expect those trends to continue into fiscal 2004.

Fiscal 2002 Compared to Fiscal 2001

Consolidated Overview

Sales for fiscal 2002 were \$8.4 billion, an increase of 13% over fiscal 2001. Sales increased in the Food and Support Services segments and were about equal to the prior year in the Uniform and Career Apparel segments. Excluding the impact of acquisitions, primarily in the Food and Support Services segments, and the impact of foreign currency translation, sales increased 1% compared to the prior year. Operating income for fiscal 2002 was \$529.6 million, an increase of 21% from prior year As Adjusted operating income. Fiscal 2002 operating income includes a \$43.7 million net gain, resulting principally from the sale of our ownership interests in the Boston Red Sox entities and a residual investment in a previously divested business, which is presented as "Other income/(expense), net" (see Note 13 to the consolidated financial statements). Excluding other income, operating income increased 11% compared to the prior year As Adjusted operating income due to acquisitions and foreign currency translation. The sales and operating income of certain of our businesses continued to be adversely affected by weak economic conditions throughout fiscal 2002, particularly lower levels of employment. Operating results for both fiscal 2002 and 2001 were adversely impacted by the effects of the September 11, 2001 terrorist attacks; however, on a consolidated basis, the year-over-year impact was not significant.

Interest and other financing costs, net decreased 11% compared to the prior year due to lower interest rates, partially offset by increased average borrowing levels. The effective income tax rate was 36.1% in fiscal 2002 compared to 37.9% in fiscal 2001, with the decrease due principally to the elimination of non-tax-deductible goodwill amortization in fiscal 2002.

Income from continuing operations for fiscal 2002 was \$251.3 million compared to \$162.7 million in fiscal 2001. Fiscal 2002 includes "other income" of \$30.8 million, net of tax, and fiscal 2001 includes goodwill amortization of \$19.2 million, net of tax. Fiscal 2002 diluted earnings per share from continuing operations was \$1.25 per share on a weighted average share count of approximately 201 million, with "Other income" contributing approximately \$0.15 per share. Fiscal 2001 diluted earnings per share from continuing operations was \$0.90 per share on a lower weighted average share count of approximately 181 million shares.

Net income for fiscal 2002 was \$269.9 compared to \$176.5 million reported in fiscal 2001. Fiscal 2002 includes “other income” of \$30.8 million, net of tax, and fiscal 2001 includes goodwill amortization of \$22.0 million, net of tax. Fiscal 2002 diluted earnings per share was \$1.34 per share on a weighted average share count of approximately 201 million shares, with “Other income” contributing approximately \$0.15 per share. Fiscal 2001 diluted earnings per share was \$0.97 per share on a lower weighted average share count of approximately 181 million shares, with goodwill amortization representing a charge of \$0.12 per share.

Segment Results

The following tables present a 2002/2001 comparison of segment sales and operating income together with the amount of and percentage change between periods.

	Fiscal		Change	
	2001	2002	\$	%
Sales by Segment				
	(dollars in millions)			
Food & Support Services—United States	\$ 4,826.2	\$ 5,716.5	\$ 890.3	18%
Food & Support Services—International	1,109.3	1,200.8	91.5	8
Uniform and Career Apparel—Rental	995.2	1,004.2	9.0	1
Uniform and Career Apparel—Direct Marketing	438.8	434.5	(4.3)	(1)
	<u>\$ 7,369.5</u>	<u>\$ 8,356.0</u>	<u>\$ 986.5</u>	<u>13%</u>

	Fiscal 2001		Fiscal 2002	Change vs. Reported		Change vs. As Adjusted	
	As Reported	As Adjusted	As Reported	\$	%	\$	%
Operating Income by Segment							
	(dollars in millions)						
Food & Support Services—United States	\$ 264.7	\$ 275.5	\$ 326.7	\$ 62.0	23%	\$ 51.2	19%
Food & Support Services—International	39.4	41.2	46.3	6.9	18	5.1	12
Uniform and Career Apparel—Rental	119.7	125.0	121.9	2.2	2	(3.1)	(2)
Uniform and Career Apparel—Direct Marketing	15.6	18.7	22.6	7.0	45	3.9	21
Corporate	(23.9)	(22.6)	(31.6)	(7.7)	32	(9.0)	40
	<u>415.5</u>	<u>437.8</u>	<u>485.9</u>	<u>70.4</u>	<u>17</u>	<u>48.1</u>	<u>11</u>
Other Income	0.0	0.0	43.7	43.7	—	43.7	—
	<u>\$ 415.5</u>	<u>\$ 437.8</u>	<u>\$ 529.6</u>	<u>\$ 114.1</u>	<u>27%</u>	<u>\$ 91.8</u>	<u>21%</u>

Food and Support Services—United States Segment

Food and Support Services—United States segment sales for fiscal 2002 increased 18% over the prior year due to acquisitions (approximately 17%; principally ServiceMaster Management Services) and net new accounts (approximately 1%). Sales in this segment were adversely impacted by the terrorist attacks of September 11th.

Sales growth in the Education Sector was in the high single digits, and the Other Sector (which includes correctional and healthcare clients), experienced sales growth in the low double-digits due primarily to new contracts and the fiscal 2001 acquisition of Correctional Foodservice Management. The Business Services Sector continued to be negatively affected by the weak economy, particularly weak employment levels. The September 2002 employment report, issued by the United States Department of Labor Bureau of Labor Statistics, shows

total employment levels down from a year ago in the categories most important to this business sector. Fiscal 2002 sales in this sector, excluding acquisitions, declined about 7% from the prior year, with fourth quarter fiscal 2002 sales declining approximately 10% from the comparable prior year period. Sales in the Sports and Entertainment Sector decreased about 1% compared to the prior year. Attendance and spending levels within the convention and tourism businesses were soft throughout the year, and baseball attendance at our stadiums was down about 6% in the fourth quarter of fiscal 2002.

Segment operating income increased 19% compared to the prior year due primarily to acquisitions (approximately 17%). Fiscal 2001 segment results included a \$5 million litigation related charge. The profit performance in fiscal 2002 followed the sales growth trends described above, with the strong performance in the Education and Other Sectors offset by weakness in the Business and Sports and Entertainment Sectors. Fiscal 2002 and fiscal 2001 operating results were adversely impacted by the terrorist attacks of September 11th.

Food and Support Services—International Segment

Sales in the Food and Support Services—International segment increased 8% compared to the prior year. Excluding the impact of foreign currency translation, sales increased 7% due to acquisitions (approximately 5%) and net new business (approximately 2%). Sales growth in the United Kingdom was in the high single-digits, while sales in Germany and Canada were down slightly from the prior year, reflective of the continuing economic weakness in these countries.

Fiscal 2002 segment operating income increased 12%. Excluding the impact of acquisitions, foreign currency translation and a gain from an asset sale, segment operating income increased 7% compared to the prior year period. The United Kingdom and Germany achieved significant double-digit operating income growth. Germany was negatively impacted in the prior year period by the European outbreaks of mad cow and foot and mouth disease. Results in Canada were lower than the prior year due to sluggish economic conditions, similar to those in the United States.

Uniform and Career Apparel—Rental Segment

Uniform and Career Apparel—Rental segment fiscal 2002 sales increased 1% compared to the prior year due principally to price increases. Sales growth in this segment continues to be significantly constrained by continued depressed employment levels, particularly in the manufacturing, automotive and airline sectors. Segment operating income decreased 2% compared to the prior year. Despite continuing cost control initiatives, the combination of limited net sales growth, together with higher sales costs and normal operating cost increases (particularly in the payroll and related benefit areas) reduced operating income from prior year levels.

Uniform and Career Apparel—Direct Marketing Segment

Uniform and Career Apparel—Direct Marketing segment sales decreased 1% compared to the prior year. Excluding the impact of an acquisition, segment sales decreased 2% primarily due to lower volume in work clothing sales, partially offset by increased sales of safety products. The sluggish economic conditions continue to affect the level of customer orders in the work clothing sector. Segment operating income for fiscal 2002 increased 21% compared to the prior year due to lower product and other operating costs, partially offset by the impact of lower sales.

Corporate and Other

Corporate and other expenses, those administrative expenses not allocated to the business segments, were \$31.6 million in fiscal 2002 compared to \$22.6 million in fiscal 2001. The increase over the prior year was due principally to increased staff costs, higher FICA taxes due to stock option exercises and higher insurance premiums.

Financial Condition and Liquidity

Reference to the consolidated statements of cash flows will facilitate understanding of the discussion that follows. Those statements reflect the Educational Resources business as a discontinued operation.

Fiscal 2003

Cash provided by operating activities from continuing operations in fiscal 2003 increased to \$606 million from \$578 million in fiscal 2002, an increase of \$28 million. The principal components (in millions) of the net increase were —

Increase in income from continuing operations “before other income/expense”	\$ 52
Increase in noncash charges for depreciation, amortization and deferred income taxes	45
Changes in other assets, noncurrent liabilities and other operating activities, net	(5)
Reduction in the Accounts Receivable Sale Facility in 2003	(57)
Other working capital changes	(7)
	<hr/>
	\$ 28

Total debt decreased by \$145 million primarily due to repayments from the sale proceeds from the Educational Resources transaction and strong fourth quarter operating cash flow, partially offset by the cost of acquisitions and the share buyback program.

On September 30, 2002, the Company completed the acquisition of the Clinical Technology Services (CTS) business from Premier, Inc for approximately \$100 million in cash. Additionally, in mid-December 2002, the Company closed the acquisition of certain assets of Fine Host Corporation, a food service management company, for approximately \$95 million, of which \$30 million represents a holdback which is scheduled to be paid over time, subject to satisfaction of any claims which may be made by us against the holdback pursuant to the terms of the acquisition agreement and the assignment of certain contracts. The Company funded the cash portion of these acquisitions through borrowings under the revolving credit facility.

During the third quarter of fiscal 2003, the Company completed a tender offer for its 6 ³/₄% guaranteed notes due August 1, 2004, issued by ARAMARK Services, Inc. and guaranteed by ARAMARK Corporation. The total cash consideration paid for the purchase of the notes, including accrued interest, was \$102 million. Additionally, during the third quarter of fiscal 2003, the Company retired a \$45 million term loan due March 2005. These two transactions, which were financed through borrowings under the revolving credit facility, resulted in an extinguishment charge of \$7.7 million which is included in “Interest and Other Financing Costs, net.”

Concurrent with the issuance in fiscal 2002 of the Company’s 7% notes (due May 2007), the Company entered into interest rate swaps, with notional amounts totaling \$300 million, to receive fixed (7%)/pay variable (six month LIBOR). The swaps mature on May 1, 2007 and are designated as fair-value hedging instruments. In October 2002, the Company entered into interest rate swaps, with notional amounts totaling \$300 million, to receive fixed (6.375%)/pay variable (six month LIBOR). The swaps mature on February 15, 2008 and are designated as fair-value hedging instruments. In September 2003, the Company terminated \$100 million of these interest rate swap agreements resulting in a gain of \$6.1 million, which was deferred and will be recognized as an adjustment to interest expense over the remaining term of the notes.

During the second quarter of fiscal 2003, a Canadian subsidiary of the Company entered into a non-revolving credit facility in the amount of C\$25 million, which matures in September 2007, and requires annual reductions in the principal balance. Interest on the facility is based on the Canadian Bankers Acceptance Rate (plus a spread of 1.50%), Canadian Prime Rate (plus a spread of 0.75%) or LIBOR (plus a spread of 1.50%). Proceeds were used to fund an acquisition in Canada.

During the first quarter of fiscal 2003, a subsidiary of the Company completed a private placement of 30 million GBP and 30 million Euro notes. The notes bear interest, based on six-month GBP LIBOR (3.84% as of October 3, 2003) plus a spread of 2.32% and six-month EURIBOR (2.14% as of October 3, 2003) plus a spread of 2.25%, respectively. Proceeds from the private placement were used to repay existing borrowings, primarily in the United Kingdom and Germany. The private placement notes mature in November 2007.

The Company established a Stock Repurchase Program, under which the Board of Directors has approved the use of up to \$350 million to repurchase shares of the Company's common stock. Repurchases are to be made in accordance with applicable securities laws in open market or privately negotiated transactions or otherwise, from time to time, depending on market conditions, and may be discontinued at any time. During fiscal 2003, the Company repurchased approximately 9.4 million shares for \$211.9 million, resulting in total repurchases under the authorization of \$282.2 million.

At October 31, 2003, there was approximately \$950 million of unused committed credit availability under our senior revolving credit facility. Additionally, the Company has a shelf registration statement on file with the SEC for the issuance of up to \$400 million of debt securities. The Company currently expects to fund acquisitions, capital expenditures, additional share repurchases and other liquidity needs from cash provided from operating activities, normal disposals of property and equipment, and borrowings available under our credit facilities or registered or private note issuances. As of October 3, 2003, there was approximately \$149 million outstanding in foreign currency borrowings.

The Company has future obligations for debt repayments, capital leases, future minimum rental and similar commitments under noncancelable operating leases as well as contingent obligations related to outstanding letters of credit and guarantees. These obligations as of October 3, 2003 are summarized in the tables below.

Contractual Obligations	Total	Payments Due by Period			
		Less than 1 year	1-3 years	4-5 years	After 5 years
Long-term borrowings	\$ 1,715,272	\$ 13,542	\$ 830,394	\$ 854,636	\$ 16,700
Capital lease obligations	14,609	4,634	4,606	3,385	1,984
Operating leases	531,202	175,949	127,581	78,484	149,188
Purchase obligations (1)	107,736	77,562	28,049	1,800	325
Other long-term liabilities reflected on the balance sheet (2)	110,688	—	30,825	—	79,863
	<u>\$ 2,479,507</u>	<u>\$ 271,687</u>	<u>\$ 1,021,455</u>	<u>\$ 938,305</u>	<u>\$ 248,060</u>

Other Commercial Commitments	Total Amounts Committed	Amount of Commitment Expiration Per Period			
		Less than 1 year	1-3 years	4-5 years	Over 5 years
Letters of credit	\$ 46,279	\$ 37,034	\$ 9,245	\$ —	\$ —
Guarantees	24,269	24,269	—	—	—
	<u>\$ 70,548</u>	<u>\$ 61,303</u>	<u>\$ 9,245</u>	<u>\$ —</u>	<u>\$ —</u>

(1) Represents capital commitments in connection with several long-term concession contracts and other purchase commitments.

(2) Primarily represents certain unfunded employee retirement obligations and \$30 million related to the Fine Host holdback (See Note 3 to the consolidated financial statements).

The Company has an agreement (the Receivables Facility) with several financial institutions whereby it sells on a continuous basis an undivided interest in all eligible trade accounts receivable, as defined in the Receivables Facility. Pursuant to the Receivables Facility, the Company formed ARAMARK Receivables, LLC, a wholly

owned, consolidated, bankruptcy-remote subsidiary. ARAMARK Receivables, LLC was formed for the sole purpose of buying and selling receivables generated by certain subsidiaries of the Company. Under the Receivables Facility, certain subsidiaries of the Company transfer, without recourse, all of their accounts receivable to ARAMARK Receivables, LLC. ARAMARK Receivables, LLC, in turn, has sold and, subject to certain conditions, may from time to time sell an undivided interest in these receivables up to \$200 million. The Company has retained collection and administrative responsibility for the participating interest sold, and has retained an undivided interest in the transferred receivables of approximately \$235.1 million at October 3, 2003, which is subject to a security interest. The agreement expires in March 2004. This two-step transaction is accounted for as a sale of receivables following the provisions of SFAS No. 140.

The Company's business activities do not include the use of unconsolidated special purpose entities, and there are no significant business transactions that have not been reflected in the accompanying financial statements. ARAMARK may be exposed to liability resulting from the non-performance of certain indemnification obligations by an entity currently in bankruptcy from which ARAMARK acquired a business in fiscal 2000. The amount of such exposure cannot be quantified at the present time due to uncertainty with respect to the number and amount of claims, if any, originating from or relating to the pre-acquisition period. ARAMARK has \$25 million of insurance coverage for such exposure with a \$5 million retained loss limit.

The Company is self-insured for a limited portion of the risk retained under its general liability and workers' compensation arrangements. When required, self-insurance reserves are recorded based on actuarial analyses.

New Accounting Pronouncements

In June 2002, the FASB issued SFAS No. 146, "Accounting for Costs Associated with Exit or Disposal Activities," which is effective for exit or disposal activities that are initiated after December 31, 2002. Adoption of this pronouncement did not have a material effect on the Company's financial statements.

In November 2002, the FASB issued Interpretation No. 45, "Guarantor's Accounting and Disclosure Requirements for Guarantees." See Note 10 to the consolidated financial statements.

In December 2002, the FASB issued SFAS No. 148, "Accounting for Stock-Based Compensation—Transition and Disclosure, an amendment of FASB Statement No. 123," to provide alternative methods of transition for a voluntary change to the fair value based method of accounting for stock-based employee compensation. The Company has adopted the disclosure provisions of this statement (see Note 8) and can elect to adopt any of the three transitional recognition provisions of this statement prior to the end of the 2004 fiscal year.

In January 2003, the FASB issued Interpretation Number 46, "Consolidation of Variable Interest Entities." This interpretation addresses consolidation by business enterprises of variable interest entities. The interpretation is not expected to have a material effect on the Company's financial statements.

SPECIAL NOTE ABOUT FORWARD-LOOKING STATEMENTS

This report includes “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995 that reflect our current views as to future events and financial performance with respect to our operations. These statements can be identified by the fact that they do not relate strictly to historical or current facts. They use words such as “aim,” “anticipate,” “estimate,” “expect,” “will be,” “will continue,” “will likely result,” “project,” “intend,” “plan,” “believe” and other words and terms of similar meaning in conjunction with a discussion of future operating or financial performance.

These statements are subject to risks and uncertainties that could cause actual results to differ materially from those expressed or implied in the forward-looking statements. Factors that might cause such a difference include: unfavorable economic conditions, including ramifications of any future terrorist attacks; increased operating costs; shortages of qualified personnel or increases in labor costs; currency risks and other risks associated with international markets; risks associated with acquisitions, including acquisition integration costs; our ability to integrate and derive the expected benefits from our recent acquisitions; competition; decline in attendance at client facilities; unpredictability of sales and expenses due to contract terms and terminations; our business is contract intensive and may lead to client disputes; high leverage; claims relating to the provision of food services; costs of compliance with governmental regulations; liability associated with noncompliance with governmental regulations, including regulations pertaining to food services and the environment; inability to retain current clients and renew existing client contracts; customers reducing their outsourcing and use of preferred vendors; seasonality; and other risks that are set forth in this report under the caption “Risk Factors.”

Forward-looking statements speak only as of the date made. We undertake no obligation to update any forward-looking statements to reflect the events or circumstances arising after the date as of which they are made. As a result of these risks and uncertainties, readers are cautioned not to place undue reliance on the forward-looking statements included in this report or that may be made in other filings with the Securities and Exchange Commission or elsewhere from time to time by, or on behalf of, us.

RISK FACTORS

General

Unfavorable economic conditions and increased operating costs adversely affect our results of operations and financial condition.

Each of our business segments has been adversely affected by weaker economic conditions in the United States during the past three fiscal years, including with respect to manufacturing, technology and service industry clients. Layoffs and business downturns among our business clients have negatively affected our sales. A national or international economic downturn reduces demand for our services in each of our operating segments, which has resulted, and may in the future result, in the loss of business or increased pressure to contract for business on less favorable terms than our generally preferred terms. In addition, any future terrorist attacks, and the national and global military, diplomatic and financial response to such attacks or other threats may adversely affect our sales and operating results.

Our profitability could be adversely affected if we were faced with cost increases for food, fuel, utilities, insurance, wages, piece goods, clothing and equipment, especially to the extent we were unable to recover such increased costs through increases in the prices for our services, due to general economic conditions, competitive conditions, or both. For example, substantial increases in the cost of fuel and utilities have historically resulted in substantial cost increases in our uniform services business, and to a lesser extent in our food and support services segment.

Our business may suffer if we are unable to hire and retain sufficient qualified personnel or if labor costs increase.

In the past, the United States has periodically experienced reduced levels of unemployment, which has created a shortage of qualified workers at all levels. Given that our workforce requires large numbers of entry level and skilled workers and managers, low levels of unemployment can compromise our ability in certain of our businesses to continue to provide quality service or compete for new business. From time to time, we have had difficulty in hiring and maintaining qualified management personnel, particularly at the entry management level. We will continue to have significant requirements to hire such personnel. Our success depends to a substantial extent on the ability, experience and performance of our management, particularly our Chairman and Chief Executive Officer, Joseph Neubauer, and our President and Chief Operating Officer, William Leonard. Effective January 1, 2004, William Leonard will become ARAMARK's President and Chief Executive Officer and Joseph Neubauer will become ARAMARK's Executive Chairman of the Board of Directors. We also regularly hire a large number of part-time workers, particularly in our food and support services segments. Any difficulty we may encounter in hiring such workers could result in significant increases in labor costs which could have a material adverse effect on our business, financial condition and results of operations. Competition for labor has resulted in wage increases in the past and future competition could substantially increase our labor costs. Due to the labor intensive nature of our businesses, a shortage of labor or increases in wage levels in excess of normal levels could have a material adverse effect on our results of operations.

Our expansion strategy involves risks.

We may seek to acquire companies or enter into joint ventures that complement our business, and our inability to complete acquisitions, integrate acquired companies successfully or enter into joint ventures may render us less competitive. We may be evaluating acquisitions or engage in acquisition negotiations at any given time. For example, in 2003, we bought the assets of Fine Host Corporation. We cannot be sure that we will be able to continue to identify acquisition candidates or joint venture partners on commercially reasonable terms or at all. If we make additional acquisitions, we also cannot be sure that any benefits anticipated from the acquisitions will actually be realized. Likewise, we cannot be sure that we will be able to obtain necessary financing for acquisitions. Such financing could be restricted by the terms of our debt agreements or it could be more expensive than our current debt. The amount of such debt financing for acquisitions could be significant and the terms of such debt instruments could be more restrictive than our current covenants. In addition, our

ability to control the planning and operations of our joint ventures and other less than majority owned affiliates may be subject to numerous restrictions imposed by the joint venture agreements and majority shareholders. Our joint venture partners may also have interests which differ from ours.

The process of integrating acquired operations into our existing operations may result in unforeseen operating difficulties, such as the failure to retain clients or management personnel and problems coordinating technology. In addition, labor laws in certain countries may require us to retain more employees than would otherwise be optimal from entities we acquire. Such difficulties may divert significant financial, operational and managerial resources from our existing operations, and make it more difficult to achieve our operating and strategic objectives. The diversion of management attention, particularly in a difficult operating environment, may affect our sales. Possible future acquisitions could result in the incurrence of additional debt and related interest expense, contingent liabilities and amortization expenses related to intangible assets, which could have a materially adverse effect on our financial condition, operating results and/or cash flow, or in the issuance of additional shares of our common stock.

Requirements imposed by governmental regulations or interpretation of governmental regulations may change and require us to incur substantial expenditures to comply.

We are subject to governmental regulation at the federal, state, provincial and local level in many areas of our business, such as food safety and sanitation, the sale of alcoholic beverages, environmental issues and the services we provide in connection with governmentally funded entitlement programs. While we endeavor to attain and maintain compliance with all applicable laws and regulations, governmental units may make changes in the regulatory frameworks within which we operate that may require either the corporation as a whole or individual businesses to incur substantial increases in costs in order to comply with such laws and regulations. While we attempt to comply with all applicable laws and regulations, we cannot assure you that we are in full compliance with all applicable laws and regulations or interpretations of these laws and regulations at all times or that we will be able to comply with any future laws, regulations or interpretations of these laws and regulations. From time to time both federal and state governmental agencies have conducted audits of our billing practices as part of investigations of providers of services under governmental contracts, or otherwise. Like others in our business, we receive requests for information from governmental agencies in connection with these audits. If we fail to comply with applicable laws and regulations, we may be subject to criminal sanctions or civil remedies, including fines or injunctions. The cost of compliance or the consequences of non-compliance could have a material adverse effect on our business and results of operations.

Changes in or new interpretations of the governmental regulatory framework may affect our contract terms and may reduce our sales or profits.

A portion of our sales, estimated to be approximately 15% in fiscal 2003, is derived from contracts with U.S. federal, state and local governments and agencies. Changes or new interpretations in, or changes in the enforcement of, the statutory or regulatory framework applicable to services provided under governmental contracts or bidding procedures, particularly by our food and support services businesses, could result in fewer new contracts or contract renewals, modifications to the methods we apply to price government contracts, or in contract terms of shorter duration than we have historically experienced, any of which could result in lower sales or profits than we have historically achieved, which could have an adverse effect on our results of operations.

Our failure to retain our current clients and renew our existing client contracts could adversely affect our business.

Our success depends on our ability to retain our current clients and renew our existing client contracts. Our ability to do so generally depends on a variety of factors, including the quality, price and responsiveness of our services, as well as our ability to market these services effectively and differentiate ourselves from our competitors. We cannot assure you that we will be able to renew existing client contracts at the same or higher rates or that our current clients will not turn to competitors, cease operations, elect to self-operate or terminate contracts with us. The failure to renew a significant number of our existing contracts would have a material adverse effect on our business and results of operations.

We may be adversely affected if customers reduce their outsourcing or use of preferred vendors

Our business and growth strategies depend in large part on the continuation of a current trend toward outsourcing services. Customers will outsource if they perceive that outsourcing may provide higher quality services at a lower overall cost and permit them to focus on their core business activities. We cannot be certain that this trend will continue or not be reversed or that customers that have outsourced functions will not decide to perform these functions themselves. In addition, labor unions representing employees of some of our current and prospective customers have occasionally opposed the outsourcing trend and sought to direct to union employees the performance of the types of services we offer. We have also identified a trend among some of our customers toward the retention of a limited number of preferred vendors to provide all or a large part of their required services. We cannot be certain that this trend will continue or not be reversed or, if it does continue, that we will be selected and retained as a preferred vendor to provide these services. Adverse developments with respect to either of these trends could have a material adverse effect on our business and results of operations.

Our international business results are influenced by currency fluctuations and other factors that are different than in the U.S. market.

A significant portion of our sales is derived from international markets. During fiscal 2003, approximately 15% of our sales were generated outside the United States. The operating results of our international subsidiaries are translated into U.S. dollars and such results are affected by movements in foreign currencies relative to the U.S. dollar. Our international operations are also subject to other risks, including national and local regulatory requirements; potential difficulties in staffing and labor disputes; managing and obtaining support and distribution for local operations; credit risk or financial condition of local customers; potential imposition of restrictions on investments; potentially adverse tax consequences, including imposition or increase of withholding and other taxes on remittances and other payments by subsidiaries; foreign exchange restrictions; and local political and social conditions. There can be no assurance that the foregoing factors will not have a material adverse effect on our international operations or on our consolidated financial condition and results of operations. We intend to continue to develop our business in emerging markets over the long term. Emerging market operations present several additional risks, including greater fluctuation in currencies relative to the U.S. dollar, economic and governmental instability; civil disturbances; volatility in gross domestic production; and nationalization and expropriation of private assets.

Our operations are seasonal and quarter to quarter comparisons may not be a good indicator of our performance.

In the first and second fiscal quarters, within the Food and Support Services—United States segment, there historically has been a lower level of sales at the historically higher margin sports, entertainment and recreational food service operations, which is partly offset by increased activity in the educational sector. In the third and fourth fiscal quarters, there historically has been a significant increase in sales at sports, entertainment and recreational accounts, which is partially offset by the effect of summer recess in the educational sector. The sales of WearGuard, one of our direct marketing companies, generally increase during the first quarter of the fiscal year because of the onset of colder weather in the northern tier of the United States as well as the gift giving holidays. For these reasons, a quarter-to-quarter comparison is not a good indication of our performance or how we will perform in the future.

Our indebtedness may restrict certain growth opportunities.

As of October 31, 2003, we had approximately \$1.9 billion of outstanding indebtedness. The size of our indebtedness may restrict the pursuit of certain new business opportunities. We will also have to use a portion of our cash flow to service our debt, which may prevent us from pursuing certain new business opportunities and certain acquisitions. If we were to incur significant amounts of additional indebtedness in the future, the agreements relating to such indebtedness may include covenants more restrictive than our current debt agreements. Failure to satisfy financial and other covenants or make required debt payments could cause us to violate the terms of our credit facility agreements and thereby result in the exercise of remedies by our lenders, including acceleration of our indebtedness, impair our liquidity and limit our ability to raise additional capital.

Competition in our industry could adversely affect our results of operations.

There is significant competition in the food and support services business from local, regional, national and international companies, of varying sizes, many of which have substantial financial resources. Our ability to successfully compete depends on our ability to provide quality services at a reasonable price and to provide value to our customers. Certain of our competitors may be willing to underbid us or accept a lower profit margin or expend more capital in order to obtain or retain business. In addition, existing or potential clients may elect to self operate their food service, eliminating the opportunity for us to serve them or compete for the account. While we have a significant international presence, should business sector clients require multi-national bidding, we may be placed at a competitive disadvantage because we may not be able to offer services in as many countries as some of our competitors.

Sales of sports, entertainment and recreational services would be adversely affected by a decline in attendance at client facilities or by a reduction or cessation of events.

The portion of our food and support services business which provides services in public facilities such as stadiums, arenas, amphitheaters, convention centers and tourist and recreational attractions is sensitive to an economic downturn, as expenditures to attend sporting events or concerts, take vacations, or hold or attend conventions are funded to a partial or total extent by discretionary income. A decrease in such discretionary income on the part of potential attendees at events in our clients' facilities could result in a reduction in our sales. Further, because our exposure to the ultimate consumer of what we provide is limited by our dependence on our clients to attract customers to their facilities and events, our ability to respond to such a reduction in attendance, and therefore our sales, is limited. There are many factors that could reduce the numbers of events in a facility or attendance at an event, including labor disruptions involving sports leagues, poor performance by the teams playing in a facility and inclement weather, which would adversely affect sales and profits. During fiscal 2003, reduced visitation at certain of our national park service venues adversely affected our sales and operating income. We anticipate that reduced visitation from historical levels will continue in fiscal 2004.

The pricing and cancellation terms of our food and support services contracts may constrain our ability to recover costs and to make a profit on our contracts.

The amount of risk that we bear and our profit potential vary depending on the type of contract under which we provide food and support services. We may be unable to fully recover costs on contracts that limit our ability to increase prices. In addition, we provide many of our services under contracts of indefinite term, which are subject to termination on short notice by either party without cause. Some of our profit and loss contracts contain minimum guaranteed remittances to our client regardless of our sales or profit at the facility involved. If sales do not exceed costs under a contract which contains minimum guaranteed commissions, we will bear any losses which are incurred, as well as the guaranteed commission. Generally, our contracts limit our ability to raise prices on the food, beverages and merchandise we sell within a particular facility without the client's consent. In addition, some of our contracts exclude certain events or products from the scope of the contract, or give the client the right to modify the terms under which we may operate at certain events. The refusal by individual clients to permit the sale of some products at their venues, or the imposition by clients of limits on prices which are not economically feasible for us, could adversely affect our sales and results of operations.

Our business is contract intensive and may lead to client disputes.

Our business is contract intensive and we are parties to many contracts with clients all over the world. Our client interest contracts (which are described in the Business section of this annual report), provide that client billings, and for some contracts the sharing of profits and losses, are based on our determinations of costs of service. Contract terms under which we base these determinations may be subject to differing interpretations

which could result in disputes with our clients from time to time. Clients generally have the right to audit our contracts, and we periodically review our compliance with contract terms and provisions. If clients were to dispute our contract determinations, resolution of such disputes in a manner adverse to ARAMARK's interests could negatively affect sales and operating results. While we do not believe any reviews, audits or other such matters would result in material adjustments, if a large number of our client arrangements were modified in response to any such matter, the effect could be materially adverse to our business or results of operations. Based on a recent internal review of certain client interest contracts in our International segment, we are working to adjust or clarify certain contractual arrangements. Fourth quarter 2003 operating results have been adjusted to reflect the possible effect of this effort. See "Management's Discussion and Analysis of Results of Operations and Financial Condition—Food and Support Services—International Segment."

Claims of illness or injury associated with the service of food and beverage to the public could adversely affect us.

Claims of illness or injury relating to food quality or food handling are common in the food service industry, and a number of these claims may exist at any given time. As a result, we could be adversely affected by negative publicity resulting from food quality or handling claims at one or more of the facilities that we serve. In addition to decreasing our sales and profitability at our facilities, adverse publicity could negatively impact our service reputation, hindering our ability to renew contracts on favorable terms or to obtain new business. In addition, future food product recalls and health concerns may from time to time disrupt our business.

In fiscal 2003, one distributor provided approximately 44% of our consolidated food and non-food products, and if our relationship or their business were to be disrupted, we could experience short term disruptions to our operations and cost structure.

If our relationship with, or the business of, our main U.S. distributor of our food and non-food products were to be disrupted, we would have to arrange alternative distributors and our operations and cost structure could be adversely affected in the short term.

Governmental regulations may subject us to significant liability.

Our operations are subject to various governmental regulations, including those governing:

- the service of food and alcoholic beverages;
- minimum wage and employment;
- governmentally funded entitlement programs;
- environmental protection; and
- human health and safety.

The regulations relating to each of our food and support service sectors are many and complex. A variety of regulations at various governmental levels relating to the handling, preparation and serving of food (including in some cases requirements relating to the temperature of food), and the cleanliness of food production facilities and the hygiene of food-handling personnel are enforced primarily at the local public health department level. We cannot assure you that we are in full compliance with all applicable laws and regulations at all times or that we will be able to comply with any future laws and regulations. Furthermore, additional or amended regulations in this area may significantly increase the cost of compliance.

We serve alcoholic beverages at many facilities, and must comply with applicable licensing laws, as well as state and local service laws, commonly called dram shop statutes. Dram shop statutes generally prohibit serving alcoholic beverages to certain persons such as an individual who is intoxicated or a minor. If we violate dram shop laws, we may be liable to third parties for the acts of the patron. Although we sponsor regular training

programs designed to minimize the likelihood of such a situation, we cannot guarantee that intoxicated or minor patrons will not be served or that liability for their acts will not be imposed on us. There can be no assurance that additional regulation in this area would not limit our activities in the future or significantly increase the cost of regulatory compliance. We must also obtain and comply with the terms of licenses in order to sell alcoholic beverages in the states in which we serve alcoholic beverages. Some of our contracts require us to pay liquidated damages during any period in which our liquor license for the facility is suspended, and most contracts are subject to termination if we lose our liquor license for the facility.

Uniform and Career Apparel

Competition in the uniform rental industry could adversely affect our results of operations.

We have a number of major national competitors in the uniform rental industry with significant financial resources. In addition, there are regional and local uniform suppliers whom we believe may have strong customer loyalty. While most customers focus primarily on quality of service, uniform rental also is a price-sensitive service and if existing or future competitors seek to gain or retain market share by reducing prices, we may be required to lower prices, which would reduce our sales and profits. The uniform rental business requires investment capital for growth. Failure to maintain capital investment in this segment would put us at a competitive disadvantage.

Environmental regulations may subject us to significant liability and limit our ability to grow.

Our uniform rental segment is subject to various federal, state and local laws and regulations, including the federal Clean Water Act, Clean Air Act, Resource Conservation and Recovery Act, Comprehensive Environmental Response, Compensation, and Liability Act and similar state statutes and regulations. In particular, we use and must dispose of wastewater containing detergent and other residues from the laundering of garments and other merchandise through publicly operated treatment works or sewer systems and are subject to volume and chemical discharge limits and penalties and fines for non-compliance. In the course of our business, we settle, or contribute to the settlement of, actions or claims brought against us relating to the disposal of hazardous materials. We may have to expend material amounts to rectify the consequences of any such disposal in the future. Under environmental laws, as an owner or operator of real estate we may be liable for the costs of removal or remediation of certain hazardous or toxic substances located on or in or emanating from our owned, leased or operated property, as well as related costs of investigation and property damage. Liability may be imposed upon us without regard to whether we knew of or were responsible for the presence of hazardous or toxic substances. There can be no assurances that locations which we own, lease or otherwise operate have been operated in compliance with environmental laws and regulations or that future uses or conditions will not result in the imposition of liability upon us under such laws or expose us to third party actions such as tort suits. In addition, such regulations may limit our ability to identify suitable sites for new or expanded plants. In connection with our operations and the operations of our predecessors, hazardous or toxic substances may migrate from properties on which we operate to other properties. We may be subject to significant liabilities to the extent that human health is damaged or the value of such properties is diminished by such migration.

The nature of our customer base could negatively impact our sales and operating results.

We supply uniform services to the airline, hospitality, retail and manufacturing industries, among others, all of which have been subject to one or more of shifting employment levels, changes in worker productivity, uncertainty regarding the impacts of rehiring and a shift to offshore manufacturing. Economic hardship among our client base could cause some of our clients to restrict expenditures or even cease to conduct business, both of which could negatively affect our sales and operating results.

Item 7A. Quantitative and Qualitative Disclosure About Market Risk

We are exposed to the impact of interest rate changes and manage this exposure through the use of variable-rate and fixed-rate debt and by utilizing interest rate swaps. We do not enter into contracts for trading purposes and do not use leveraged instruments. The information below summarizes our market risks associated with debt obligations and other significant financial instruments as of October 3, 2003 and September 27, 2002 (See Note 5). Fair values were computed using market quotes, if available, or based on discounted cash flows using market interest rates as of the end of the respective periods. For debt obligations, the table presents principal cash flows and related interest rates by expected fiscal year of maturity. Variable interest rates disclosed represent the weighted-average rates of the portfolio at October 3, 2003 and September 27, 2002. For interest rate swaps, the table presents the notional amounts and related weighted-average interest rates by fiscal year of maturity. The variable rates presented are the average forward rates for the term of each contract.

	Expected Fiscal Year of Maturity							
As of October 3, 2003	2004	2005	2006	2007	2008	Thereafter	Total	Fair Value
(US\$ equivalent in millions)								
Debt:								
Fixed rate	\$ 212	\$ 154	\$ 302(a)	\$ 472(a)	\$ 301(a)	\$ 19	\$ 1,460	\$ 1,555
Average interest rate	6.7%	8.1%	7.0%	7.0%	6.4%	7.5%	6.9%	
Variable rate	\$ 62	\$ 105	\$ 19	—	\$ 84	—	\$ 270	\$ 270
Average interest rate	3.5%	2.1%	4.3%		5.4%		3.6%	
Interest Rate Swaps:								
Receive variable/pay fixed				\$ 100				\$ (1)
Average pay rate				1.5%				
Average receive rate				1.1%				
Receive fixed/pay variable				\$ 200	\$ 300			\$ 15
Average pay rate				3.2%	4.2%			
Average receive rate				7.0%	6.4%			

	Expected Fiscal Year of Maturity							
As of September 27, 2002	2003	2004	2005	2006	2007	Thereafter	Total	Fair Value
	(US\$ equivalent in millions)							
Debt:								
Fixed rate	\$ 29	\$ 301(a)	\$ 151	\$ 301(a)	\$ 480(a)	\$ 318(a)	\$ 1,580	\$ 1,631
Average interest rate	6.5%	6.7%	8.1%	7.0 %	7.0%	6.4%	6.9%	
Variable rate	\$ 38	\$ 22	\$ 232	\$ 3	—	—	\$ 295	\$ 295
Average interest rate	6.7%	3.0%	3.4%	5.5%			3.8%	
Interest Rate Swaps:								
Receive variable/pay fixed	\$ 100							\$ (4)
Average pay rate	7.7%							
Average receive rate	1.8%							
Receive fixed/pay variable					\$ 300			\$ 25
Average pay rate					4.3%			
Average receive rate					7.0%			

(a) Each balance includes \$300 million of senior notes callable by us at any time.

Item 8. Financial Statements and Supplementary Data

See Index to Financial Statements and Schedule at page S-1.

Item 9. Changes and Disagreements with Accountants on Accounting and Financial Disclosure

Not applicable.

Item 9A. Controls and Procedures**(a) Evaluation of Disclosure Controls and Procedures**

The Company's management, with the participation of the Company's Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of the Company's disclosure controls and procedures as of the end of the period covered by this report. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures, as of the end of the period covered by this report, are functioning effectively to provide reasonable assurance that the information required to be disclosed by the Company in reports filed under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. A controls system, no matter how well designed and operated, cannot provide absolute assurance that the objectives of the controls system are met, and no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within a company have been detected.

(b) Change in Internal Control over Financial Reporting

No change in the Company's internal control over financial reporting occurred during the Company's fourth fiscal quarter that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

PART III

Items 10, 11, 12, 13 and 14 of Part III are incorporated by reference to the information set forth under the caption, "Executive Officers of the Company" in Part I of this Annual Report and to the information set forth in the Company's Proxy Statement for its 2004 annual meeting of stockholders, to be filed with the Commission pursuant to Regulation 14A (except for the committee report on executive compensation and the audit committee report in the Company's Proxy Statement).

PART IV

Item 15. Exhibits, Financial Statement Schedules and Reports on Form 8-K

(a) *Financial Statements*

See Index to Financial Statements and Schedule at page S-1.

(b) *Reports on Form 8-K*

On August 6, 2003, the Company furnished a Form 8-K, containing disclosures responsive to Items 12 and 7, in connection with its earnings press release for the quarter and nine months ended June 27, 2003.

(c) *Exhibits Required by Item 601 of Regulation S-K*

See the Exhibit Index which is incorporated herein by reference.

(d) *Financial Statement Schedules*

See Index to Financial Statements and Schedule at page S-1.

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this annual report to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Philadelphia, Commonwealth of Pennsylvania, on December 19, 2003.

Name: Joseph Neubauer
Title: Chairman and Chief Executive Officer

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose name appears below hereby appoints Joseph Neubauer, William Leonard, Bart J. Colli and Harold B. Dichter, and each of them, as his or her true and lawful agent, with full power of substitution and resubstitution, for him or her and in his or her name, place and stead, in any and all capacities, to execute any and all amendments to the within annual report, and to file the same, together with all exhibits thereto, with the Securities and Exchange Commission, granting unto each said attorney-in-fact and agent, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that each said attorney-in-fact and agent may lawfully do or cause to be done by virtue hereof.

<u>Name</u>	<u>Title</u>	<u>Date</u>
<u>/s/ JOSEPH NEUBAUER</u>	Chairman, Chief Executive Officer and Director (Principal Executive Officer)	December 19, 2003
Joseph Neubauer		
<u>/s/ FREDERICK SUTHERLAND</u>	Executive Vice President and Chief Financial Officer (Principal Financial Officer)	December 19, 2003
Frederick Sutherland		
<u>/s/ JOHN M. LAFFERTY</u>	Senior Vice President, Controller and Chief Accounting Officer (Principal Accounting Officer)	December 19, 2003
John M. Lafferty		
<u>/s/ LAWRENCE T. BABBIO, JR.</u>	Director	December 19, 2003
Lawrence T. Babbio, Jr.		
<u>/s/ PATRICIA C. BARRON</u>	Director	December 19, 2003
Patricia C. Barron		
<u>/s/ ROBERT J. CALLANDER</u>	Director	December 19, 2003
Robert J. Callander		
<u>/s/ LEONARD S. COLEMAN, JR.</u>	Director	December 19, 2003
Leonard S. Coleman, Jr.		

<u>Name</u>	<u>Title</u>	<u>Date</u>
/s/ R ONALD R. DAVENPORT	Director	December 19, 2003
Ronald R. Davenport		
/s/ T HOMAS H. KEAN	Director	December 19, 2003
Thomas H. Kean		
/s/ J AMES E. KSANSNAK	Director	December 19, 2003
James E. Ksansnak		
/s/ W ILLIAM L. LEONARD	President, Chief Operating Officer and Director	December 19, 2003
William Leonard		
/s/ J AMES E. PRESTON	Director	December 19, 2003
James E. Preston		
/s/ R ONALD L. SARGENT	Director	December 19, 2003
Ronald L. Sargent		
/s/ K ARL M. VON DER HEYDEN	Director	December 19, 2003
Karl M. von der Heyden		

ARAMARK CORPORATION AND SUBSIDIARIES
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All other schedules are omitted because they are not applicable, not required, or the information required to be set forth therein is included in the consolidated financial statements or in the notes thereto.

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
ARAMARK Corporation:

We have audited the consolidated balance sheets of ARAMARK Corporation and subsidiaries as of September 27, 2002 and October 3, 2003, and the related consolidated statements of income, cash flows and shareholders' equity for each of the years in the three-year period ended October 3, 2003. In connection with our audits of the consolidated financial statements, we also have audited the financial statement schedule as listed in the accompanying index. These consolidated financial statements and financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements and financial statement schedule based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of ARAMARK Corporation and subsidiaries as of September 27, 2002 and October 3, 2003, and the results of their operations and their cash flows for each of the years in the three-year period ended October 3, 2003, in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

As described in Note 4 to the consolidated financial statements, effective September 29, 2001 the Company adopted the provisions of Statement of Financial Accounting Standards No.142, *Goodwill and Other Intangible Assets*.

KPMG LLP

Philadelphia, Pennsylvania
November 11, 2003

ARAMARK CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
SEPTEMBER 27, 2002 AND OCTOBER 3, 2003
(dollars in thousands, except share amounts)

	Fiscal	
	2002	2003
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 31,572	\$ 44,475
Receivables (less allowances: 2002—\$30,639; 2003—\$29,697)	536,113	663,750
Inventories	425,182	430,672
Prepayments and other current assets	88,218	87,695
Current assets of discontinued operations	17,307	—
	<hr/>	<hr/>
Total current assets	1,098,392	1,226,592
	<hr/>	<hr/>
Property and Equipment, at cost:		
Land, buildings and improvements	691,146	703,851
Service equipment and fixtures	1,484,179	1,719,799
	<hr/>	<hr/>
	2,175,325	2,423,650
Less—Accumulated depreciation	(1,105,457)	(1,239,330)
	<hr/>	<hr/>
	1,069,868	1,184,320
	<hr/>	<hr/>
Goodwill	1,298,808	1,422,639
Other Intangible Assets	240,777	294,290
Other Assets	296,203	339,736
Non Current Assets of Discontinued Operations	255,254	—
	<hr/>	<hr/>
	\$ 4,259,302	\$ 4,467,577
	<hr/>	<hr/>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities:		
Current maturities of long-term borrowings	\$ 39,548	\$ 18,176
Accounts payable	486,112	529,830
Accrued payroll and related expenses	214,655	262,165
Other accrued expenses and current liabilities	509,151	605,618
Current liabilities of discontinued operations	54,096	—
	<hr/>	<hr/>
Total current liabilities	1,303,562	1,415,789
	<hr/>	<hr/>
Long-term borrowings	1,875,180	1,729,881
Less—current portion	(39,548)	(18,176)
	<hr/>	<hr/>
Total long-term borrowings	1,835,632	1,711,705
	<hr/>	<hr/>
Deferred Income Taxes and Other Noncurrent Liabilities	254,198	301,111
Noncurrent Liabilities of Discontinued Operations	7,725	—
Shareholders' Equity:		
Class A common stock, par value \$.01; authorized: 600,000,000 shares; issued: 2002—138,617,940 shares; 2003—104,355,711 shares; outstanding: 2002—121,683,624 shares; 2003—86,706,195 shares	1,387	1,044
Class B common stock, par value \$.01; authorized: 1,600,000,000 shares; issued: 2002—70,069,279 shares; 2003—111,633,745 shares; outstanding: 2002—65,320,579 shares; 2003—97,539,384 shares	700	1,116
Capital surplus	821,242	910,562
Earnings retained for use in the business	553,037	854,129
Accumulated other comprehensive income (loss)	(18,671)	3,940
Treasury stock	(499,510)	(731,819)
	<hr/>	<hr/>
Total	858,185	1,038,972
	<hr/>	<hr/>
	\$ 4,259,302	\$ 4,467,577
	<hr/>	<hr/>

The accompanying notes are an integral part of these consolidated financial statements.

ARAMARK CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME
FOR THE FISCAL YEARS ENDED SEPTEMBER 28, 2001, SEPTEMBER 27, 2002 AND OCTOBER 3, 2003
(dollars in thousands, except per share amounts)

	Fiscal		
	2001	2002	2003
Sales	\$ 7,369,492	\$ 8,356,007	\$ 9,447,815
Costs and Expenses:			
Cost of services provided	6,633,253	7,525,323	8,506,465
Depreciation and amortization	214,561	229,608	262,944
Selling and general corporate expense	106,210	115,190	115,684
Other (income) expense (Note 13)	—	(43,695)	10,700
	<u>6,954,024</u>	<u>7,826,426</u>	<u>8,895,793</u>
Operating income	415,468	529,581	552,022
Interest and Other Financing Costs, net	<u>153,220</u>	<u>136,432</u>	<u>142,469</u>
Income from continuing operations before income taxes	262,248	393,149	409,553
Provision for Income Taxes	<u>99,509</u>	<u>141,829</u>	<u>144,185</u>
Income from Continuing Operations	162,739	251,320	265,368
Income from Discontinued Operations, net (Note 2)	<u>13,757</u>	<u>18,592</u>	<u>35,724</u>
Net Income	<u>\$ 176,496</u>	<u>\$ 269,912</u>	<u>\$ 301,092</u>
Earnings Per Share—Basic:			
Income from continuing operations	\$0.95	\$1.32	\$1.39
Net income	\$1.03	\$1.42	\$1.58
Earnings Per Share—Diluted:			
Income from continuing operations	\$0.90	\$1.25	\$1.34
Net income	\$0.97	\$1.34	\$1.52

The accompanying notes are an integral part of these consolidated financial statements.

ARAMARK CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE FISCAL YEARS ENDED SEPTEMBER 28, 2001, SEPTEMBER 27, 2002 AND OCTOBER 3, 2003
(dollars in thousands)

	Fiscal		
	2001	2002	2003
Cash flows from operating activities from continuing operations:			
Income from continuing operations	\$ 162,739	\$ 251,320	\$ 265,368
Adjustments to reconcile income from continuing operations to net cash provided by operating activities:			
Depreciation and amortization	214,561	229,608	262,944
Income taxes deferred	10,182	17,740	29,675
(Gain) loss on investments	—	(45,320)	10,700
Changes in noncash working capital:			
Receivables	(45,325)	23,599	(53,802)
Inventories	4,930	3,053	6,675
Prepayments	(11,396)	2,444	(14,397)
Accounts payable	(22,502)	(24,732)	(2,108)
Accrued expenses	9,166	98,662	123,398
Net proceeds from sale of receivables	140,885	39,105	—
Changes in other noncurrent liabilities	3,858	(2,917)	8,354
Changes in other assets	(21,541)	(15,268)	(23,556)
Other operating activities	(3,734)	710	(6,990)
Net cash provided by operating activities from continuing operations	441,823	578,004	606,261
Cash flows from investing activities from continuing operations:			
Purchases of property and equipment	(200,531)	(230,650)	(267,128)
Disposals of property and equipment	12,467	16,032	28,183
Proceeds from sale of investments	8,240	76,964	—
Divestiture of certain businesses	—	3,502	248,076
Acquisition of certain businesses:			
Working capital other than cash acquired	(2,296)	30,246	(273)
Property and equipment	(5,467)	(106,772)	(41,645)
Additions to goodwill, other intangible assets and other assets, net	(70,719)	(850,824)	(216,151)
Other investing activities	10,469	30,109	(20,277)
Net cash used in investing activities from continuing operations	(247,837)	(1,031,393)	(269,215)
Cash flows from financing activities from continuing operations:			
Proceeds from additional long-term borrowings	27,918	1,205,360	113,190
Payment of long-term borrowings	(220,394)	(1,032,072)	(263,896)
Proceeds from issuance of common stock	31,509	771,178	21,280
Repurchase of common stock	(55,135)	(499,389)	(212,473)
Other financing activities	(969)	(9,101)	3,034
Net cash provided by (used in) financing activities from continuing operations	(217,071)	435,976	(338,865)
Net cash provided by discontinued operations	23,292	24,186	14,722
Increase in cash and cash equivalents	207	6,773	12,903
Cash and cash equivalents, beginning of year	24,592	24,799	31,572
Cash and cash equivalents, end of year	\$ 24,799	\$ 31,572	\$ 44,475

The accompanying notes are an integral part of these consolidated financial statements.

ARAMARK CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
FOR THE FISCAL YEARS ENDED SEPTEMBER 28, 2001, SEPTEMBER 27, 2002 AND OCTOBER 3, 2003
(dollars in thousands)

	Class A Common Stock	Class B Common Stock	Capital Surplus	Retained Earnings	Impact of Potential Repurchase Feature of Common Stock	Treasury Stock	Accumulated Other Comprehensive Income (Loss)	Total
Balance, September 29, 2000	\$ 1,681	\$ —	\$ —	\$ 148,712	\$ (20,000)	\$ —	\$ (18,897)	\$ 111,496
Net income				176,496				176,496
Foreign currency translation adjustments							6,397	6,397
Change in fair value of cash flow hedges (net of tax)							(6,470)	(6,470)
Total comprehensive income								176,423
Issuance of common stock	92		30,701					30,793
Sale of deferred payment obligations			24,027					24,027
Retirement of common stock	(101)		(53,663)	(42,083)				(95,847)
Balance, September 28, 2001	\$ 1,672	\$ —	\$ 1,065	\$ 283,125	\$ (20,000)	\$ —	\$ (18,970)	\$ 246,892
Net income				269,912				269,912
Minimum pension liability adjustment (net of tax)							(7,356)	(7,356)
Foreign currency translation adjustments							3,472	3,472
Change in fair value of cash flow hedges (net of tax)							4,183	4,183
Total comprehensive income								270,211
Purchases of common stock for the treasury						(499,510)		(499,510)
Conversion of Class A to Class B	(353)	353						—
Issuance of common stock	68	347	793,077					793,492
Sale of deferred payment obligations			27,100					27,100
Change due to termination of Stockholders' Agreement					20,000			20,000
Balance, September 27, 2002	\$ 1,387	\$ 700	\$ 821,242	\$ 553,037	\$ —	\$ (499,510)	\$ (18,671)	\$ 858,185
Net income				301,092				301,092
Minimum pension liability adjustment (net of tax)							5	5
Foreign currency translation adjustments							21,077	21,077
Change in fair value of cash flow hedges (net of tax)							1,529	1,529
Total comprehensive income								323,703
Purchases of common stock for the treasury						(232,309)		(232,309)
Conversion of Class A to Class B	(413)	413						—
Issuance of common stock	70	3	89,320					89,393
Balance, October 3, 2003	\$ 1,044	\$ 1,116	\$ 910,562	\$ 854,129	\$ —	\$ (731,819)	\$ 3,940	\$ 1,038,972

The accompanying notes are an integral part of these consolidated financial statements.

ARAMARK CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Fiscal Year

The Company's fiscal year is the fifty-two or fifty-three week period which ends on the Friday nearest September 30th. The fiscal years ended September 28, 2001 and September 27, 2002 are each fifty-two week periods. The fiscal year ended October 3, 2003 is a fifty-three week period.

Principles of Consolidation

The consolidated financial statements include the accounts of the Company and all its subsidiaries. All significant intercompany balances and transactions have been eliminated.

Reclassification

Prior period "Sales" and "Cost of services provided" have been reclassified to conform to the current period classification. The effect was not material.

New Accounting Pronouncements

In June 2002, the FASB issued SFAS No. 146, "Accounting for Costs Associated with Exit or Disposal Activities," which is effective for exit or disposal activities that are initiated after December 31, 2002. Adoption of this pronouncement did not have a material effect on the Company's financial statements.

In November 2002, the FASB issued Interpretation No. 45, "Guarantor's Accounting and Disclosure Requirements for Guarantees." See Note 10.

In December 2002, the FASB issued SFAS No. 148, "Accounting for Stock-Based Compensation—Transition and Disclosure, an amendment of FASB Statement No. 123," to provide alternative methods of transition for a voluntary change to the fair value based method of accounting for stock-based employee compensation. The Company has adopted the disclosure provisions of this statement and can elect to adopt any of the three transitional recognition provisions of this statement prior to the end of the 2004 fiscal year.

In January 2003, the FASB issued Interpretation Number 46, "Consolidation of Variable Interest Entities." This interpretation addresses consolidation by business enterprises of variable interest entities. The interpretation is not expected to have a material effect on the Company's financial statements.

Revenue Recognition

In each of our operating segments we recognize revenue in the period in which services are provided pursuant to the terms of our contractual relationships with our clients. Revenues in our direct marketing segment are recognized upon shipment.

Vendor Consideration

Consideration received from vendors is accounted for as an adjustment to the price of the vendor's products or services and reported as a reduction of Cost of Services Provided, following the provisions of the consensus reached in Emerging Issues Task Force Issue 02-16, "Accounting by a Customer for Certain Consideration Received from a Vendor."

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of sales and expenses during the reporting period. Actual results could differ from those estimates.

ARAMARK CORPORATION AND SUBSIDIARIES**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)****Comprehensive Income**

Pursuant to the provisions of SFAS No. 130, "Reporting Comprehensive Income," comprehensive income includes all changes to shareholders' equity during a period, except those resulting from investments by and distributions to shareholders. The components of comprehensive income are shown in the consolidated statements of shareholders' equity.

Currency Translation

Gains and losses resulting from the translation of financial statements of non-U.S. subsidiaries are reflected as a component of accumulated other comprehensive income (loss) in shareholders' equity. Currency transaction gains and losses included in operating results for fiscal 2001, 2002 and 2003 were not significant.

Current Assets

The Company considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Inventories are valued at the lower of cost (principally the first-in, first-out method) or market. The LIFO (last-in, first-out) method of determining cost is used to value directly marketed career apparel and public safety clothing and equipment. The stated value of inventories determined using the LIFO method is not significantly different from replacement or current cost. Personalized work apparel and linens in service are recorded at cost and are amortized over their estimated useful lives, approximately two years.

The components of inventories are as follows:

	Fiscal	
	2002	2003
Food	30.4%	33.6%
Career apparel, safety equipment and linens	64.9%	61.8%
Parts, supplies and novelties	4.7%	4.6%
	100.0%	100.0%

Property and Equipment

Property and equipment are stated at cost and are depreciated over their estimated useful lives on a straight-line basis. Gains and losses on dispositions are included in operating results. Maintenance and repairs are charged to current operations, and replacements and significant improvements are capitalized. The estimated useful lives for the major categories of property and equipment are 10 to 40 years for buildings and improvements and 3 to 10 years for service equipment and fixtures. Depreciation expense in fiscal 2001, 2002 and 2003 was \$154.1 million, \$172.9 million and \$201.1 million, respectively.

Other Assets

Other assets consist primarily of investments in 50% or less owned entities, client contract rights, computer software costs, and long-term receivables. Investments in which the Company owns more than 20% but less than a majority are accounted for using the equity method. Investments in which the Company owns less than 20% are accounted for under the provisions of SFAS No. 115, "Accounting for Certain Investments in Debt and Equity Securities" or the cost method, as applicable.

ARAMARK CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Other Accrued Expenses and Liabilities

Other accrued expenses and current liabilities consist principally of insurance accruals, advanced payments from clients, taxes, interest and accrued commissions. Noncurrent liabilities consist primarily of deferred compensation, insurance accruals, pension liabilities and holdbacks on acquisitions.

The Company is self-insured for a limited portion of the risk retained under its general liability and workers' compensation arrangements. When required, self-insurance reserves are recorded based on actuarial analyses.

Earnings Per Share

The Company follows the provisions of SFAS No. 128, "Earnings per Share." Basic earnings per share is based on the weighted average number of common shares outstanding during the respective periods. Diluted earnings per share is based on the weighted average number of common shares outstanding during the respective periods, plus the common equivalent shares, if dilutive, that would result from the exercise of stock options. Earnings applicable to common stock and common shares utilized in the calculation of basic and diluted earnings per share are as follows:

	Fiscal		
	2001	2002	2003
	(in thousands, except share data)		
Earnings:			
Income from continuing operations	\$ 162,739	\$ 251,320	\$ 265,368
Net income	\$ 176,496	\$ 269,912	\$ 301,092
Shares:			
Weighted average number of common shares outstanding used in basic earnings per share calculation	171,533	190,256	190,723
Impact of potential exercise opportunities under the ARAMARK Ownership and Equity Incentive Plans	9,794	10,668	6,782
Total common shares used in diluted earnings per share calculation	181,327	200,924	197,505
Earnings per common share—Basic:			
Income from continuing operations	\$ 0.95	\$ 1.32	\$ 1.39
Net income	\$ 1.03	\$ 1.42	\$ 1.58
Earnings per common share—Diluted:			
Income from continuing operations	\$ 0.90	\$ 1.25	\$ 1.34
Net income	\$ 0.97	\$ 1.34	\$ 1.52

Options to purchase 4,006,326 shares were outstanding at October 3, 2003, but were not included in the computation of diluted earnings per common share, as their effect would have been antidilutive.

ARAMARK CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

The Company applies Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees," and related interpretations in accounting for its stock option plans. Accordingly, no compensation expense has been recognized. If compensation cost for these plans had been determined using the fair-value method prescribed by SFAS No. 123, "Accounting for Stock Based Compensation," the Company's net income and earnings per share would have been reduced to the following pro forma amounts:

	Fiscal		
	2001	2002	2003
	(in thousands, except per share data)		
Net Income			
As reported	\$ 176,496	\$ 269,912	\$ 301,092
Pro forma	\$ 171,113	\$ 263,770	\$ 288,704
Earnings per share			
As reported:			
Basic	\$ 1.03	\$ 1.42	\$ 1.58
Diluted	\$ 0.97	\$ 1.34	\$ 1.52
Pro forma:			
Basic	\$ 1.00	\$ 1.39	\$ 1.51
Diluted	\$ 0.94	\$ 1.31	\$ 1.46

The weighted average fair value of options granted in fiscal 2001 was \$1.54 per option. As the Company's stock was not publicly traded in fiscal 2001, the fair value of each option was estimated on the grant date using the minimum value method (which excludes a volatility assumption), with the following assumptions:

	Fiscal 2001
Risk-free interest rate	5.9–6.4%
Expected life in years	3.3
Dividend yield	—

The weighted average fair value of options granted in fiscal 2002 and 2003 was \$7.57 and \$6.56, respectively, per option. The fair value of each option was estimated on the grant date using the Black-Scholes Option Pricing Model, with the following assumptions:

	Fiscal	
	2002	2003
Risk-free interest rate	2.7–4.9%	2.3–3.2%
Expected life in years	5	5
Dividend yield	—	—
Expected volatility	27%	27%

ARAMARK CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Supplemental Cash Flow Information

	Fiscal		
	2001	2002	2003
	(in millions)		
Interest paid	\$151.5	\$123.4	\$135.5
Income taxes paid	\$ 69.8	\$ 65.2	\$ 79.8

Significant noncash activities follow:

- Cash provided by operating activities includes the tax benefit from the employee exercise of non-qualified stock options of approximately \$14.6 million, \$57.9 million and \$37.4 million during the 2001, 2002 and 2003 fiscal years, respectively.
- During fiscal 2001, 2002 and 2003, the Company contributed \$2.3 million, \$3.3 million and \$3.4 million, respectively, of stock units to its stock unit retirement plan in satisfaction of its accrued obligations. See Note 6.
- During fiscal 2002 and 2003, the Company executed capital lease transactions. The present value of the future rental obligations was approximately \$5.3 million and \$12.8 million for fiscal 2002 and 2003, respectively, which is included in property and equipment.
- During the fourth quarter of fiscal 2003, the Company reached agreement for the sale of its 15% interest in a previously divested periodicals distribution business to the majority shareholder, and wrote down this investment to the expected recoverable amount. The resulting pre-tax charge of \$10.7 million is included in "Other (income) expense."

NOTE 2. DISCONTINUED OPERATIONS:

During the second quarter of fiscal 2003, the Company executed a definitive agreement for the sale of ARAMARK Educational Resources (AER) to Knowledge Learning Corporation, Inc. for approximately \$250 million in cash. The sale closed on May 9, 2003, and resulted in an after-tax gain of \$23.6 million.

AER is accounted for as a discontinued operation in the accompanying financial statements in accordance with Statement of Financial Accounting Standards (SFAS) No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets." AER's results of operations and cash flows have been removed from the Company's results of continuing operations for all periods presented. All related disclosures have also been adjusted to reflect the discontinued operation. Summarized selected financial information from discontinued operations for fiscal 2001, 2002 and 2003 (excluding the net gain) through the transaction closing date is as follows:

	Fiscal		
	2001	2002	2003
	(in thousands)		
Sales	\$463,250	\$455,772	\$264,277
Income before income taxes	\$ 23,967	\$ 30,459	\$ 20,174
Income tax provision	(10,210)	(11,867)	(8,002)
Income from discontinued operations, net	13,757	18,592	12,172
After-tax gain on sale	—	—	23,552
Net income	\$ 13,757	\$ 18,592	\$ 35,724

ARAMARK CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

The assets and liabilities of the discontinued operation are stated separately in the consolidated balance sheet. The primary asset and liability categories follow:

	September 27, 2002
	(in thousands)
Receivables	\$ 12,184
Prepayments and other current assets	5,123
	\$ 17,307
Property and equipment, net	\$ 179,402
Goodwill	70,732
Other intangible assets	1,564
Other assets	3,556
	\$ 255,254
Accounts payable	\$ 15,081
Accrued expenses and other current liabilities	39,015
	\$ 54,096
Noncurrent liabilities	\$ 7,725

As part of the agreement, ARAMARK has agreed to indemnify the buyer against certain pre-sale related claims, if asserted. Management does not anticipate there being any significant uninsured claims.

NOTE 3. ACQUISITIONS:

Fiscal 2001

During the first quarter of fiscal 2001, the Company acquired the UK food and support services business of the Campbell Bewley Group Limited, issuing stock (8% interest) of a subsidiary as consideration. The Company also acquired a 45% interest in the Campbell Bewley Group Limited's food and support services business in Ireland for approximately \$19 million in cash. Additionally, during the second quarter of fiscal 2001, the Company acquired certain assets of Correctional Foodservice Management (CFM) from The Wackenhut Corporation for approximately \$16 million in cash.

These acquisitions were accounted for as purchases and were financed through the Company's revolving credit facility. The Company's pro forma results of operations for fiscal 2001 would not have been materially different assuming that both the Campbell Bewley and CFM acquisitions had occurred at the beginning of the period. ARAMARK acquired the 8% minority interest in the UK subsidiary during the fourth quarter of fiscal 2003.

Fiscal 2002

On November 30, 2001 the Company completed the acquisition of the management services division of The ServiceMaster Company (ServiceMaster Management Services). The aggregate consideration for the transaction was approximately \$790 million in cash plus costs of the acquisition, and was allocated to the assets acquired and liabilities assumed based on estimates of the respective fair values as follows: approximately \$(34) million to working capital; approximately \$43 million to other noncurrent assets, net; and approximately \$167 million to amortizable intangible assets. The excess of the purchase price over the net assets acquired was allocated to goodwill.

ARAMARK CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

The results of ServiceMaster Management Services have been included in the accompanying consolidated financial statements from the date of acquisition and are included in the Food and Support Services—United States segment. Had the acquisition of ServiceMaster Management Services occurred at the beginning of fiscal 2002, pro forma sales, net income and diluted earnings per share for the year ended September 27, 2002 would have been higher by approximately \$0.2 billion, \$1.5 million and \$0.01 per share; had it occurred at the beginning of fiscal 2001, pro forma sales, net income and diluted earnings per share for the year ended September 28, 2001 would have been higher by approximately \$1 billion, \$2.6 million and \$0.02 per share. These pro forma disclosures are unaudited and are based on historical results, adjusted for the impact of certain acquisition related items, such as: amortization of identified intangibles, increased interest expense on acquisition debt and the related income tax effects. Pro forma results do not reflect any synergies that might be achieved from the combined operations, and therefore, in management's opinion, are not indicative of what actual results would have been if the acquisition had occurred at the beginning of the respective periods. Pro forma results are not intended to be a projection of future results.

During the third quarter of fiscal 2002, the Company completed the acquisition of the Harrison Conference Centers (Harrison) portfolio of conference centers and university hotels from Hilton Hotels Corporation for approximately \$49 million in cash. The Company also acquired Long Beach Uniform (LBU), a direct retail and contract marketer of uniforms and public safety equipment in Southern California, for approximately \$9.5 million in cash, and Uniforms for Industry (UFI), a uniform rental company serving the New York City area, for approximately \$10.4 million in cash. During the fourth quarter of fiscal 2002, the Company completed an acquisition in Canada of Travers Food Services (Travers), a remote camp business, for approximately \$18 million. These acquisitions were financed through the Company's revolving credit facility. Additionally, ARAMARK and Mitsui & Company, Ltd. completed a tender offer to jointly purchase outstanding shares of AIM Services Co., Ltd. (AIM), which increased each of their existing ownership interests in AIM to approximately 49%. The aggregate consideration paid by ARAMARK was approximately \$37 million. The Company's pro forma results of operations for fiscal 2001 and 2002 would not have been materially different than reported, assuming that these acquisitions had occurred at the beginning of the respective fiscal years.

Fiscal 2003

During fiscal 2003, the Company acquired three regional uniform rental companies for a total of approximately \$27 million in cash. The Company's pro forma results of operations for fiscal 2003 and 2002 would not have been materially different than reported, assuming that these acquisitions had occurred at the beginning of the respective fiscal periods.

On September 30, 2002, the Company completed the acquisition of the Clinical Technology Services (CTS) business from Premier, Inc. for approximately \$100 million in cash. Additionally, in mid-December 2002, the Company closed the acquisition of certain assets of Fine Host Corporation, a food service management company, for approximately \$95 million, of which \$30 million represented a holdback which is scheduled to be paid over time, subject to satisfaction of any claims that may be made against the holdback pursuant to the terms of the acquisition agreement and the assignment of certain client contracts. The results of Fine Host Corporation have been included starting in the second quarter of fiscal 2003. These acquisitions were funded through borrowings under the revolving credit facility. The proforma results of operations for fiscal 2003 and 2002 would not have been materially different than reported, assuming that these acquisitions had occurred at the beginning of the respective periods.

During the fourth quarter of fiscal 2003, the Company also completed the acquisitions of two vending/food service companies, one located in the U.S. and the other in Europe, for total cash consideration of approximately \$26.5 million. The pro forma results of operations for fiscal 2003 and 2002 would not have been materially different than reported, assuming that these acquisitions had occurred at the beginning of the respective periods.

ARAMARK CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

NOTE 4. GOODWILL AND OTHER INTANGIBLE ASSETS:

At the beginning of the first quarter of fiscal 2002, the Company adopted SFAS No. 142, "Goodwill and Other Intangible Assets." With the adoption of SFAS No. 142, goodwill is no longer subject to amortization, rather it is subject to at least an annual assessment for impairment by applying a fair value based test. The Company has completed the goodwill impairment tests required by SFAS No. 142, which did not result in an impairment charge.

The elimination of goodwill amortization would have increased net income by \$22.0 million for the fiscal year ended September 28, 2001 or \$0.12 per diluted share.

Goodwill, allocated by segment, follows:

	September 27, 2002	Acquisitions	Translation and Other	October 3, 2003
	(in thousands)			
Food and Support Services—United States	\$ 977,174	\$ 76,435	\$ (215)	\$ 1,053,394
Food and Support Services—International	53,328	20,525	11,425	85,278
Uniform and Career Apparel—Rental	156,450	18,098	—	174,548
Uniform and Career Apparel—Direct Marketing	111,856	—	(2,437)	109,419
	\$ 1,298,808	\$ 115,058	\$ 8,773	\$ 1,422,639

The increase in goodwill results principally from the acquisitions of Clinical Technology Services and Fine Host Corporation in the Food and Support Services—United States segment, and the other acquisitions described in Note 3. These amounts may be revised upon final determination of the purchase price allocations.

Other intangible assets consist of:

	September 27, 2002			October 3, 2003		
	Gross Amount	Accumulated Amortization	Net Amount	Gross Amount	Accumulated Amortization	Net Amount
	(in thousands)			(in thousands)		
Customer relationship assets	\$ 344,414	\$ (117,526)	\$ 226,888	\$ 444,712	\$ (160,000)	\$ 284,712
Other	25,346	(11,457)	13,889	30,539	(20,961)	9,578
	\$ 369,760	\$ (128,983)	\$ 240,777	\$ 475,251	\$ (180,961)	\$ 294,290

All intangible assets are amortizable and consist primarily of contract rights, customer lists and non-compete agreements. The intangible assets are being amortized on a straight-line basis over the expected period of benefit, 3 to 20 years. Intangible assets increased \$103 million during fiscal 2003, primarily due to the acquisition of Clinical Technologies Services, Fine Host Corporation and three regional uniform rental companies. Amortization of intangible assets for the fiscal years ended September 28, 2001, September 27, 2002 and October 3, 2003 was approximately \$22 million, \$43 million and \$50 million, respectively. Based upon the recorded balances at October 3, 2003, future amortization will be approximately \$51 million in fiscal 2004, \$44 million in fiscal 2005, and average approximately \$38 million for each of the following three fiscal years.

ARAMARK CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

NOTE 5. BORROWINGS:

Long-term borrowings at September 27, 2002 and October 3, 2003 are summarized in the following table:

	Fiscal	
	2002	2003
	(in thousands)	
Credit facility borrowings	\$ 21,000	\$ —
Canadian credit facility (revolving)	34,231	38,295
Canadian credit facility (non-revolving)	—	18,590
Bank term loan due March 2005	45,000	—
Bank term loan due May 2005	50,000	50,000
Bank term loan due May 2005	75,000	55,000
United Kingdom term loan due December 2005	18,667	—
European private placement	—	84,555
6.375% notes, due February 2008	299,418	299,788
6.75% notes, due August 2004	299,544	205,592
6.79% note, payable in installments through 2003	25,000	—
7.00% notes, due July 2006	299,969	299,972
7.00% notes, due May 2007	324,034	314,192
7.10% notes, due December 2006	124,909	124,941
7.25% notes and debentures, due August 2007	30,730	30,730
8.15% notes, due May 2005	150,000	150,000
Other	77,678	58,226
	1,875,180	1,729,881
Less—current portion	(39,548)	(18,176)
	\$ 1,835,632	\$ 1,711,705

The non-amortizing \$1 billion revolving credit facility (“Credit Agreement”) is provided by a group of banks and matures in March 2005. Interest under the Credit Agreement is based on the Prime Rate, LIBOR plus a spread of 0.18% to 0.70% (as of October 3, 2003—0.30%) or the Certificate of Deposit Rate plus a spread of 0.28% to 0.80% (as of October 3, 2003—0.40%), at the option of the Company. There is a fee of 0.10% to 0.30% (as of October 3, 2003—0.15%) on the entire credit facility. The spread and fee margins are based on certain financial ratios as defined.

The non-amortizing C\$70 million Canadian revolving credit facility provides for either U.S. dollar or Canadian dollar borrowings. This credit facility currently matures in March 2004 and contains options to extend the maturity date. Interest on the facility is based on the Canadian Bankers Acceptance Rate, U.S. Prime Rate plus a spread of 0.25% to 0.625% (as of October 3, 2003—0.50%), Canadian Prime Rate plus a spread of 0.25% to 0.625% (as of October 3, 2003—0.35%), or LIBOR plus a spread of 1.05% to 2.10% (as of October 3, 2003—1.175%), at the option of the Company. As of October 3, 2003, all borrowings under this facility are payable in Canadian dollars, with a weighted average interest rate of 4.3%. There is a fee of 0.15% to 0.25% (as of October 3, 2003—0.175%) on the entire credit facility.

The C\$25 million Canadian non-revolving credit facility matures in September 2007. Interest is based on the Canadian Bankers Acceptance Rate (2.7% as of October 3, 2003) plus a spread of 1.5%, Canadian Prime Rate (4.5% as of October 3, 2003) plus a spread of 0.75% or LIBOR (2.7% as of October 3, 2003) plus a spread of 1.5%.

ARAMARK CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

The \$50 million and \$55 million bank term loans are subject to interest based on the higher of (a) the Prime Rate and (b) the sum of 0.5% plus the Federal Funds Rate, or LIBOR plus a spread, as defined (approximately 0.9% for both loans as of October 3, 2003). The spread is based on certain financial ratios, as defined in the respective term loans. The \$50 million and \$55 million bank term loans mature in May 2005.

The European private placement of 30 million GBP and 30 million Euro notes maturing in November 2007. The notes bear interest, based on six month GBP LIBOR (3.84% as of October 3, 2003) plus a spread of 2.32% and six month Euribor (2.14% as of October 3, 2003) plus a spread of 2.25%, respectively. Proceeds were used to repay borrowings primarily in the United Kingdom and Germany.

The 6.375% (due February 2008), 6.75% (due August 2004), 7.0% (due July 2006) and 7.0% (due May 2007) notes may be redeemed, in whole or in part, at any time at the Company's option. The redemption price equals the greater of (i) 100% of the principal amount or (ii) an amount based on the discounted present value of scheduled principal and interest payments, as defined.

The 7.25% notes and debentures may be exchanged, in whole or in part, at the option of the holder, for 7.10% senior notes due December 2006. The Company has the right to redeem these notes and debentures, at par, upon being presented with a notice of conversion or at any time after June 2004.

Debt repayments of \$255.2 million, contractually due in fiscal 2004, have been classified as non-current in the accompanying consolidated balance sheet as the Company has the ability and intent to finance the repayments through additional borrowings under the Credit Agreement. Accrued interest on borrowings totaling \$37.8 million at September 27, 2002 and \$37.9 million at October 3, 2003 is included in current liabilities as "Other accrued expenses."

During the third quarter of fiscal 2003, the Company completed a tender offer for its 6 ³/₄% guaranteed notes due August 1, 2004 issued by ARAMARK Services, Inc. and guaranteed by ARAMARK Corporation. The total cash consideration paid for the purchase of the notes, including accrued interest, was \$102 million. Additionally, during the third quarter of fiscal 2003, the Company retired a \$45 million term loan due March 2005. These two transactions resulted in an extinguishment charge of \$7.7 million which is included in "Interest and Other Financing Costs, net."

The Company follows the provisions of SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities," and SFAS No. 138, "Accounting for Certain Derivative Instruments and Certain Hedging Activities—an Amendment of FASB Statement No. 133." The Company utilizes derivative financial instruments, such as interest rate swaps and forward exchange contract agreements, to manage changes in market conditions related to debt obligations and foreign currency exposures. As of October 3, 2003, the Company has \$100 million of interest rate swap agreements, which are designated as cash flow hedging instruments, fixing the rate on a like amount of variable rate borrowings. Concurrent with the issuance in fiscal 2002 of the Company's 7% notes (due May 2007), the Company entered into interest rate swaps, with notional amounts totaling \$300 million, to receive fixed (7%)/pay variable (six month LIBOR). The swaps mature on May 1, 2007 and are designated as fair-value hedging instruments. In October 2002, the Company entered into interest rate swaps, with notional amounts totaling \$300 million, to receive fixed (6.375%)/pay variable (six month LIBOR). The swaps mature on February 15, 2008 and are designated as fair-value hedging instruments. In September 2003, the Company terminated \$100 million of these interest rate swap agreements resulting in a gain of \$6.1 million, which was deferred and will be recognized as an adjustment to interest expense over the remaining term of the notes. There were no material forward exchange contract agreements outstanding as of October 3, 2003. The Company recognizes all derivatives on the balance sheet at fair value at the end of each quarter. Changes in the fair value of

ARAMARK CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

a derivative that is designated as and meets all the required criteria for a cash flow hedge are recorded in accumulated other comprehensive income (loss) and reclassified into earnings as the underlying hedged item affects earnings. Amounts reclassified into earnings related to interest rate swap agreements are included in interest expense. During fiscal 2003 and 2002, credits of approximately \$1.5 million (net of tax) and \$4.2 million (net of tax) related to interest rate swaps were recorded in comprehensive income. As of October 3, 2003, approximately \$0.8 million of net unrealized losses related to interest rate swaps was included in "Accumulated other comprehensive income (loss)." Changes in the fair value of a derivative that is designated as and meets all the required criteria for a fair value hedge are recognized currently in earnings, offset by recognizing currently in earnings the change in the fair value of the underlying hedged item. As of October 3, 2003, approximately \$14.9 million has been included in "Other assets," with an offsetting increase in "Long-term borrowings" in the consolidated balance sheet related to fair value hedges. The hedge ineffectiveness for cash flow and fair value hedging instruments for the fiscal 2003 and 2002 years was not material. The counterparties to the above derivative agreements are major international banks. The Company continually monitors its positions and the credit ratings of its counterparties, and does not anticipate nonperformance by the counterparties.

The following summarizes the fair value of the Company's financial instruments as of September 27, 2002 and October 3, 2003. The fair values were computed using market quotes, if available, or based on discounted cash flows using market interest rates as of the end of the respective periods.

	Fiscal			
	2002		2003	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Asset (Liability), in millions:				
Long-term debt	\$ (1,875.2)	\$ (1,926.3)	\$ (1,729.9)	\$ (1,825.3)
Pay fixed/receive variable interest rate swap agreements	(3.7)	(3.7)	(1.2)	(1.2)
Receive fixed/pay variable interest rate swap agreements	24.6	24.6	14.9	14.9

The Credit Agreement contains restrictive covenants which provide, among other things, limitations on liens, dispositions of material assets and repurchases of capital stock. The terms of the Credit Agreement also require that the Company maintain certain specified minimum ratios of cash flow to fixed charges and to total borrowings and certain minimum levels of net worth (as defined). At October 3, 2003, the Company was in compliance with all of these covenants.

Long-term borrowings maturing in the next five fiscal years are as follows:

	Amount
	(in thousands)
2004	\$ 18,176
2005	514,346
2006	320,654
2007	471,630
2008	386,391
Thereafter	18,684

ARAMARK CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

The components of interest and other financing costs, net are summarized as follows:

	Fiscal		
	2001	2002	2003
	(in thousands)		
Interest expense	\$ 151,111	\$ 132,457	\$ 141,156*
Interest income	(981)	(1,100)	(2,180)
Other financing costs	3,090	5,075	3,493
Total	\$ 153,220	\$ 136,432	\$ 142,469

* Includes \$7.7 million extinguishment charge.

NOTE 6. EMPLOYEE PENSION AND PROFIT SHARING PLANS:

In the United States, the Company maintains qualified contributory and non-contributory defined contribution retirement plans for eligible employees, with Company contributions to the plans based on earnings performance or salary level. The Company also has a non-qualified stock unit retirement plan for certain employees. The total expense for these plans for fiscal 2001, 2002 and 2003 was \$16.8 million, \$17.8 million and \$18.9 million, respectively. During fiscal 2001, 2002 and 2003, the Company contributed to the stock unit retirement plan 154,738 stock units, 149,339 stock units and 128,092 stock units, respectively, which are convertible into common stock, Class A, in satisfaction of its accrued obligations. The value of the stock units was credited to capital surplus. The Company participates in various multi-employer union administered pension plans. Contributions to these plans, which are primarily defined benefit plans, result from contractual provisions of labor contracts and were \$21.9 million, \$21.4 million and \$21.6 million for fiscal 2001, 2002 and 2003, respectively.

Additionally, the Company maintains several contributory and non-contributory defined benefit pension plans, primarily in Canada and the United Kingdom. Pension expense related to these plans was not material to the consolidated financial statements. As of October 3, 2003, the projected benefit obligation of these plans was \$96.7 million, which exceeded plan assets by \$27.1 million. The following tables set forth changes in the projected benefit obligation and the fair value of plan assets for these plans as of and for the fiscal year ended October 3, 2003 (in thousands):

Benefit obligation, beginning	\$ 76,793		
Foreign currency translation	8,472	Fair value of plan assets, beginning	\$ 57,381
Service cost	3,356	Foreign currency translation	6,491
Interest cost	5,793	Employer contributions	5,324
Actuarial loss (gain)	5,849	Actual return on plan assets	3,978
Benefits	(3,581)	Benefits	(3,581)
Benefit obligation, end	\$ 96,682	Fair value of plan assets, end	\$ 69,593
Funded status	\$ (27,089)	Amounts recognized in the balance sheet:	
Unrecognized prior service cost	2,047	Prepaid benefit cost	\$ 11,264
Unrecognized net loss (gain)	31,998	Accrued benefit liability	(15,662)
Unrecognized transition obligation	(45)	Minimum pension liability	11,309
Net amount recognized as prepaid	\$ 6,911	Net amount recognized	\$ 6,911

ARAMARK CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

The assumptions utilized in the determination of pension expense and the funded status information include a weighted average discount rate of 6.4% for pension expense, a weighted average discount rate of 6.3% for the funded status, a weighted average rate of compensation increase of 3.7% and a weighted average long-term rate of return on assets of 7.6%.

The following tables set forth changes in the projected benefit obligation and the fair value of plan assets for these plans as of and for the fiscal year ended September 27, 2002 (in thousands):

Benefit obligation, beginning	\$ 67,170
Foreign currency translation	1,575
Service cost	3,059
Interest cost	5,022
Actuarial loss (gain)	3,054
Benefits	(3,087)
Benefit obligation, end	\$ 76,793
Funded status	\$ (19,412)
Unrecognized prior service cost	758
Unrecognized net loss (gain)	19,518
Unrecognized transition obligation	1,277
Net amount recognized as prepaid	\$ 2,141

Fair value of plan assets, beginning	\$ 61,640
Foreign currency translation	1,290
Employer contributions	1,990
Actual return on plan assets	(4,717)
Benefits	(2,822)
Fair value of plan assets, end	\$ 57,381

Amounts recognized in the balance sheet:	
Prepaid benefit cost	\$ 7,077
Accrued benefit liability	(16,254)
Minimum pension liability	11,318
Net amount recognized	\$ 2,141

The assumptions utilized in the determination of pension expense and the funded status information include a weighted average discount rate of 7.5% for pension expense, a weighted average discount rate of 7.2% for the funded status, a weighted average rate of compensation increase of 4.6% and a weighted average long-term rate of return on assets of 8.3%.

NOTE 7. INCOME TAXES:

The Company accounts for income taxes following the provisions of SFAS No. 109, "Accounting for Income Taxes." SFAS No. 109 requires deferred tax assets and liabilities to be recognized for the estimated future tax effects of temporary differences between the financial reporting and tax bases of assets and liabilities based on the enacted tax law and statutory tax rates applicable to the periods in which the temporary differences are expected to affect taxable income.

The components of income from continuing operations before income taxes by source of income are as follows:

	Fiscal		
	2001	2002	2003
		(in thousands)	
United States	\$ 237,764	\$ 362,234	\$ 373,831
Non-U.S.	24,484	30,915	35,722
	\$ 262,248	\$ 393,149	\$ 409,553

ARAMARK CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

The provision for income taxes consists of:

	Fiscal		
	2001	2002	2003
	(in thousands)		
Current:			
Federal	\$ 67,045	\$ 98,220	\$ 81,311
State and local	12,551	15,445	14,716
Non-U.S.	9,731	10,424	10,044
	<u>89,327</u>	<u>124,089</u>	<u>106,071</u>
Deferred:			
Federal	8,443	15,396	32,163
State and local	1,741	2,344	5,661
Non-U.S.	(2)	—	290
	<u>10,182</u>	<u>17,740</u>	<u>38,114</u>
	<u>\$ 99,509</u>	<u>\$ 141,829</u>	<u>\$ 144,185</u>

Current taxes payable of \$72.0 million and \$68.1 million at fiscal year end 2002 and 2003, respectively, are included in "Other accrued expenses and current liabilities." During the third quarter of fiscal 2003, the Company reduced the provision for income taxes by approximately \$8.4 million, based upon the settlement of certain open tax years.

The provision for income taxes varies from the amount determined by applying the United States Federal statutory rate to pre-tax income as a result of the following:

	Fiscal		
	2001	2002	2003
	(% of pre-tax income)		
United States statutory income tax rate	35.0%	35.0%	35.0%
Increase (decrease) in taxes, resulting from:			
State income taxes, net of Federal tax benefit	3.5	2.9	3.2
Foreign tax benefits	(1.0)	(0.7)	0.1
Permanent book/tax differences, primarily resulting from purchase accounting*	2.8	0.8	0.4
Tax credits and other	(2.4)	(1.9)	(3.5)
Effective income tax rate	<u>37.9%</u>	<u>36.1%</u>	<u>35.2%</u>

* Includes goodwill amortization in fiscal 2001.

Our effective tax rate is based on expected income, statutory tax rates and tax planning opportunities available to us in the various jurisdictions in which we operate. Judgement is required in determining our effective tax rate and in evaluating our tax positions. We establish reserves when, despite our belief that our tax return positions are supportable, we believe that certain positions are likely to be challenged and that we may not succeed. We adjust these reserves in light of changing facts and circumstances, such as the progress of a tax audit. Our effective tax rate includes the impact of reserve provisions and changes to the reserve that we consider appropriate, as well as related interest. This rate is also applied to our quarterly operating results. In the event that there is a significant unusual/or one-time item recognized in our operating results, the tax attributable to that item would be separately calculated and recorded at the same time as the unusual or one-time item.

ARAMARK CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

A number of years may elapse before a particular tax reporting year is audited and finally resolved. The number of years with open tax audits varies depending on the tax jurisdiction. In the United States, the statutes for 1998 through 2003 remain open and the Internal Revenue Service is currently examining our tax returns for 1998 through 2001. While it is often difficult to predict the final outcome or the timing of resolution of any particular tax matter, we believe that our income tax accruals reflect the probable outcome of known tax contingencies. Unfavorable settlement of any particular issue would require use of our cash. Favorable resolution would be recognized as a reduction of our effective tax rate in the year of resolution.

Certain subsidiaries have accumulated state and foreign net operating loss carryforwards for which no tax benefit has been recorded based upon the uncertainty of realization. At October 3, 2003, the amount of the potential future tax benefit was approximately \$21.6 million. The state and foreign net operating loss carryforwards will expire from 2004 through 2020. The company also has accumulated foreign tax credit carryforwards for which no tax benefit has been recorded due to the uncertainty of realization. At October 3, 2003, the amount of the potential foreign tax benefit was approximately \$3.6 million. The foreign tax credits carryforwards will expire from 2004 through 2008.

As of September 27, 2002 and October 3, 2003, the components of deferred taxes are as follows:

	Fiscal	
	2002	2003
	(in thousands)	
Deferred tax liabilities:		
Property and equipment	\$ 85,054	\$ 94,770
Inventory	9,283	30,688
Investments	24,090	22,486
Other intangible assets, including goodwill	20,678	36,009
Other	12,531	17,655
Gross deferred tax liability	<u>151,636</u>	<u>201,608</u>
Deferred tax assets:		
Insurance	9,832	13,880
Employee compensation and benefits	56,407	63,921
Accruals and allowances	27,517	23,288
Other	1,461	484
Gross deferred tax asset	<u>95,217</u>	<u>101,573</u>
Net deferred tax liability	<u>\$ 56,419</u>	<u>\$ 100,035</u>

The net deferred tax liability at October 3, 2003 includes approximately \$5.5 million of deferred tax liability related primarily to acquisitions.

NOTE 8. CAPITAL STOCK:

On December 14, 2001, the Company completed an initial public offering (IPO) of 34.5 million shares of its Class B common stock at a price of \$23.00 per share, raising approximately \$742.9 million, net of issuance costs. Just prior to the completion of the IPO, old ARAMARK Corporation merged with its wholly owned subsidiary, ARAMARK Worldwide Corporation. Each outstanding ARAMARK old Class B and old Class A common share was exchanged for two shares and twenty shares, respectively, of the surviving corporation's Class A common stock which had the effect of a two-for-one stock split. ARAMARK Worldwide's name was changed to

ARAMARK CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

ARAMARK Corporation, and it succeeded to all the assets, liabilities, rights and obligations of old ARAMARK. Upon completion of the merger, the Amended and Restated Stockholders' Agreement was terminated and the Company's limited obligation to repurchase shares was eliminated.

Although the Class B shares contain the same economic interests in the Company as the Class A shares, the Class A shares entitle holders to ten votes per share, while the Class B stockholders are entitled to one vote per share. After the completion of the IPO, but prior to the stock buybacks discussed below, Class A shares constituted about 83% of the total outstanding stock and about 98% of the total voting power, while the Class B shares constituted about 17% of the total outstanding shares and about 2% of the total voting power.

On December 14, 2001, the Company purchased 3,276,700 Class A shares owned by employee benefit plans for \$23.00 per share, resulting in a cash expenditure of \$75.4 million. These shares, which are reflected as treasury shares, represented 10% of all Class A shares owned by these benefit plans at that time.

On December 17, 2001, the Company announced an offer to purchase up to 10% of its Class A common stock, excluding shares owned by benefit plans, for \$23.00 per share. On January 25, 2002, the Company completed the tender offer for its Class A common stock and purchased 13.7 million shares for approximately \$314 million.

In May 2002, the Company announced the establishment of a Stock Repurchase Program. Under the Stock Repurchase Program, as amended, the Board of Directors approved the use of up to \$350 million to repurchase shares of the Company's Class A or Class B common stock. Repurchases are made in accordance with applicable securities laws in open market or privately negotiated transactions or otherwise, from time to time, depending on market conditions, and may be discontinued at any time. During fiscal 2003, the Company repurchased 9.4 million shares of Class B common stock at an aggregate cost of approximately \$211.9 million, resulting in total repurchases of \$282.2 million under the Stock Repurchase Program.

The ARAMARK Ownership Plan provided for the issuance of options to purchase shares of Class A common stock. Concurrent with the establishment of the ARAMARK 2001 Equity Incentive Plan (2001 EIP), as discussed below, no future stock option grants will be made under the ARAMARK Ownership Plan. The Company granted installment stock purchase opportunities under this plan which provide for the purchase of shares of Class A common stock. Installment stock purchase opportunities are exercisable in six annual installments with the exercise price of each purchase opportunity equal to the current fair market value at the time the purchase opportunity is granted. The Company had a Deferred Payment Program, which enabled holders of installment purchase opportunities to defer a portion of the total amount required to exercise the options. Interest currently accrues on deferred payments at rates ranging from 6.75% to 9.5% and is payable when the deferred payments are due. At September 27, 2002 and October 3, 2003, the receivables from individuals under the Deferred Payment Program were \$6.1 million and \$2.3 million, respectively, which are reflected as a reduction of shareholders' equity. The deferred payments are full recourse obligations and the Company holds as collateral shares purchased until the deferred payment is received from the individual by the Company. During fiscal 2001 and 2002, the Company sold for cash, without recourse, approximately \$38 million and \$27 million, respectively, of Deferred Payment Program notes receivable. The sales price for sales of Deferred Payment Program notes receivable sold during fiscal 2002 approximated book value. The sales price of \$41 million during fiscal 2001 resulted in a gain of \$2 million (net of transaction costs), which is included in "Interest and other financing costs, net." The proceeds were used to repay borrowings under the credit facility.

On December 10, 2001, shareholders approved the 2001 EIP, which provides for the initial issuance of up to 30 million shares of either Class A or Class B common stock, with an additional 3% of the Company's common stock outstanding as of the end of the prior calendar year becoming available under the plan on each January 1 following the adoption of the plan.

ARAMARK CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

During fiscal 2003, 4.5 million options were granted, to purchase common stock under the 2001 EIP. The options vest ratably over four years, with an exercise price equal to the fair market value at the date of grant. During fiscal 2003, employees purchased approximately 6.5 million shares or \$30.2 million of common stock. Also, during fiscal 2003, approximately 40.0 million Class A shares were converted to Class B shares.

As of October 3, 2003, the Company has reserved approximately 57.4 million shares of common stock for issuance, pursuant to its employee ownership and benefit programs.

The status of options under the various ownership programs follows (the number of shares and option prices reflect the merger exchange ratios that have the effect of a 2 for 1 split described above):

	Number of Shares			Average Option Price		
	2001	2002	2003	2001	2002	2003
Outstanding at beginning of year	36,043,372	32,195,498	27,210,417	\$ 5.15	\$ 6.61	\$ 9.90
Options granted	10,645,000	4,789,297	4,492,670	\$ 8.87	\$ 23.32	\$ 22.36
Options exercised	9,193,042	7,498,853	7,013,180	\$ 4.07	\$ 4.96	\$ 5.84
Canceled/forfeited	5,299,832	2,275,525	3,088,756	\$ 5.67	\$ 7.80	\$ 11.80
Outstanding at end of year	32,195,498	27,210,417	21,601,151	\$ 6.61	\$ 9.90	\$ 13.54
Exercisable at end of year	1,421,784	1,466,587	2,173,926	\$ 3.38	\$ 5.36	\$ 15.08

At October 3, 2003, there were 21,601,151 options outstanding, of which 13,381,044 were granted prior to the IPO and 8,220,107 were granted post-IPO. The exercise prices of the pre-IPO options range from \$3.33 to \$9.95 per share (weighted average of \$7.85 per share) with an average remaining contractual term of 1.7 years. The exercise prices of the post-IPO options range from \$20.40 to \$26.40 per share (weighted average of \$22.80 per share) with an average remaining contractual term of 8.7 years.

NOTE 9. ACCOUNTS RECEIVABLE SECURITIZATION:

The Company has an agreement (the Receivables Facility) with several financial institutions whereby it sells on a continuous basis an undivided interest in all eligible trade accounts receivable, as defined in the Receivables Facility. Pursuant to the Receivables Facility, the Company formed ARAMARK Receivables, LLC, a wholly-owned, consolidated, bankruptcy-remote subsidiary. ARAMARK Receivables, LLC was formed for the sole purpose of buying and selling receivables generated by certain subsidiaries of the Company. Under the Receivables Facility, certain subsidiaries of the Company transfer without recourse all of their accounts receivable to ARAMARK Receivables, LLC. ARAMARK Receivables, LLC, in turn, has sold and, subject to certain conditions, may from time to time sell an undivided interest in these receivables up to \$200 million. The Company has retained collection and administrative responsibility for the participating interest sold, and has retained an undivided interest in the transferred receivables of approximately \$183.9 million and \$235.1 million at September 27, 2002 and October 3, 2003, respectively, which is subject to a security interest. The agreement expires in March 2004. This two-step transaction is accounted for as a sale of receivables following the provisions of SFAS No. 140, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities—a Replacement of FASB Statement No. 125." At September 27, 2002 and October 3, 2003, \$178.9 million and \$160.7 million, respectively, of accounts receivable were sold and removed from the consolidated balance sheet. The loss on the sale of receivables was \$5.1 million in fiscal 2002 and \$3.5 million in fiscal 2003, and is included in "Interest and other financing costs, net."

NOTE 10. COMMITMENTS AND CONTINGENCIES:

The Company has capital commitments of approximately \$107.7 million at October 3, 2003 in connection with several long-term concession contracts and other purchase commitments. At October 3, 2003, the Company

ARAMARK CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

also has letters of credit outstanding in the amount of \$46.3 million, and has guaranteed certain indebtedness of two investee entities in the maximum amount of \$24.3 million.

Certain of the Company's operating lease arrangements, primarily vehicle leases, with terms of one to eight years, contain provisions related to residual value guarantees. The maximum potential liability to ARAMARK under such arrangements was approximately \$78.7 million at October 3, 2003 if the terminal fair value of vehicles coming off lease was zero. Consistent with past experience, management does not expect any significant payments will be required pursuant to these arrangements. No amounts have been accrued for guarantee arrangements at October 3, 2003.

Rental expense for all operating leases was \$130.3 million, \$135.1 million and \$146.7 million for fiscal 2001, 2002 and 2003, respectively. Following is a schedule of the future minimum rental and similar commitments under all noncancelable operating leases as of October 3, 2003 (in thousands):

Fiscal Year	
2004	\$ 175,949
2005	70,530
2006	57,051
2007	43,358
2008	35,126
Subsequent years	149,188
	<hr/>
Total minimum rental obligations	\$ 531,202
	<hr/>

The Company may be exposed to liability resulting from the non-performance of certain indemnification obligations by an entity currently in bankruptcy from which the Company acquired a business in fiscal 2000. The amount of such exposure cannot be quantified at the present time due to uncertainty with respect to the number and amount of claims, if any, originating from or relating to, the pre-acquisition period. The Company has \$25 million of insurance coverage for such exposure with a \$5 million retained loss limit.

Negotiations are currently underway toward a settlement of certain matters related to public school food service programs, and management does not believe such settlement will have a material effect on the consolidated financial condition or results of operations. During the fourth quarter of fiscal 2001, the liability related to these matters was adjusted to reflect the current status of the settlement discussions. It is possible that future claims could be asserted related to such public school programs; however, management believes its interpretation of the applicable government regulations is correct and will defend vigorously against any such claims if asserted.

From time to time, we are a party to various legal actions involving claims incidental to the normal conduct of our business, including actions by clients, customers and employees. Based on information currently available, advice of counsel, available insurance coverage and established reserves, we do not believe that any such actions are likely to be, individually or in the aggregate, material to our business, financial condition, results of operations or cash flows. However, in the event of unexpected further developments, it is possible that the ultimate resolution of these matters, if unfavorable, may be materially adverse to our business, financial condition, results of operations or cash flows.

ARAMARK CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

NOTE 11. QUARTERLY RESULTS (Unaudited):

The following table summarizes quarterly financial data for fiscal 2002 and 2003:

	Fiscal Quarter				
2002	First	Second	Third	Fourth	Year
	(in thousands, except per share data)				
Sales	\$ 2,000,888	\$ 2,037,696	\$ 2,136,498	\$2,180,925	\$8,356,007
Cost of services provided	1,809,006	1,861,253	1,923,856	1,931,208	7,525,323
Other income (expense) (Note 13)	—	37,889	5,806	—	43,695
Net income	51,443	64,371	72,572	81,526	269,912
Diluted earnings per share	\$ 0.27	\$ 0.31	\$ 0.35	\$ 0.40	\$ 1.34
	Fiscal Quarter				
2003	First	Second	Third	Fourth *	Year
	(in thousands, except per share data)				
Sales	\$ 2,275,940	\$ 2,243,306	\$ 2,340,554	\$2,588,015	\$9,447,815
Cost of services provided	2,054,745	2,054,849	2,118,788	2,278,083	8,506,465
Other income (expense) (Note 13)	—	—	—	(10,700)	(10,700)
Net income	62,699	43,798	89,304	105,291	301,092
Diluted earnings per share	\$ 0.31	\$ 0.22	\$ 0.45	\$ 0.54	\$ 1.52

* Fiscal 2003 is a 53-week year, with the extra week included in the fourth quarter.

In the first and second fiscal quarters, within the Food and Support Services—United States segment, historically there has been a lower level of activity at the higher margin sports, entertainment and recreational food service operations which is partly offset by increased activity in the educational market. However, in the third and fourth fiscal quarters, historically there has been a significant increase at sports, entertainment and recreational accounts which is partially offset by the effect of summer recess in the educational market. In addition, there is a seasonal increase in volume of directly marketed work clothing during the first quarter.

NOTE 12. BUSINESS SEGMENTS:

The Company provides or manages services in two strategic areas: Food and Support Services and Uniform and Career Apparel, which are organized and managed in the following reportable business segments:

Food and Support Services—United States—Food, refreshment, specialized dietary and support services, including facility maintenance and housekeeping, provided to business, educational, governmental and healthcare institutions and in sports, entertainment, recreational and other facilities serving the general public. As a result of the terrorist attacks of September 11th, customer locations in and around the World Trade Center were either destroyed or closed and Major League Baseball and National Football League games were postponed until fiscal 2002, adversely impacting fiscal 2001 financial results in this segment. Included in operating income in fiscal 2002 is approximately \$3.2 million of business interruption proceeds related to losses incurred as a result of the September 11, 2001 terrorist attacks. Operating income in fiscal 2003 also includes business interruption proceeds related to such losses; \$6 million of which was received in the second fiscal quarter, with the final payment of \$32 million received in the fourth fiscal quarter. Fiscal 2003 also includes approximately \$6 million of costs related to the second quarter special manager meeting to launch our “Mission One” initiatives.

ARAMARK CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Food and Support Services—International—Food, refreshment, specialized dietary and support services, including facility maintenance and housekeeping, provided to business, educational, governmental and healthcare institutions and in sports, entertainment, recreational and other facilities serving the general public. Operations are conducted in Belgium, Canada, Ireland, Chile, the Czech Republic, Germany, Hungary, Japan, Korea, Mexico, Spain and the United Kingdom.

Uniform and Career Apparel—Rental—Rental, sale, cleaning, maintenance and delivery of personalized uniform and career apparel and other textile items on a contract basis. Also provided are walk-off mats, cleaning cloths, disposable towels and other environmental control items.

Uniform and Career Apparel—Direct Marketing—Direct marketing of personalized uniforms and career apparel, public safety equipment and accessories to businesses, public institutions and individuals.

Corporate—Corporate includes general corporate expenses not specifically allocated to an individual segment. Included in Corporate during fiscal 2001 is a gain of \$6.6 million resulting from the redemption of preferred stock by an entity which the Company divested in fiscal 1997. Also included in Corporate in fiscal 2001 are charges related to certain litigation pertaining to a previously divested entity (\$1.5 million) and merger and acquisition related costs (\$0.5 million). Included in fiscal 2003 is a gain of \$1.4 million representing a residual cash payment from a previous divestiture.

Sales by segment are substantially comprised of services to unaffiliated customers and clients. Operating income reflects expenses directly related to individual segments plus an allocation of corporate expenses applicable to more than one segment.

Net property and equipment by geographic area is as follows:

	Fiscal	
	2002	2003
	(in millions)	
United States	\$ 992.6	\$ 1,088.4
International	77.3	95.9
Total	\$ 1,069.9	\$ 1,184.3

	Sales		
	Fiscal		
	2001	2002	2003
	(in millions)		
Food and Support Services—United States	\$ 4,826.2	\$ 5,716.5	\$ 6,545.4
Food and Support Services—International	1,109.3	1,200.8	1,423.8
Uniform and Career Apparel—Rental	995.2	1,004.2	1,030.3
Uniform and Career Apparel—Direct Marketing	438.8	434.5	448.3
Total	\$ 7,369.5	\$ 8,356.0	\$ 9,447.8

ARAMARK CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

	Depreciation and Amortization*		
	Fiscal		
	2001	2002	2003
	(in millions)		
Food and Support Services—United States	\$ 127.3	\$ 147.0	\$ 170.0
Food and Support Services—International	19.0	20.4	26.1
Uniform and Career Apparel—Rental	48.3	46.6	53.8
Uniform and Career Apparel—Direct Marketing	17.9	13.6	12.3
Corporate	2.1	2.0	0.7
Total	\$ 214.6	\$ 229.6	\$ 262.9

* Includes goodwill amortization in fiscal 2001. See Note 4.

	Operating Income		
	Fiscal		
	2001	2002	2003
	(in millions)		
Food and Support Services—United States	\$ 264.7	\$ 326.7	\$ 394.3
Food and Support Services—International	39.4	46.3	60.2
Uniform and Career Apparel—Rental	119.7	121.9	111.9
Uniform and Career Apparel—Direct Marketing	15.6	22.6	26.4
	439.4	517.5	592.8
Corporate	(23.9)	(31.6)	(30.1)
Other income (expense) (Note 13)	—	43.7	(10.7)
Operating income	415.5	529.6	552.0
Interest and other financing costs, net	(153.3)	(136.5)	(142.5)
Income before income taxes	\$ 262.2	\$ 393.1	\$ 409.5

	Capital Expenditures			Identifiable Assets	
	Fiscal			Fiscal	
	2001	2002	2003	2002	2003
	(in millions)			(in millions)	
Food and Support Services—United States	\$ 94.0	\$ 241.0	\$ 184.5	\$ 2,239.1	\$ 2,544.7
Food and Support Services—International	31.2	25.5	34.9	435.5	561.8
Uniform and Career Apparel—Rental	72.8	66.1	84.8	896.0	970.7
Uniform and Career Apparel—Direct Marketing	7.8	4.6	4.3	280.1	277.5
Corporate	0.2	0.2	0.3	136.0	112.9
	\$ 206.0	\$ 337.4	\$ 308.8	\$ 3,986.7	\$ 4,467.6

NOTE 13. OTHER INCOME:

In the second quarter of fiscal 2002, the Company sold its interests in the Boston Red Sox Baseball Club and a related entity, which controls the rights to broadcast Red Sox games. The sale resulted in a pre-tax gain of approximately \$37.9 million. In the third quarter of fiscal 2002, the Company recorded a pre-tax net gain of \$5.8 million, consisting of a gain (\$7.4 million) on the sale of a residual interest in a previously divested business and charges (\$1.6 million) incurred in connection with initiating the shareholder stock sale program in June 2002. During the fourth quarter of fiscal 2003, the Company reached agreement for the sale of its 15% interest in a

ARAMARK CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

previously divested periodicals distribution business to the majority shareholder, and wrote down this investment to the expected recoverable amount, resulting in a pre-tax charge of \$10.7 million. These pre-tax amounts are presented in “Other income (expense)” in the consolidated statements of income.

NOTE 14. SUBSEQUENT EVENT:

On November 11, 2003, the Board of Directors of ARAMARK Corporation declared a dividend in the amount of \$0.05 per share, payable on December 12, 2003 to holders of record of the Company’s Class A and Class B common stock at the close of business on November 24, 2003.

NOTE 15. CONDENSED CONSOLIDATING FINANCIAL STATEMENTS OF ARAMARK CORPORATION AND SUBSIDIARIES:

The following condensed consolidating financial statements of ARAMARK Corporation and subsidiaries have been prepared pursuant to Rule 3–10 of Regulation S–X.

These condensed consolidating financial statements have been prepared from the Company’s financial information on the same basis of accounting as the consolidated financial statements. ARAMARK Services, Inc. is the borrower under the Credit Agreement and certain other senior debt, described in Note 5, and incurs interest expense thereunder. The interest expense and certain administrative costs are only partially allocated to all of the other subsidiaries of the Company. The Company has fully and unconditionally guaranteed certain debt obligations of ARAMARK Services, Inc., its wholly-owned subsidiary, which totaled \$1.7 billion as of October 3, 2003. See Note 5. The other subsidiaries do not guarantee any registered securities of the Company or ARAMARK Services, Inc., although certain other subsidiaries guarantee, along with the Company, certain other unregistered debt.

ARAMARK CORPORATION AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

CONDENSED CONSOLIDATING BALANCE SHEETS

September 27, 2002

(In Millions)

	ARAMARK Services, Inc. and Subsidiaries	Other Subsidiaries	ARAMARK Corporation	Eliminations	Consolidated
ASSETS					
Current Assets:					
Cash and cash equivalents	\$ 19.1	\$ 12.3	\$ 0.2	\$ —	\$ 31.6
Receivables	343.1	192.5	0.4	—	536.0
Inventories, at lower of cost or market	98.6	326.6	—	—	425.2
Prepayments and other current assets	50.6	36.6	1.0	—	88.2
Current assets of discontinued operations	—	17.3	—	—	17.3
	<u>511.4</u>	<u>585.3</u>	<u>1.6</u>	<u>—</u>	<u>1,098.3</u>
Property and Equipment, net	367.1	700.5	2.3	—	1,069.9
Goodwill	849.9	448.9	—	—	1,298.8
Intercompany Receivable	2,317.9	105.6	—	(2,423.5)	—
Investment in Subsidiaries	—	—	2,337.4	(2,337.4)	—
Other Intangible Assets	179.5	61.3	—	—	240.8
Other Assets	196.8	96.9	2.5	—	296.2
Noncurrent Assets of Discontinued Operations	—	255.3	—	—	255.3
	<u>\$ 4,422.6</u>	<u>\$ 2,253.8</u>	<u>\$ 2,343.8</u>	<u>\$ (4,760.9)</u>	<u>\$ 4,259.3</u>
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current Liabilities:					
Current maturities of long-term borrowings	\$ 38.4	\$ 1.1	\$ —	\$ —	\$ 39.5
Accounts payable	352.3	101.4	32.5	—	486.2
Accrued expenses and other liabilities	508.9	198.2	16.7	—	723.8
Current liabilities of discontinued operations	—	54.1	—	—	54.1
	<u>899.6</u>	<u>354.8</u>	<u>49.2</u>	<u>—</u>	<u>1,303.6</u>
Long-Term Borrowings	1,828.8	6.8	—	—	1,835.6
Deferred Income Taxes and Other Noncurrent Liabilities	146.1	80.2	28.0	—	254.3
Noncurrent Liabilities of Discontinued Operations	—	7.7	—	—	7.7
Intercompany Payable	942.5	72.5	1,408.5	(2,423.5)	—
Shareholders' Equity	605.6	1,731.8	858.1	(2,337.4)	858.1
	<u>\$ 4,422.6</u>	<u>\$ 2,253.8</u>	<u>\$ 2,343.8</u>	<u>\$ (4,760.9)</u>	<u>\$ 4,259.3</u>

ARAMARK CORPORATION AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

CONDENSED CONSOLIDATING BALANCE SHEETS

October 3, 2003

(In Millions)

	ARAMARK Services, Inc. and Subsidiaries	Other Subsidiaries	ARAMARK Corporation	Eliminations	Consolidated
ASSETS					
Current Assets:					
Cash and cash equivalents	\$ 40.5	\$ 3.9	\$ 0.1	\$ —	\$ 44.5
Receivables	462.9	200.8	0.1	—	663.8
Inventories, at lower of cost or market	112.4	318.3	—	—	430.7
Prepayments and other current assets	70.1	15.3	2.3	—	87.7
	<u>685.9</u>	<u>538.3</u>	<u>2.5</u>	<u>—</u>	<u>1,226.7</u>
Total current assets	685.9	538.3	2.5	—	1,226.7
Property and Equipment, net	448.6	733.3	2.4	—	1,184.3
Goodwill	957.6	465.0	—	—	1,422.6
Intercompany Receivable	1,452.7	765.8	—	(2,218.5)	—
Investment in Subsidiaries	—	—	2,536.7	(2,536.7)	—
Other Intangible Assets	237.4	56.9	—	—	294.3
Other Assets	237.3	99.8	2.6	—	339.7
	<u>\$ 4,019.5</u>	<u>\$ 2,659.1</u>	<u>\$ 2,544.2</u>	<u>\$ (4,755.2)</u>	<u>\$ 4,467.6</u>
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current Liabilities:					
Current maturities of long-term borrowings	\$ 13.5	\$ 4.7	\$ —	\$ —	\$ 18.2
Accounts payable	410.1	98.2	21.5	—	529.8
Accrued expenses and other liabilities	621.2	235.2	11.4	—	867.8
	<u>1,044.8</u>	<u>338.1</u>	<u>32.9</u>	<u>—</u>	<u>1,415.8</u>
Total current liabilities	1,044.8	338.1	32.9	—	1,415.8
Long-Term Borrowings	1,700.8	10.9	—	—	1,711.7
Deferred Income Taxes and Other Noncurrent Liabilities	185.0	96.5	19.6	—	301.1
Intercompany Payable	326.6	439.2	1,452.7	(2,218.5)	—
Shareholders' Equity	762.3	1,774.4	1,039.0	(2,536.7)	1,039.0
	<u>\$ 4,019.5</u>	<u>\$ 2,659.1</u>	<u>\$ 2,544.2</u>	<u>\$ (4,755.2)</u>	<u>\$ 4,467.6</u>

ARAMARK CORPORATION AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

CONDENSED CONSOLIDATING STATEMENTS OF INCOME

For the year ended September 28, 2001

(In Millions)

	ARAMARK Services, Inc. and Subsidiaries	Other Subsidiaries	ARAMARK Corporation	Eliminations	Consolidated
Sales	\$ 4,783.2	\$ 2,586.3	\$ —	\$ —	\$ 7,369.5
Equity in Net Income of Subsidiaries	—	—	176.5	(176.5)	—
Management Fee Income	—	—	32.6	(32.6)	—
	<u>4,783.2</u>	<u>2,586.3</u>	<u>209.1</u>	<u>(209.1)</u>	<u>7,369.5</u>
Costs and Expenses:					
Cost of services provided	4,488.1	2,172.1	—	(26.9)	6,633.3
Depreciation and amortization	97.7	116.5	—	0.4	214.6
Selling and general corporate expenses	53.2	26.5	26.6	(0.1)	106.2
	<u>4,639.0</u>	<u>2,315.1</u>	<u>26.6</u>	<u>(26.6)</u>	<u>6,954.1</u>
Operating Income	144.2	271.2	182.5	(182.5)	415.4
Interest and Other Financing Costs, net:					
Interest expense, net	147.1	0.1	6.0	—	153.2
Intercompany interest, net	(33.8)	39.8	—	(6.0)	—
Interest and Other Financing Costs, net	<u>113.3</u>	<u>39.9</u>	<u>6.0</u>	<u>(6.0)</u>	<u>153.2</u>
Income from continuing operations before income taxes	30.9	231.3	176.5	(176.5)	262.2
Provision for Income Taxes	16.5	83.0	—	—	99.5
Income from continuing operations	14.4	148.3	176.5	(176.5)	162.7
Income from discontinued operations, net	—	13.8	—	—	13.8
Net Income	<u>\$ 14.4</u>	<u>\$ 162.1</u>	<u>\$ 176.5</u>	<u>\$ (176.5)</u>	<u>\$ 176.5</u>

ARAMARK CORPORATION AND SUBSIDIARIES

CONDENSED CONSOLIDATING STATEMENTS OF INCOME

For the year ended September 27, 2002

(In Millions)

	ARAMARK Services, Inc. and Subsidiaries	Other Subsidiaries	ARAMARK Corporation	Eliminations	Consolidated
Sales	\$ 5,756.1	\$ 2,599.9	\$ —	\$ —	\$ 8,356.0
Equity in Net Income of Subsidiaries	—	—	269.9	(269.9)	—
Management Fee Income	—	—	34.2	(34.2)	—
	<u>5,756.1</u>	<u>2,599.9</u>	<u>304.1</u>	<u>(304.1)</u>	<u>8,356.0</u>
Costs and Expenses:					
Cost of services provided	5,380.4	2,178.0	—	(33.0)	7,525.4
Depreciation and amortization	123.4	104.6	—	1.6	229.6
Selling and general corporate expenses	57.5	27.9	29.6	0.2	115.2
Other income, net (Note 12)	(37.9)	(7.4)	1.6	—	(43.7)
	<u>5,523.4</u>	<u>2,303.1</u>	<u>31.2</u>	<u>(31.2)</u>	<u>7,826.5</u>
Operating Income	232.7	296.8	272.9	(272.9)	529.5
Interest and Other Financing Costs, net:					
Interest expense, net	133.0	0.4	3.0	—	136.4
Intercompany interest, net	(23.7)	26.7	—	(3.0)	—
Interest and Other Financing Costs, net	<u>109.3</u>	<u>27.1</u>	<u>3.0</u>	<u>(3.0)</u>	<u>136.4</u>
Income from continuing operations before income taxes	123.4	269.7	269.9	(269.9)	393.1
Provision for Income Taxes	46.0	95.8	—	—	141.8
Income from continuing operations	77.4	173.9	269.9	(269.9)	251.3
Income from discontinued operations, net	—	18.6	—	—	18.6
Net Income	<u>\$ 77.4</u>	<u>\$ 192.5</u>	<u>\$ 269.9</u>	<u>\$ (269.9)</u>	<u>\$ 269.9</u>

ARAMARK CORPORATION AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

CONDENSED CONSOLIDATING STATEMENTS OF INCOME

For the year ended October 3, 2003

(In Millions)

	ARAMARK Services, Inc. and Subsidiaries	Other Subsidiaries	ARAMARK Corporation	Eliminations	Consolidated
Sales	\$ 6,731.2	\$ 2,716.6	\$ —	\$ —	\$ 9,447.8
Equity in Net Income of Subsidiaries	—	—	301.1	(301.1)	—
Management Fee Income	—	—	31.0	(31.0)	—
	<u>6,731.2</u>	<u>2,716.6</u>	<u>332.1</u>	<u>(332.1)</u>	<u>9,447.8</u>
Costs and Expenses:					
Cost of services provided	6,287.8	2,249.2	—	(30.5)	8,506.5
Depreciation and amortization	149.6	113.0	—	0.3	262.9
Selling and general corporate expenses	55.0	30.5	30.1	0.1	115.7
Other income, net	—	10.7	—	—	10.7
	<u>6,492.4</u>	<u>2,403.4</u>	<u>30.1</u>	<u>(30.1)</u>	<u>8,895.8</u>
Operating income	238.8	313.2	302.0	(302.0)	552.0
Interest and Other Financing Costs, net:					
Interest expense, net	140.5	1.0	0.9	—	142.4
Intercompany interest, net	(39.4)	40.3	—	(0.9)	—
Interest and Other Financing Costs, net	<u>101.1</u>	<u>41.3</u>	<u>0.9</u>	<u>(0.9)</u>	<u>142.4</u>
Income from continuing operations before income taxes	137.7	271.9	301.1	(301.1)	409.6
Provision for Income Taxes	51.6	92.6	—	—	144.2
Income from continuing operations	86.1	179.3	301.1	(301.1)	265.4
Income from discontinued operations, net	—	35.7	—	—	35.7
Net Income	<u>\$ 86.1</u>	<u>\$ 215.0</u>	<u>\$ 301.1</u>	<u>\$ (301.1)</u>	<u>\$ 301.1</u>

ARAMARK CORPORATION AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

CONDENSED CONSOLIDATING STATEMENTS OF CASH FLOWS

For the year ended September 28, 2001

(In Millions)

	ARAMARK Services, Inc. and Subsidiaries	Other Subsidiaries	ARAMARK Corporation	Eliminations	Consolidated
Net cash provided by (used in) operating activities from continuing operations	\$ 233.0	\$ 252.6	\$ (43.8)	\$ —	\$ 441.8
Cash flows from investing activities from continuing operations:					
Purchases of property and equipment	(89.8)	(110.5)	(0.2)	—	(200.5)
Disposals of property and equipment	6.2	6.3	—	—	12.5
Proceeds from the sale of investments	—	8.2	—	—	8.2
Acquisition of certain businesses, net of cash acquired	(49.0)	(29.5)	—	—	(78.5)
Other investing activities	(8.3)	19.1	(0.3)	—	10.5
Net cash used in investing activities from continuing operations	(140.9)	(106.4)	(0.5)	—	(247.8)
Cash flows from financing activities from continuing operations:					
Proceeds from additional long-term borrowings	21.3	6.6	—	—	27.9
Payment of long-term borrowings	(218.1)	(2.3)	—	—	(220.4)
Proceeds from issuance of common stock	—	—	31.5	—	31.5
Repurchase of stock	—	—	(55.1)	—	(55.1)
Change in intercompany, net	103.5	(171.5)	68.0	—	—
Other financing activities	(1.0)	—	—	—	(1.0)
Net cash provided by (used in) financing activities from continuing operations	(94.3)	(167.2)	44.4	—	(217.1)
Net cash provided by discontinued operations	—	23.3	—	—	23.3
Increase (decrease) in cash and cash equivalents	(2.2)	2.3	0.1	—	0.2
Cash and cash equivalents, beginning of period	19.5	4.8	0.3	—	24.6
Cash and cash equivalents, end of period	\$ 17.3	\$ 7.1	\$ 0.4	\$ —	\$ 24.8

ARAMARK CORPORATION AND SUBSIDIARIES

CONDENSED CONSOLIDATING STATEMENTS OF CASH FLOWS

For the year ended September 27, 2002

(In Millions)

	ARAMARK Services, Inc. and Subsidiaries	Other Subsidiaries	ARAMARK Corporation	Eliminations	Consolidated
Net cash provided by (used in) operating activities from continuing operations	\$ 373.0	\$ 238.3	\$ (33.3)	\$ —	\$ 578.0
Cash flows from investing activities from continuing operations:					
Purchases of property and equipment	(111.0)	(119.5)	(0.1)	—	(230.6)
Disposals of property and equipment	13.4	2.6	—	—	16.0
Proceeds from sale of investments	68.8	8.2	—	—	77.0
Divestiture of certain businesses	3.5	—	—	—	3.5
Acquisition of certain businesses, net of cash acquired	(899.9)	(27.5)	—	—	(927.4)
Other investing activities	17.0	13.3	(0.2)	—	30.1
Net cash used in investing activities from continuing operations	(908.2)	(122.9)	(0.3)	—	(1,031.4)
Cash flows from financing activities from continuing operations:					
Proceeds from additional long-term borrowings	1,205.9	(0.6)	—	—	1,205.3
Payment of long-term borrowings	(1,028.9)	(3.1)	—	—	(1,032.0)
Proceeds from issuance of common stock	—	—	771.2	—	771.2
Repurchase of stock	—	—	(499.4)	—	(499.4)
Change in intercompany, net	366.5	(130.6)	(235.9)	—	—
Other financing activities	(6.5)	—	(2.6)	—	(9.1)
Net cash provided by (used in) financing activities from continuing operations	537.0	(134.3)	33.3	—	436.0
Net cash provided by discontinued operations	—	24.2	—	—	24.2
Increase (decrease) in cash and cash equivalents	1.8	5.3	(0.3)	—	6.8
Cash and cash equivalents, beginning of period	17.3	7.1	0.4	—	24.8
Cash and cash equivalents, end of period	\$ 19.1	\$ 12.4	\$ 0.1	\$ —	\$ 31.6

ARAMARK CORPORATION AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

CONDENSED CONSOLIDATING STATEMENTS OF CASH FLOWS

For the year ended October 3, 2003

(In Millions)

	ARAMARK Services, Inc. and Subsidiaries	Other Subsidiaries	ARAMARK Corporation	Eliminations	Consolidated
Net cash provided by (used in) operating activities from continuing operations	\$ 281.1	\$ 347.5	\$ (22.4)	\$ —	\$ 606.2
Cash flows from investing activities from continuing operations:					
Purchases of property and equipment	(151.7)	(115.2)	(0.2)	—	(267.1)
Disposals of property and equipment	19.5	8.7	—	—	28.2
Divestiture of certain businesses	—	248.1	—	—	248.1
Acquisition of certain businesses, net of cash acquired	(226.6)	(31.5)	—	—	(258.1)
Other investing activities	(11.3)	(9.0)	—	—	(20.3)
Net cash provided by (used in) investing activities from continuing operations	(370.1)	101.1	(0.2)	—	(269.2)
Cash flows from financing activities from continuing operations:					
Proceeds from additional long-term borrowings	129.7	(16.5)	—	—	113.2
Payment of long-term borrowings	(275.2)	11.4	—	—	(263.8)
Proceeds from issuance of common stock	—	—	21.3	—	21.3
Repurchase of stock	—	—	(212.5)	—	(212.5)
Change in intercompany, net	256.7	(466.6)	209.9	—	—
Other financing activities	(0.8)	—	3.8	—	3.0
Net cash provided by (used in) financing activities from continuing operations	110.4	(471.7)	22.5	—	(338.8)
Net cash provided by discontinued operations	—	14.7	—	—	14.7
Increase (decrease) in cash and cash equivalents	21.4	(8.4)	(0.1)	—	12.9
Cash and cash equivalents, beginning of period	19.1	12.3	0.2	—	31.6
Cash and cash equivalents, end of period	\$ 40.5	\$ 3.9	\$ 0.1	\$ —	\$ 44.5

ARAMARK CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

ARAMARK CORPORATION AND SUBSIDIARIES
SCHEDULE II—VALUATION AND QUALIFYING ACCOUNTS AND RESERVES

For the Fiscal Years Ended September 28, 2001, September 27, 2002 and October 3, 2003

Description	Balance, Beginning of Fiscal Year	Additions		Deductions from Reserves(1)	Balance, End of Fiscal Year
		Acquisition of Businesses	Charged to Income		
(in thousands)					
Fiscal Year 2001					
Reserve for doubtful accounts, advances & current notes receivable	\$ 23,538	\$ —	\$ 12,915	\$ 14,833	\$ 21,620
Fiscal Year 2002					
Reserve for doubtful accounts, advances & current notes receivable	\$ 21,620	\$ 9,638	\$ 12,689	\$ 13,308	\$ 30,639
Fiscal Year 2003					
Reserve for doubtful accounts, advances & current notes receivable	\$ 30,639	\$ 1,143	\$ 17,475	\$ 19,560	\$ 29,697

(1) Allowances granted and amounts determined not to be collectible.

EXHIBIT INDEX

Copies of any of the following exhibits are available to Stockholders for the cost of reproduction upon written request from the Assistant Secretary, ARAMARK Corporation, 1101 Market Street, Philadelphia, PA 19107.

- 2 Agreement and Plan of Merger Agreement dated as of November 14, 2001 between ARAMARK Corporation and ARAMARK Worldwide Corporation (incorporated by reference to Annex A to ARAMARK Corporation's Registration Statement on Form S-4 filed with the Commission on November 15, 2001, pursuant to the Securities Act).
- 3.1 Amended and Restated Certificate of Incorporation of ARAMARK Corporation (incorporated by reference to Exhibit 3.1 to ARAMARK Corporation's Quarterly Report on Form 10-Q filed with the Commission on August 11, 2003, pursuant to the Exchange Act (File No. 001-16807)).
- 3.2 Bylaws of ARAMARK Corporation.*
- 4.1 Form of stock certificate for Class B common stock (incorporated by reference to Exhibit 4.8 to ARAMARK Corporation's Registration Statement on Form S-1 filed with the Commission on October 9, 2001, pursuant to the Securities Act (Registration No. 333-65226)).
- 4.2 Form of stock certificate for Class A-1, Class A-2, Class A-3, Class B-1, Class B-2 and Class B-3 common stock (incorporated by reference to Exhibit 4.9 to ARAMARK Corporation's Registration Statement on Form S-1 filed with the Commission on October 9, 2001, pursuant to the Securities Act (Registration No. 333-65226)).
- 4.3 Form of Rights Agreement (incorporated by reference to Exhibit 4.4 to ARAMARK Corporation's Registration Statement on Form S-1 filed with the Commission on November 1, 2001, pursuant to the Securities Act (Registration No. 333-65226)).
- 4.4 Form of Registration Rights Agreement among ARAMARK Worldwide Corporation (now ARAMARK Corporation) and Joseph Neubauer and each of the other holders listed on Schedule 1 thereto (incorporated by reference to Exhibit 4.13 to ARAMARK Corporation's Registration Statement on Form S-1 filed with the Commission on September 6, 2001, pursuant to the Securities Act (Registration No. 333-65226)).
- 4.5 Form of 1991 Subordinated Indenture, between ARAMARK Corporation and The Bank of New York, as trustee, relating to the subordinated securities (incorporated by reference to Exhibit (4)(a) to ARAMARK Corporation's Registration Statement on Form S-3 filed with the SEC on June 21, 1991, pursuant to the Securities Act (Registration No. 33-41357)).
- 4.6 Form of 1991 Guaranteed Indenture, among ARAMARK Services, Inc., ARAMARK Corporation, as guarantor, and The Bank of New York, as trustee, relating to the guaranteed securities (incorporated by reference to Exhibit (4)(b) to ARAMARK Corporation's Registration Statement on Form S-3 filed with the SEC on June 21, 1991, pursuant to the Securities Act (Registration No. 33-41357)).
- 4.7 Form of Debt Indenture, between ARAMARK Corporation and Bank One Trust Company, National Association, as trustee (incorporated by reference to Exhibit 4.3 to ARAMARK Corporation's Registration Statement on Form S-3 filed with the SEC on March 27, 2002, pursuant to the Securities Act (Registration No. 33-85050)).
- 4.8 Form of Guaranteed Indenture, among ARAMARK Services, Inc., ARAMARK Corporation, as guarantor, and Bank One Trust Company, National Association, as trustee (incorporated by reference to Exhibit 4.4 to ARAMARK Corporation's Registration Statement on Form S-3 filed with the SEC on March 27, 2002, pursuant to the Securities Act (Registration No. 33-85050)).

Long-term debt instruments authorizing debt that does not exceed 10% of the total consolidated assets of ARAMARK are not filed herewith but will be furnished on request of the Commission.

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- 10.1 1999 Employment Agreement with Joseph Neubauer (incorporated by reference to Exhibit 10.1 to ARAMARK Corporation's Annual Report on Form 10-K filed with the SEC on November 24, 1999, pursuant to the Exchange Act (File No. 001-08827)).**
- 10.2 Form of Amendment No. 1 to Employment Agreement among ARAMARK Corporation, ARAMARK Worldwide Corporation and Joseph Neubauer (incorporated by reference to Exhibit 10.7 to ARAMARK Corporation's Registration Statement on Form S-1 filed with the Commission on September 6, 2001, pursuant to the Securities Act (Registration No. 333-65226)).**
- 10.3 Form of Agreement relating to employment and post-employment competition with William Leonard (incorporated by reference to Exhibit 10.2 to ARAMARK Corporation's Registration Statement on Form S-1 filed with the Commission on December 4, 2001, pursuant to the Securities Act (Registration No. 333-65226)).**
- 10.4 Form of Agreement relating to employment and post-employment competition with L. Frederick Sutherland (incorporated by reference to Exhibit 10.3 to ARAMARK Corporation's Registration Statement on Form S-1 filed with the Commission on December 4, 2001, pursuant to the Securities Act (Registration No. 333-65226)).**
- 10.5 Form of Agreement relating to employment and post-employment competition with Brian G. Mulvaney (incorporated by reference to Exhibit 10.4 to ARAMARK Corporation's Registration Statement on Form S-1 filed with the Commission on December 4, 2001, pursuant to the Securities Act (Registration No. 333-65226)).**
- 10.6 Form of Agreement relating to employment and post-employment competition with John J. Zillmer (incorporated by reference to Exhibit 10.5 to ARAMARK Corporation's Registration Statement on Form S-1 filed with the Commission on December 4, 2001, pursuant to the Securities Act (Registration No. 333-65226)).**
- 10.7 Form of Agreement relating to employment and post-employment competition with Bart J. Colli (incorporated by reference to Exhibit 10.13 to ARAMARK Corporation's Registration Statement on Form S-1 filed with the Commission on December 7, 2001, pursuant to the Securities Act (Registration No. 333-65226)).**
- 10.8 Credit and Guaranty Agreement dated January 7, 1998 and amendments thereto dated May 7, 1998 and September 10, 1998 (incorporated by reference to Exhibit 10.8 to ARAMARK Corporation's Annual Report on Form 10-K filed with the SEC on November 25, 1998, pursuant to the Exchange Act (File No. 001-08827)).
- 10.9 Amendment No. 2 to the Credit and Guaranty Agreement dated August 13, 2001 (incorporated by reference to Exhibit 10.8 to ARAMARK Corporation's Registration Statement on Form S-1 filed with the Commission on September 6, 2001, pursuant to the Securities Act (Registration No. 333-65226)).
- 10.10 Amendment No. 3 to the Credit and Guaranty Agreement dated November 9, 2001, (incorporated by reference to Exhibit 10.12 to ARAMARK Corporation's Registration Statement on Form S-1 filed with the Commission on November 15, 2001, pursuant to the Securities Act (Registration No. 333-65226)).
- 10.11 Amendment No. 4 to the Credit and Guaranty Agreement dated September 16, 2003 among ARAMARK Services, Inc., ARAMARK Uniform Services Group, Inc. and ARAMARK Corporation, the Banks party thereto and JP Morgan Chase Banks, as Agents.*
- 10.12 Letter Agreement dated February 12, 2001 between ARAMARK Corporation and James E. Ksanskak (incorporated by reference to Exhibit 10.9 to ARAMARK Corporation's Registration Statement on Form S-1 filed with the Commission on September 6, 2001, pursuant to the Securities Act (Registration No. 333-65226)).**
- 10.13 Master Distribution Agreement dated as of February 1, 2002, between SYSCO Corporation and ARAMARK Food and Support Services Group, Inc. (incorporated by reference to Exhibit 10.1 to ARAMARK Corporation's Quarterly Report on Form 10-Q filed with the SEC on August 12, 2002, pursuant to the Exchange Act (File No. 001-08827)). †

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- 10.14 Purchase Agreement between The ServiceMaster Company and ARAMARK Corporation, dated as of October 3, 2001, (incorporated by reference to Exhibit 10.11 to ARAMARK Corporation's Registration Statement on Form S-1 filed with the Commission on November 1, 2001, pursuant to the Securities Act (Registration No. 333-65226)).
- 10.15 Stock Purchase Agreement dated March 3, 2003 among Knowledge Schools, Inc., Children's Discovery Centers of America, Inc. (to be renamed Knowledge Learning Corporation), ARAMARK Corporation, ARAMARK Organizational Services, Inc. and ARAMARK Educational Resources, Inc. (incorporated by reference to Exhibit 10.1 to ARAMARK Corporation's Quarterly Report on Form 10-Q filed with the SEC on May 12, 2003, pursuant to the Exchange Act (File No. 001-16807)).
- 10.16 First Amendment to Stock Purchase Agreement dated March 14, 2003 among Knowledge Schools, Inc., Children's Discovery Centers of America, Inc. (to be renamed Knowledge Learning Corporation), ARAMARK Corporation, ARAMARK Organizational Services, Inc. and ARAMARK Educational Resources, Inc. (incorporated by reference to Exhibit 10.2 to ARAMARK Corporation's Quarterly Report on Form 10-Q filed with the SEC on May 12, 2003, pursuant to the Exchange Act (File No. 001-16807)).
- 10.17 Second Amendment to Stock Purchase Agreement, dated May 9, 2003, among Knowledge Schools, Inc., Knowledge Learning Corporation formerly known as Children's Discovery Centers of America, Inc., ARAMARK Corporation, ARAMARK Organizational Services, Inc. and ARAMARK Educational Resources, Inc. (incorporated by reference to Exhibit 10.1 to ARAMARK Corporation's Quarterly Report on Form 10-Q filed with the SEC on August 11, 2003, pursuant to the Exchange Act (File No. 001-16807)).
- 10.18 Agreement Relating to Employment and Post-Employment Competition with Timothy P. Cost (incorporated by reference to Exhibit 10.2 to ARAMARK Corporation's Quarterly Report on Form 10-Q filed with the SEC on August 11, 2003, pursuant to the Exchange Act (File No. 001-16807)).**
- 10.19 Form of Stock Repurchase Agreement by ARAMARK Worldwide Corporation and U.S. Trust Company, National Association, in its capacity as trustee for the ARAMARK Retirement Savings Plan for Salaried Employees and for the ARAMARK Uniform and Career Apparel Group Retirement Savings Plan (incorporated by reference to Exhibit 10.14 to ARAMARK Corporation's Registration Statement on Form S-1 filed with the Commission on December 4, 2001, pursuant to the Securities Act (Registration No. 333-65226)).
- 10.20 Bridge Loan Agreement dated November 30, 2001 among ARAMARK Services, Inc., ARAMARK Corporation, as Parent Guarantor, the Lenders listed therein and JPMorgan Chase Bank, as Administrative Agent (incorporated by reference to Exhibit 10.15 to ARAMARK Corporation's Registration Statement on Form S-1 filed with the Commission on December 7, 2001, pursuant to the Securities Act (Registration No. 333-65226)).
- 10.21 ARAMARK 2001 Equity Incentive Plan (incorporated by reference to Annex E to ARAMARK Corporation's Registration Statement on Form S-4 filed with the Commission on November 16, 2001, pursuant to the Securities Act (Registration No. 333-65228)).**
- 10.22 Amended and Restated ARAMARK 2001 Stock Unit Retirement Plan.* **
- 10.23 ARAMARK 2001 Deferred Compensation Plan (incorporated by reference to Exhibit 10.1 to ARAMARK Corporation's Registration Statement on Form S-8 filed with the Commission on May 24, 2002, pursuant to the Securities Act (Registration No. 333-89120)).**
- 10.24 ARAMARK Deferred Compensation Plan for Directors (incorporated by reference to Exhibit 10.2 to ARAMARK Corporation's Registration Statement on Form S-8 filed with the Commission on May 24, 2002, pursuant to the Securities Act (Registration No. 333-89118)).**
- 10.25 ARAMARK Corporation Combined Stock Ownership Plan for Employees (incorporated by reference to Exhibit 10.1 to ARAMARK Corporation's Registration Statement on Form S-8 filed with the Commission on December 17, 2001, pursuant to the Securities Act (Registration No. 333-53163)).**

10.26	ARAMARK Corporation 1996 Directors Stock Ownership Plan (incorporated by reference to Exhibit 10.21 to ARAMARK Corporation's Annual Report on Form 10-K filed with the SEC on November 27, 2002, pursuant to the Exchange Act (File No. 001-16807)). **
10.27	Employment Agreement dated October 27, 2003 between ARAMARK Corporation and Joseph Neubauer.* **
10.28	Employment Agreement dated October 27, 2003 between ARAMARK Corporation and William Leonard.* **
12	Ratio of Earnings to Fixed Charges.*
21	List of subsidiaries of ARAMARK Corporation.*
23	Consent of KPMG LLP.*
24	Power of Attorney (included on the signature page hereto).
31.1	Certification of Joseph Neubauer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.*
31.2	Certification of L. Frederick Sutherland pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.*
32.1	Certification of Joseph Neubauer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.*
32.2	Certification of L. Frederick Sutherland pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.*
99.1	Reconciliation of non-GAAP financial measures.*

† Portions omitted pursuant to a request for confidential treatment.

* Filed herewith.

** Management contract or compensatory plan or arrangement required to be filed or incorporated as an exhibit.

Amended and Restated to Become Effective January 1, 2004**BY-LAWS
OF
ARAMARK CORPORATION****ARTICLE I
OFFICES**

§1. REGISTERED OFFICE — The registered office of the Corporation shall be established and maintained at the office of The Corporation Trust Company at 1209 Orange Street in the City of Wilmington, in the County of New Castle, in the State of Delaware, and said corporation shall be the registered agent of this Corporation, unless otherwise established by the Board of Directors and a certificate certifying the change is filed in the manner provided by statute.

§2. OTHER OFFICES — The Corporation may also have offices in the City of Philadelphia, Commonwealth of Pennsylvania, and also offices at such other place or places as the Board of Directors may from time to time appoint or as the business of the Corporation may require.

**ARTICLE II
MEETINGS OF STOCKHOLDERS**

§1. PLACE OF MEETINGS — All meetings of the stockholders shall be held in the offices of the Corporation in Philadelphia, Pennsylvania, or at such other place as shall be determined by the Board of Directors and stated in the notice of the meeting or in a duly executed waiver of notice thereof.

§2. ANNUAL MEETING — An annual meeting of the stockholders, for the election of directors to succeed those whose terms expire and for the transaction of such other business as may properly come before the meeting, shall be held at such place, on such date, and at such time as the Board of Directors shall each year fix.

Nominations of persons for election to the Board and the proposal of business to be transacted by the stockholders may be made at an annual meeting of stockholders (a) pursuant to the Corporation's notice with respect to such meeting, (b) by or at the direction of the Board or (c) by any stockholder of record of the Corporation who was a stockholder of record at the time of the giving of the notice provided for in the following paragraph, who is entitled to vote at the meeting and who has complied with the notice procedures set forth in this section.

For nominations or other business to be properly brought before an annual meeting by a stockholder pursuant to clause (c) of the foregoing paragraph, (1) the stockholder must have given timely notice thereof in writing to the Secretary of the Corporation, (2) such business must

be a proper matter for stockholder action under the General Corporation Law of the State of Delaware, (3) if the stockholder, or the beneficial owner on whose behalf any such proposal or nomination is made, has provided the Corporation with a Solicitation Notice, as that term is defined in subclause (c)(iii) of this paragraph, such stockholder or beneficial owner must, in the case of a proposal, have delivered a proxy statement and form of proxy to holders of at least the percentage of the Corporation's voting shares required under applicable law to carry any such proposal, or, in the case of a nomination or nominations, have delivered a proxy statement and form of proxy to holders of a percentage of the Corporation's voting shares reasonably believed by such stockholder or beneficial holder to be sufficient to elect the nominee or nominees proposed to be nominated by such stockholder, and must, in either case, have included in such materials the Solicitation Notice and (4) if no Solicitation Notice relating thereto has been timely provided pursuant to this section, the stockholder or beneficial owner proposing such business or nomination must not have solicited a number of proxies sufficient to have required the delivery of such a Solicitation Notice under this section. To be timely, a stockholder's notice shall be delivered to or mailed and received by the Secretary at the principal executive offices of the Corporation not less than 45 nor more than 75 days in advance of the first anniversary (the "Anniversary") of the date on which the Corporation first mailed its proxy materials for the preceding year's annual meeting of stockholders; provided, however, that if the date of the annual meeting is advanced more than 30 days prior to or delayed by more than 30 days after the anniversary of the preceding years annual meeting, notice by the stockholder to be timely must be so delivered not later than the close of business on the later of (i) the 90th day prior to such annual meeting or (ii) the 10th day following the day on which public announcement of the date of such meeting is first made. Such stockholder's notice shall set forth (a) as to each person whom the stockholder proposes to nominate for election or reelection as a director all information relating to such person as would be required to be disclosed in solicitations of proxies for the election of such nominees as directors pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and such person's written consent to serve as a director if elected; (b) as to any other business that the stockholder proposes to bring before the meeting, a brief description of such business, the reasons for conducting such business at the meeting and any material interest in such business of such stockholder and the beneficial owner, if any, on whose behalf the proposal is made; (c) as to the stockholder giving the notice and the beneficial owner, if any, on whose behalf the nomination or proposal is made (i) the name and address of such stockholder, as they appear on the Corporation's books, and of such beneficial owner, (ii) the class and number of shares of the Corporation that are owned beneficially and of record by such stockholder and such beneficial owner, and (iii) whether either such stockholder or beneficial owner intends to deliver a proxy statement and form of proxy to holders of, in the case of a proposal, at least the percentage of the Corporation's voting shares required under applicable law to carry the proposal or, in the case of a nomination or nominations, a sufficient number of holders of the Corporation's voting shares to elect such nominee or nominees (an affirmative statement of such intent, a "Solicitation Notice").

Notwithstanding anything in these By-laws to the contrary, in the event that the number of directors to be elected to the Board is increased and there is no public announcement naming all of the nominees for director or specifying the size of the increased Board made by the Corporation at least 55 days prior to the Anniversary, a stockholder's notice required by this By-law shall also be considered timely, but only with respect to nominees for any new positions

created by such increase, if it shall be delivered to the Secretary of the Corporation at the principal executive offices of the Corporation not later than the close of business on the tenth day following the day on which such public announcement is first made by the Corporation.

Only persons nominated in accordance with the procedures set forth in this Section 2 shall be eligible to serve as directors and only such business shall be conducted at an annual meeting of stockholders as shall have been brought before the meeting in accordance with the procedures set forth in this section. The chair of the meeting shall have the power and the duty to determine whether a nomination or any business proposed to be brought before the meeting has been made in accordance with the procedures set forth in these By-laws and, if any proposed nomination or business is not in compliance with these By-laws, to declare that such defective proposed business or nomination shall not be presented for stockholder action at the meeting and shall be disregarded.

For purposes of these By-laws, "public announcement" shall mean disclosure in a press release reported by the Dow Jones News Service, Associated Press or a comparable national news service or in a document publicly filed by the Corporation with the Securities and Exchange Commission pursuant to Section 13, 14 or 15(d) of the Exchange Act.

Notwithstanding the foregoing provisions of this Section 2, a stockholder shall also comply with all applicable requirements of the Exchange Act and the rules and regulations thereunder with respect to matters set forth in this Section 2. Nothing in this Section 2 shall be deemed to affect any rights of stockholders to request inclusion of proposals in the Corporation's proxy statement pursuant to the Exchange Act.

§3. SPECIAL MEETINGS — Special meetings of the stockholders, for any purpose or purposes prescribed in the notice of the meeting, may be called by a majority of the Board of Directors or the Executive Chairman of the Board of Directors. Such meetings shall be held at the place, on the date and at the time as they or he shall fix. Business transacted at all special meetings shall be confined to the purpose or purposes stated in the notice. Nominations of persons for election to the Board of Directors may be made at a special meeting of stockholders at which directors are to be elected pursuant to the Corporation's notice of meeting (a) by or at the direction of the Board of Directors, or (b) by any stockholder of record of the Corporation who is a stockholder of record at the time of giving of notice provided for in this paragraph, who shall be entitled to vote at the meeting and who complies with the notice procedures set forth in Section 2 of this Article II. Nominations by stockholders of persons for election to the Board of Directors may be made at such a special meeting of stockholders if the stockholder's notice required by the third paragraph of Section 2 of this Article II shall be delivered to the Secretary at the principal executive offices of the Corporation not later than the close of business on the later of the 90th day prior to such special meeting or the 10th day following the day on which public announcement is first made of the date of the special meeting and of the nominees proposed by the Board of Directors to be elected at such meeting.

Notwithstanding the foregoing provisions of this Section 3, a stockholder shall also comply with all applicable requirements of the Exchange Act and the rules and regulations thereunder with respect to matters set forth in this Section 3. Nothing in this Section 3 shall be

deemed to affect any rights of stockholders to request inclusion of proposals in the Corporation's proxy statement pursuant to the Exchange Act.

§4. NOTICE OF MEETINGS — Notice of the place, if any, date, and time of the meeting and the means of remote communication, if any, shall be given, not less than ten nor more than sixty days before the date on which the meeting is to be held, to each stockholder entitled to vote there at, except as otherwise provided herein or required by law (meaning, here and hereinafter, as required from time to time by the Delaware General Corporation Law or the Certificate of Incorporation of the Corporation). When a meeting is adjourned to another place, date or time, notice need not be given of the adjourned meeting if the time and place, if any, thereof, and the means of remote communications, if any, by which stockholders and proxyholders may be deemed to be present in person and to vote at such adjourned meeting are announced at the meeting at which the adjournment is taken; provided, however, that if the date of any adjourned meeting is more than thirty days after the date for which the meeting was originally noticed, or if a new record date is fixed for the adjourned meeting, notice of the place, if any, date, and time of the adjourned meeting and the means of remote communications, if any, by which stockholders and proxyholders may be deemed present and to vote at such adjourned meeting shall be given in conformity herewith. At any adjourned meeting, any business may be transacted which might have been transacted at the original meeting; but only those stockholders entitled to vote at the meeting as originally noticed shall be entitled to vote at any adjournment or adjournments thereof, unless the Board of Directors shall fix a new record date for the adjourned meeting pursuant to these By-laws.

§5. QUORUM — Except as otherwise provided by law, the presence, in person or by proxy, of the holders of record of shares of capital stock of the Corporation entitling the holders thereof to cast a majority of the votes entitled to be cast by the holders of shares of capital stock of the Corporation entitled to vote on the question shall constitute a quorum at all meetings of the stockholders, and every reference in these By-Laws to a majority or other proportion of capital stock (or the holders thereof) for the purposes of determining any quorum requirement or any requirement for stockholder consent or approval shall be deemed to refer to such majority or other proportion of the votes (or the holders thereof) then entitled to be cast in respect of such capital stock.

If a quorum shall fail to attend any meeting, the chairman of the meeting or the holders of a majority of the voting rights of the shares of stock entitled to vote who are present, in person or by proxy, may adjourn the meeting to another place, if any, date, or time.

If a notice of any adjourned meeting of stockholders is sent to all stockholders entitled to vote thereat, stating that it will be held with those present constituting a quorum, then except as otherwise required by law, those present at such adjourned meeting, provided that they represent at least one third of the voting rights of the shares entitled to vote at such meeting shall constitute a quorum, and all matters shall be determined by a majority of the votes cast at such meeting (unless a larger majority is required by the Certificate of Incorporation).

§6. ORGANIZATION — Such person as the Board of Directors may have designated or, in the absence of, or upon the failure so to delegate such a person, the Executive Chairman of the

Board of Directors of the Corporation or, in his absence, the Chief Executive Officer or, in his absence, such person as may be chosen by the holders of a majority of the voting rights of the shares entitled to vote who are present, in person or by proxy, at any meeting, shall call to order any meeting of the stockholders and act as chairman of the meeting. In the absence of the Secretary of the Corporation, the secretary of the meeting shall be such person as the chairman appoints.

§7. CONDUCT OF BUSINESS — The chairman of any meeting of stockholders shall determine the order of business and the procedure at the meeting, including such regulation of the manner of voting and the conduct of discussion as seem to him in order. The chairman shall have the power to adjourn the meeting to another place, date and time. The date and time of the opening and closing of the polls for each matter upon which the stockholders will vote at the meeting shall be announced at the meeting.

§8. PROXIES AND VOTING — At any meeting of the stockholders every stockholder entitled to vote may vote in person or by proxy authorized by an instrument in writing or by a transmission permitted by law filed in accordance with the procedure established for the meeting and bearing a date not more than three years prior to said meeting, unless said instrument provides for a longer period. Any copy, facsimile telecommunication or other reliable reproduction of the writing or transmission created pursuant to this paragraph may be substituted or used in lieu of the original writing or transmission for any and all purposes for which the original writing or transmission could be used, provided that such copy, facsimile telecommunication or other reproduction shall be a complete reproduction of the entire original writing or transmission. Each stockholder shall be entitled to vote, in accordance with the provisions of the Certificate of Incorporation relating to shares of stock, the shares of stock registered in his name on the record date for the meeting, except as otherwise provided herein or required by law. All voting, including on the election of directors but excepting where otherwise required herein or by law, may be by a stock vote. Every stock vote shall be taken by ballots, each of which shall state the name of the stockholder or proxy voting and such other information as may be required under the procedure established for the meeting. Every vote taken by ballots shall be counted by an inspector or inspectors appointed by the Board of Directors in advance of the meeting or in the absence of, or upon the failure so to appoint such person or persons, then by an inspector or inspectors appointed by the chairman of the meeting.

When a quorum is present at any meeting, the vote of the holders of a majority of the votes of the shares having voting power represented in person or by proxy at the meeting and entitled to vote on any question brought before such meeting shall decide such question, unless the question is one upon which, by express provision of law, or these By-laws, a different vote is required, in which case such express provision shall govern and control the decision of such question. Shares represented by a limited proxy (i.e., a proxy that by its terms, withholds authority or does not empower the holder to vote on a particular proposal) will not be considered as part of the voting power present and entitled to vote with respect to that proposal for determining whether the proposal has a majority (or other required percentage) approval of the voting power present and entitled to vote. Abstentions (whether in person or by proxy) are counted as voting power present and entitled to vote on any proposal to which they relate.

§9. STOCK LIST — A complete list of stockholders entitled to vote at any meeting of stockholders, arranged in alphabetical order for each class of stock and showing the address of each such stockholder and the number of shares registered in his name, shall be open to the examination of any such stockholder, for any purpose germane to the meeting, during ordinary business hours for a period of at least ten days prior to the meeting in the manner provided by law.

The stock list shall also be kept at the place of the meeting during the whole time thereof and shall be open to the examination of any such stockholder who is present. This list shall presumptively determine the identity of the stockholders entitled to vote at the meeting and the number of shares held by each of them.

ARTICLE III BOARD OF DIRECTORS

§1. NUMBER — Except as otherwise provided in the Certificate of Incorporation, the number of directors who shall constitute the whole board shall be not less than seven and not more than fifteen.

§2. ELECTION AND TERM OF DIRECTORS – At the date of adoption of these By-laws, the Board of Directors consists of the following persons:

Class I Directors	Class II Directors	Class III Directors
James E. Preston	Robert J. Callander	Joseph Neubauer
Leonard S. Coleman, Jr.	Ronald R. Davenport	Lawrence T. Babbio, Jr.
James E. Ksansnak	Patricia C. Barron	Karl M. von der Heyden
Thomas H. Kean	Ronald L. Sargent	William Leonard

All directors, other than those who may be elected by the holders of any series of preferred stock under specified circumstances, will be designated either class I, class II or class III directors. There is no distinction in the voting or other powers and authorities of directors of different classes; the classifications are solely for the purposes of the retirement by rotation provisions set forth in this Article III.

Each class I director shall serve initially until the conclusion of the annual general meeting of stockholders of the Corporation held in the calendar year 2002. Each class II director shall serve initially until the conclusion of the annual general meeting of stockholders of the Corporation held in the calendar year 2003. Each class III director shall serve initially until the conclusion of the annual general meeting of stockholders of the Corporation held in the calendar year 2004. At each annual general meeting of stockholders, commencing with the annual general meeting of stockholders held in the calendar year 2002, directors elected to succeed those directors whose term then expire (i) shall be elected for a term of office to expire at

the third succeeding annual general meeting of stockholders after their election and (ii) shall constitute members of the class of directors represented by the directors they replace. Each director shall hold office until his or her successor shall have been duly elected and qualified. Directors shall be elected by a plurality of the votes cast at a meeting at which a quorum is present.

Upon the resignation or termination of office of any director, if a new director shall be appointed to the Board of Directors he will be designated to fill the vacancy arising and shall, for the purposes of these By-laws, constitute a member of the class of directors represented by the person he or she replaces.

§3. RESIGNATION AND VACANCIES — Any director or member of a committee may resign at any time. Such resignation shall be made in writing or by electronic transmission, and shall take effect at the time specified therein and if no time is specified, at the time of its receipt by the Executive Chairman of the Board of Directors or Secretary. The acceptance of a resignation shall not be necessary to make it effective. Except as otherwise provided in the Certificate of Incorporation, vacancies and newly created directorships resulting from any increase in the authorized number of directors may be filled by vote of the directors then in office though less than a quorum.

§4. INCREASE OF NUMBER — The number of directors may be fixed or increased by resolution of the Board of Directors, subject to the provisions of the Certificate of Incorporation.

§5. COMMITTEES — The Board of Directors may designate one or more committees, each committee to consist of one or more directors of the Corporation. The Board may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee.

Each committee may determine the procedural rules for meeting and conducting its business and shall act in accordance therewith, except as otherwise provided herein or required by law. Adequate provision shall be made for notice to members of all meetings; one-third of the members shall constitute a quorum unless the committee shall consist of one or two members, in which event one member shall constitute a quorum; and all matters shall be determined by a majority vote of the members present. Action may be taken by any committee without a meeting if all members thereof consent thereto in writing or by electronic transmission, and the writing or writings or electronic transmission or transmissions are filed with the minutes of the proceedings of such committee. Such filing shall be in paper form if the minutes are maintained in paper form and shall be in electronic form if the minutes are maintained in electronic form.

§6. MEETINGS — The newly elected directors may hold their first meeting for the purpose of organization and the transaction of business, if a quorum be present, immediately after the annual meeting of the stockholders; or the time and place of such meeting may be fixed by consent of all the directors. Regular meetings of the Board of Directors may be held without notice at such places and times as shall be determined from time to time by resolution of the Board of Directors and publicized among all directors. A notice of each regular meeting shall not be required. Special meetings of the Board of Directors may be called by the Executive

Chairman, the Chief Executive Officer or by the Secretary and shall be called by them on the written request of any two directors. Notice of the place, date, and time of each such special meeting shall be given each director by whom it is not waived by mailing notice not less than five days before the meeting or by sending notice by guaranteed overnight carrier not less than forty-eight hours before the meeting or by telephoning, hand delivering, telegraphing, faxing or sending by similar form of telecommunication notice or electronic transmission not less than twenty-four hours before the meeting. Unless otherwise indicated in the notice thereof, any and all business may be transacted at a special meeting. Members of the Board of Directors, or any committee designated by the Board of Directors, may participate in a meeting of the Board of Directors (whether regular or special), or any committee, by means of conference telephone call or by means of similar communications equipment by which all persons participating in the meeting can hear each other, and such participation in a meeting shall constitute presence in person at the meeting.

§7. QUORUM AND VOTING — A majority of the directors in office shall constitute a quorum for the transaction of business. If at any meeting of the Board of Directors there shall be less than a quorum present, a majority of those present may adjourn the meeting from time to time until a quorum is obtained, and no further notice thereof need be given other than by announcement at the meeting which shall be so adjourned. The vote of the majority of the directors present at a meeting at which a quorum is present shall be the act of the Board of Directors unless the Certificate of Incorporation or these By-laws shall require the vote of a greater number.

§8. COMPENSATION — Directors shall be entitled to such compensation and fees (including reimbursement of reasonable expenses) for their services as directors or as members of committees as shall be authorized by resolution of the Board. Nothing herein contained shall be construed to preclude any director from serving the Corporation in any other capacity as an officer, agent or otherwise, and receiving compensation therefor.

§9. ACTION WITHOUT MEETING — Any action required or permitted to be taken at any meeting of the Board of Directors, or of any committee designated by the Board of Directors, may be taken without a meeting, if all members of the Board or of such committee, as the case may be, consent thereto in writing or by electronic transmission and the writing or writings or transmission or transmissions are filed with the minutes of proceedings of the Board or committee.

§10. POWERS — The Board of Directors shall have full power to manage the business and affairs of the Corporation; and all powers of the Corporation, except those specifically reserved or granted to the stockholders by statute, the Certificate of Incorporation or these By-laws, are hereby granted to and vested in the Board of Directors.

ARTICLE IV **OFFICERS**

§1. OFFICERS — The officers of the Corporation shall be an Executive Chairman of the Board of Directors, a Chief Executive Officer, a President, one or more Vice Presidents, a

Treasurer and a Secretary, all of whom shall be elected by the Board of Directors and shall hold office until their successors are elected and qualified. In addition, the Board of Directors may elect such Assistant Secretaries and Assistant Treasurers, as it may deem proper. Except for the Executive Chairman of the Board of Directors and the Chief Executive Officer, none of the officers of the Corporation need be directors. The officers shall be elected at the first meeting of the Board of Directors after each annual meeting or at such other time as the Board of Directors may determine. Two or more offices may be held by the same person.

§2. OTHER OFFICERS AND AGENTS — The Board of Directors may appoint such other officers and agents as it may deem advisable, who shall hold office for such terms and shall exercise such powers and perform such duties as shall be determined from time to time by the Board of Directors.

§3. EXECUTIVE CHAIRMAN — The Executive Chairman of the Board of Directors must at all times be a stockholder of the Corporation and a member of the Board of Directors. He shall preside at all meetings of the Board of Directors, and he shall have and perform such other duties as from time to time may be assigned to him by the Board of Directors

§4. CHIEF EXECUTIVE OFFICER — The Chief Executive Officer must at all times be a stockholder of the Corporation and a member of the Board of Directors. He shall be, as Chief Executive Officer of the Corporation, responsible for the general supervision of the business and affairs of the Corporation and, except as set forth in these By-laws or a resolution of the Board of Directors, of the Corporation's other officers, and he shall have and perform such other duties as from time to time may be assigned to him by the Board of Directors. He may sign, execute and acknowledge, in the name of the Corporation, deeds, mortgages, bonds, contracts or other instruments authorized by the Board of Directors, except in cases where the signing and execution thereof shall be expressly and exclusively delegated by the Board of Directors, or by these By-laws, to some other officer or agent of the Corporation; and, in general, shall perform all duties incident to the office of Chief Executive Officer, and such other duties as from time to time may be assigned to him by the Board of Directors.

§5. PRESIDENT — The President shall have such powers and shall perform such duties as from time to time shall be assigned to him by the Board of Directors.

§6. VICE-PRESIDENTS — Each Vice-President shall have such powers and shall perform such duties as from time to time shall be assigned to him by the Chief Executive Officer or the Board of Directors.

§7. TREASURER — The Treasurer shall provide for the custody of the corporate funds and securities and shall keep full and accurate account of receipts and disbursements in books belonging to the Corporation. He shall collect and deposit all moneys and other valuables in the name and to the credit of the Corporation in such depositories as may be designated by the Board of Directors.

The Treasurer shall disburse the funds of the Corporation as may be ordered by the Board of Directors or the Chief Executive Officer, taking proper vouchers for such disbursements. He shall render to the Chief Executive Officer and the Board of Directors at meetings of the Board of Directors, or whenever the directors may request it, an account of all his transactions as Treasurer and of the financial condition of the Corporation. If required by the Board of Directors, he shall give the Corporation a bond for the faithful discharge of his duties in such amount and with such surety as the Board of Directors shall prescribe.

§8. SECRETARY — The Secretary shall be present at and give, or cause to be given, notice of all meetings of stockholders and directors, and all other notices required by law or by these By-laws, and in case of his absence or refusal or neglect so to do, any such notice may be given by any Assistant Secretary or by any person thereunto directed by the Executive Chairman, the Chief Executive Officer or by the Board of Directors. He shall record all the proceedings of the meetings of the Corporation and of the Board of Directors in books to be kept for such purpose, and shall perform such other duties as may be assigned to him by the Chief Executive Officer or the Board of Directors. He shall have the custody of the seal of the Corporation and shall affix the same to all instruments requiring it, when authorized by the Board of Directors or the Chief Executive Officer, and attest the same.

§9. ASSISTANT TREASURERS AND ASSISTANT SECRETARIES — Assistant Treasurers and Assistant Secretaries, if any, shall have such powers and shall perform such duties as shall be assigned to them, respectively, by the Chief Executive Officer or by the Board of Directors.

§10. REMOVAL — Any officer of the Corporation may be removed at any time, with or without cause, by the Board of Directors.

§11. ACTION WITH RESPECT TO SECURITIES OF OTHER CORPORATIONS — Unless otherwise directed by the Board of Directors, the Chief Executive Officer or any officer of the Corporation authorized by the Chief Executive Officer shall have the power to vote and otherwise act on behalf of the Corporation, in person or by proxy, at any meeting of stockholders of or with respect to any action of stockholders of any other corporation in which this Corporation may hold securities and otherwise to exercise any and all rights and powers which this Corporation may possess by reason of its ownership of securities in such other corporation.

ARTICLE V

GENERAL PROVISIONS

§1. CERTIFICATES OF STOCK — The stock of the Corporation shall be represented by certificates unless the Board of Directors shall by resolution in accordance with applicable law provide that some or all of any class or series of stock shall be uncertificated shares.

§2. LOST CERTIFICATES — Unless otherwise provided by the Certificate of Incorporation, a new certificate of stock may be issued in the place of any certificate theretofore issued by the Corporation alleged to have been lost, stolen, destroyed or mutilated, and (in the

case of any certificate alleged to be lost, stolen or destroyed) the Board of Directors may, in its discretion, require the owner thereof or his legal representatives, to give the Corporation a bond, in such sum as the Board of Directors may direct, not exceeding double the value of the stock, or to indemnify the Corporation against any claim that may be made against it with respect to any such certificate or both, prior to the issuance of any new certificate.

§3. TRANSFER OF SHARES — Transfers of stock shall be upon the stock transfer books of the Corporation kept at an office of the Corporation or by transfer agents designated to transfer shares of the Corporation.

§4. STOCKHOLDER RECORD DATE — In order that the Corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, or to express consent to corporate action in writing without a meeting, or entitled to receive payment of any dividend or other distribution or allotment of any rights or entitled to exercise any rights in respect of any change, conversion or exchange of stock or for the purpose of any other lawful action, the Board of Directors may fix a record date, which record date shall not precede the date on which the resolution fixing the record date is adopted and which shall not be more than sixty nor less than ten days before the date of such meeting, nor more than sixty days prior to any such other action; provided, however, that if no record date is fixed by the Board of Directors, the record date for determining stockholders entitled to notice of or to vote at a meeting of stockholders shall be at the close of business on the day next preceding the day on which the meeting is held, and, for determining stockholders entitled to receive payment of any dividend or other distribution or allotment of rights or to exercise any rights of change, conversion or exchange of stock or for any other purpose, the record date shall be at the close of business on the day on which the Board of Directors adopts a resolution relating thereto.

A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to an adjournment of the meeting; provided, however, that the Board of Directors may fix a new record date for the adjourned meeting.

§5. DIVIDENDS — Subject to the provisions of law and the provisions of the Certificate of Incorporation or any resolution or resolutions adopted by the Board of Directors pursuant to authority expressly vested in it by the Certificate of Incorporation and Section 151 of the Delaware General Corporation Law, the Board of Directors may, out of funds legally available therefor at any regular or special meeting, declare dividends upon the capital stock of the Corporation as and when it deems expedient. Before declaring any dividend there may be set apart out of any funds of the Corporation legally available for dividends, such sum or sums as the Board of Directors from time to time in its discretion deem proper for working capital, future capital needs or as a reserve fund to meet contingencies or for such other purposes as the Board of Directors shall deem appropriate or in the interests of the Corporation.

§6. SEAL — The corporate seal shall be circular in form and shall contain the name of the Corporation, the year of the creation of its predecessor and the words "CORPORATE SEAL DELAWARE". Such seal may be used by causing it or a facsimile thereof to be impressed or affixed or reproduced or otherwise.

§7. FACSIMILE SIGNATURES — In addition to the provisions for use of facsimile signatures elsewhere specifically authorized in these By-laws, facsimile signatures of any officer or officers of the Corporation may be used whenever and as authorized by the Board of Directors or a committee thereof.

§8. RELIANCE UPON BOOKS, REPORTS AND RECORDS — Each director, each member of any committee designated by the Board of Directors, and each officer of the Corporation shall, in the performance of his duties, be fully protected in relying in good faith upon the books of account or other records of the Corporation, including reports made to the Corporation by any of its officers, by an independent certified public accountant, or by an appraiser selected with reasonable care.

§9. FISCAL YEAR — The fiscal year of the Corporation shall end on the Friday nearest September 30 in each year, and shall be subject to change, by resolution of the Board of Directors.

§10. CHECKS — All checks, drafts or other orders for the payment of money, notes or other evidences of indebtedness issued in the name of the Corporation shall be signed by such officer or officers, agent or agents of the Corporation, and in such manner, as shall be determined from time to time by resolution of the Board of Directors.

§11. NOTICE AND WAIVER OF NOTICE — Except as otherwise provided in this Section 11, whenever any notice is required by these By-laws to be given, personal notice is not meant unless expressly so stated, and any notice so required shall be deemed to be sufficient if deposited in the United States mail, postage prepaid, addressed to the person entitled thereto at his address as it appears on the records of the Corporation, and such notice shall be deemed to have been given on the day of such mailing. Without limiting the manner by which notice otherwise may be given effectively to stockholders, any notice to stockholders may be given by electronic transmission in the manner provided in Section 232 of the Delaware General Corporation Law. Stockholders not entitled to vote shall not be entitled to receive notice of any meetings except as otherwise provided by law. Whenever any notice is required with respect to a special meeting of the Board of Directors, such notice to a director shall be deemed given when sent, if sent by guaranteed overnight carrier or by hand delivery, telegram, fax or similar form of telecommunication, to the last known address (business or residence) of such director.

Whenever any notice is required to be given under the provisions of any law, or under the provisions of the Certificate of Incorporation or these By-laws, a waiver thereof in writing, or by telegraph, fax or similar form of telecommunication or electronic transmission, whether before or after the time stated therein, shall be deemed equivalent thereto. Neither the business nor the purpose of any meeting needs to be specified in such a waiver. Attendance at any meeting shall constitute waiver of notice except attendance for the sole purpose of objecting to the timeliness of notice.

§12. TIME PERIODS — In applying any provision of these By-laws which requires that an act be done or not done a specified number of days prior to an event or that an act be done

during a period of a specified number of days prior to an event, calendar days shall be used, the day of the doing of the act shall be excluded, and the day of the event shall be included.

ARTICLE VI **AMENDMENTS**

These By-laws may be made, altered, amended, changed, added to or repealed by the Board of Directors to the extent provided in the Certificate of Incorporation.

ARTICLE VII **INDEMNIFICATION OF DIRECTORS AND OFFICERS**

Each person who was or is made a party or is threatened to be made a party to or is otherwise involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative (hereinafter a "proceeding"), by reason of the fact that he or she or a person of whom he or she is the legal representative is or was a director or an officer of the Corporation or is or was serving at the request of the Corporation as a director, officer or trustee of another corporation, or as its representative in a partnership, joint venture, trust or other enterprise, including service with respect to an employee benefit plan (hereinafter an "indemnatee"), whether the basis of such proceeding is alleged action in an official capacity as a director, officer, trustee or representative or in any other capacity while serving as a director, officer, trustee or representative, shall be indemnified and held harmless by the Corporation to the fullest extent authorized by the Delaware General Corporation Law, as the same exists or may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment permits the Corporation to provide broader indemnification rights than such law permitted the Corporation to provide prior to such amendment), against all expense, liability and loss (including attorneys' fees, judgments, fines, ERISA excise taxes or penalties and amounts paid or to be paid in settlement) reasonably incurred or suffered by such indemnatee in connection therewith; provided, however, that, except as provided in this Article with respect to proceedings to enforce rights to indemnification and "advancement of expenses" (as defined below), the Corporation shall indemnify any such indemnatee in connection with a proceeding (or part thereof) initiated by such indemnatee only if such proceeding (or part thereof) was authorized by the Board of Directors of the Corporation.

In addition to the right to indemnification conferred in this Article, an indemnatee shall also have the right to be paid by the Corporation the expenses (including attorneys' fees) incurred in defending any such proceeding in advance of its final disposition (hereinafter an "advancement of expenses"); provided, however, that, if the Delaware General Corporation Law requires, an advancement of expenses incurred by an indemnatee in his or her capacity as a director or officer (and not in any other capacity in which service was or is rendered by such indemnatee, including, without limitation, service to an employee benefit plan) shall be made only upon delivery to the Corporation of an undertaking (hereinafter an "undertaking"), by or on behalf of such indemnatee, to repay all amounts so advanced if it shall ultimately be determined by final judicial decision from which there is no further right to appeal (hereinafter a "final adjudication") that such indemnatee is not entitled to be indemnified for such expenses under this Article or otherwise. If a claim under this Article is not paid in full by the Corporation within sixty (60) days after a written claim has been received by the Corporation, except in the case of a claim for an advancement of expenses, in

which case the applicable period shall be twenty (20) days, the indemnitee may at any time thereafter bring suit against the Corporation to recover the unpaid amount of the claim. If successful in whole or in part in any such suit, or in a suit brought by the Corporation to recover an advancement of expenses pursuant to the terms of an undertaking, the indemnitee shall be entitled to be paid also the expense of prosecuting or defending such suit. In (i) any suit brought by the indemnitee to enforce a right to indemnification hereunder (but not in a suit brought by the indemnitee to enforce a right to an advancement of expenses) it shall be a defense that, and (ii) in any suit brought by the Corporation to recover an advancement of expenses pursuant to the terms of an undertaking, the Corporation shall be entitled to recover such expenses upon a final adjudication that, the indemnitee has not met any applicable standard for indemnification set forth in the Delaware General Corporation Law. Neither the failure of the Corporation (including its directors who are not parties to such action, a committee of such directors, independent legal counsel, or its stockholders) to have made a determination prior to the commencement of such suit that indemnification of the indemnitee is proper in the circumstances because the indemnitee has met the applicable standard of conduct set forth in the Delaware General Corporation Law, nor an actual determination by the Corporation (including its directors who are not parties to such action, a committee of such directors, independent legal counsel, or its stockholders) that the indemnitee has not met such applicable standard of conduct, shall create a presumption that the indemnitee has not met the applicable standard of conduct or, in the case of such a suit brought by the indemnitee, be a defense to such suit. In any suit brought by the indemnitee to enforce a right to indemnification or to an advancement of expenses hereunder, or brought by the Corporation to recover an advancement of expenses pursuant to the terms of an undertaking, the burden of proving that the indemnitee is not entitled to be indemnified, or to such advancement of expenses, under this Article or otherwise shall be on the Corporation.

The rights to indemnification and to the advancement of expenses conferred in this Article shall not be exclusive of any other right which any person may have or hereafter acquire under any statute, the Corporation's Certificate of Incorporation, By-laws, agreement, vote of stockholders or directors or otherwise.

The Corporation may maintain insurance, at its expense, to protect itself and any director, officer, employee or agent of the Corporation or another corporation, partnership, joint venture, trust or other enterprise against any expense, liability or loss, whether or not the Corporation would have the power to indemnify such person against such expense, liability or loss under the Delaware General Corporation Law.

The Corporation may, to the extent authorized from time to time by the Board of Directors, grant rights to indemnification and to the advancement of expenses to any employee or agent of the Corporation to the fullest extent of the provisions of this Article with respect to the indemnification and advancement of expenses of directors and officers of the Corporation.

The rights conferred upon indemnitees in this Article shall be contract rights and such rights shall continue as to an indemnitee who has ceased to be a director, officer or trustee and shall inure to the benefit of the indemnitee's heirs, executors and administrators. Any amendment, alteration or repeal of this Article that adversely affects any right of an indemnitee or its successors shall be

prospective only and shall not limit or eliminate any such right with respect to any proceeding involving any occurrence or alleged occurrence of any action or omission to act that took place prior to such amendment or repeal.

Effective as of January 1, 2004

AMENDMENT NO. 4 TO CREDIT AND GUARANTY AGREEMENT

AMENDMENT dated as of September 16, 2003 to the Credit and Guaranty Agreement dated as of January 7, 1998 (as heretofore amended and/or restated, the “**Credit Agreement**”) among ARAMARK SERVICES, INC., ARAMARK UNIFORM SERVICES GROUP, INC. and ARAMARK CORPORATION, the BANKS party thereto and JPMORGAN CHASE BANK, as Agents.

WITNESSETH:

WHEREAS, the parties hereto desire to amend the Credit Agreement as set forth below;

NOW, THEREFORE, the parties hereto agree as follows:

SECTION 1. *Defined Terms; References.* Unless otherwise specifically defined herein, each term used herein which is defined in the Credit Agreement has the meaning assigned to such term in the Credit Agreement. Each reference to “hereof”, “hereunder”, “herein” and “hereby” and each other similar reference and each reference to “this Agreement” and each other similar reference contained in the Credit Agreement shall, after this Amendment becomes effective, refer to the Credit Agreement as amended hereby.

SECTION 2. *Amendments.* (a) Section 1.01 is amended by the addition of the following new defined term in its appropriate alphabetical position:

“**Receivables Securitization Facility**” means (i) the Receivables Purchase Facility established for Aramark Receivables, LLC pursuant to the Receivables Purchase Agreement dated as of March 28, 2001 among Aramark Receivables, LLC and the other parties thereto, as amended and in effect from time to time, and (ii) any substantially similar receivable securitization facility established for the Parent Guarantor or any of its Subsidiaries.

(b) Section 5.07 is amended (i) by deleting “and” at the end of paragraph (g), (ii) changing the period at the end of paragraph (h) to “; and” and (iii) adding the following new paragraph (i):

- (i) any Lien created in connection with a Receivables Securitization Facility;

SECTION 3. *Representations and Warranties.* The Parent Guarantor and Borrowers jointly and severally represent and warrant that (i) the representations and warranties set forth in Article 4 of the Credit Agreement will be true on and as of the Amendment Effective Date and (ii) no Default will have occurred and be continuing on such date.

SECTION 4. *Governing Law.* This Amendment shall be governed by and construed in accordance with the laws of the State of New York.

SECTION 5. *Counterparts.* This Amendment may be signed in any number of counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument.

SECTION 6. *Effectiveness.* This Amendment shall become effective on the date when the Agents shall have received from each of the Parent Guarantor, the Borrowers and Banks comprising the Required Banks a counterpart hereof signed by such party or facsimile or other written confirmation (in form satisfactory to the Agents) that such party has signed a counterpart hereof.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed as of the date first above written.

ARAMARK SERVICES, INC.

By: _____
Title:
Address:

ARAMARK UNIFORM SERVICES GROUP, INC.

By: _____
Title:
Address:

ARAMARK CORPORATION

By: _____
Title:
Address:

JPMORGAN CHASE BANK

By: _____
Title:
Address:

BANK OF AMERICA, N.A.

By: _____
Name:
Title:

THE BANK OF NEW YORK

By: _____
Name:
Title:

CREDIT LYONNAIS

By: _____
Name:
Title:

FIRST UNION NATIONAL BANK

By: _____
Name:
Title:

PNC BANK, NATIONAL ASSOCIATION

By: _____
Name:
Title:

SUMITOMO MITSUI BANKING CORPORATION

By: _____
Name:
Title:

WACHOVIA BANK, N.A.

By: _____
Name:
Title:

CIBC INC.

By: _____
Name:
Title:

FLEET NATIONAL BANK

By: _____
Name:
Title:

KBC BANK N.V.

By: _____
Name:
Title:

By: _____
Name:
Title:

MELLON BANK, N.A.

By: _____
Name:
Title:

BANK OF HAWAII

By: _____
Name:
Title:

NATIONAL WESTMINSTER BANK PLC

By: _____
Name:
Title:

U.S. BANK NATIONAL ASSOCIATION

By: _____
Name:
Title:

THE BANK OF NOVA SCOTIA

By: _____
Name:
Title:

BANK ONE, N.A.

By: _____
Name:
Title:

PB CAPITAL CORPORATION

By: _____
Name:
Title:

By: _____
Name:
Title:

COMERICA BANK

By: _____
Name:
Title:

COOPERATIEVE CENTRALE RAIFFEISEN-BOERENLEENBANK B.A.,
"RABOBANK NEDERLAND", NEW YORK BRANCH

By: _____
Name:
Title:

AMSOUTH BANK

By: _____
Name:
Title:

BNP PARIBAS

By: _____
Name:
Title:

By: _____
Name:
Title:

NATIONAL CITY BANK

By: _____
Name:
Title:

[Name of Bank]

By: _____
Name:
Title:

Amended and Restated ARAMARK 2001 Stock Unit Retirement Plan

Effective as of the IPO Date

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ARTICLE I. Definitions and Construction.**1.1 Definitions.** Whenever used in this Plan:

Account means any account established for a Participant as provided in Section 5.1.

Account Balance means for each Participant, the total balance standing to the Participant's Accounts under the Plan at the date of reference.

Affiliate means, with respect to any Company, (a) any corporation (other than such Company) that is a member of a controlled group of corporations (within the meaning of Section 414(b) of the Code), of which such Company is a member; (b) any other related corporation designated as an affiliate by the Parent Company; or (c) an organization which is a member of an affiliated service group of which the Company is a member.

Age means age on last birthday.

ARAMARK means ARAMARK Services, Inc., a Delaware corporation.

Basic Salary Deferrals means, for each Participant, the deferrals authorized by the Participant in accordance with Section 3.1(a).

Break in Service means, for an Employee or a former Employee, a period of at least twelve consecutive months during which such individual is not an Employee. Employees shall be given credit for periods of employment with ARAMARK Corporation prior to its merger with and into the Parent Company.

Change in Control means the occurrence of any of the following events:

(a) any "person" or "group" (within the meaning of the Securities Exchange Act of 1934, as amended) (other than (i) a person holding securities representing 10% or more of the combined voting power of the Parent Company's outstanding securities as of the date that the Parent Company completes

an initial public offering of its class B common stock (a “Pre–Existing Shareholder”), (ii) the Parent Company, any trustee or other fiduciary holding securities under an employee benefit plan of the Parent Company, or (iii) any company owned, directly or indirectly, by the shareholders of the Parent Company in substantially the same proportions as their ownership of shares of the Parent Company), becomes the beneficial owner (as defined in Rule 13d–3 of the Securities Exchange Act of 1934, as amended), directly or indirectly, of securities of the Parent Company, representing (I) 20% or more of the combined voting power of the Parent Company’s then–outstanding securities and (II) more of the combined voting power of the Parent Company’s then–outstanding securities than the Pre–Existing Shareholders in the aggregate;

(b) during any period of twenty–four consecutive months (not including any period prior to the date that the Parent Company completes an initial public offering of its class B common stock), individuals who at the beginning of such period constitute its board of directors, and any new director (other than a director nominated by any person (other than the Parent Company) who publicly announces an intention to take or to consider taking actions (including, but not limited to, an actual or threatened proxy contest) which if consummated would constitute a Change in Control under (a), (c) or (d) of this definition whose election by the board or nomination for election by the Parent Company’s shareholders was approved by a vote of at least two–thirds of the directors then still in office who either were directors at the beginning of the period or whose election or nomination for election was previously so approved, cease for any reason to constitute at least a majority thereof;

(c) the consummation of any transaction or series of transactions resulting in a merger or consolidation in which the Parent Company is involved, other than a merger or consolidation which would result in the shareholders of the Parent Company immediately prior thereto continuing to own (either by remaining outstanding or by being converted into voting securities of the surviving entity), in the same proportion as immediately prior to the transaction(s), more than 50% of the combined voting power of the voting securities of the Parent Company or such surviving entity outstanding immediately after such merger or consolidation;

(d) the complete liquidation of the Parent Company or the sale or disposition by the Parent Company of all or substantially all of the Parent Company’s assets; or

(e) any other transaction so denominated by the board of directors of the Parent Company.

Code means the Internal Revenue Code of 1986, as amended from time to time.

Committee means the Committee described in Section 9.2.

Company means, each with respect to its own employees, ARAMARK and such subsidiary or affiliated companies as may from time to time participate in the Plan by authorization of the Parent Company.

Compensation means, for any Eligible Employee for any Plan Year, such Eligible Employee’s annual base salary and sales commissions (including amounts allocable to paid time off for vacations, holidays, sick leave, and salary deferrals under the ARAMARK 2001 Deferred Compensation Plan and excluding overtime, shift differentials, commissions other than sales commissions, pay allowances, deferred compensation, bonuses and related benefits) earned from the Company and paid to the Employee, computed before reduction by Salary Deferrals under Section 3.1 of this Plan.

Covered Employee means an Employee employed by the Company or an Affiliate on a salaried basis who is not (a) an employee employed by a joint venture in which the Company is a joint venturer, or (b) a person in a position designated by the Company or Affiliate as a “Consultant.” An Employee who is neither a United States citizen nor a United States resident shall not become a Covered Employee.

Deferred Stock Unit or DSU means the right to receive one whole share of Employer Common Stock for each whole Deferred Stock Unit, and cash for fractional Deferred Stock Units, in a Participant’s account, subject to conditions described in Section 5.7 herein. The stated value of a Deferred Stock Unit is the Fair Market Value of a share of Employer Common Stock. The total number of Deferred Stock Units which may be issued under this Plan, net of any forfeitures and cancellations in accordance with the Plan, shall not exceed in the aggregate 8,000,000. Deferred Stock Units issued under the Plan will be issued pursuant to the Company’s 2001 Equity Incentive Plan.

Early Retirement means, for any Employee, (a) attainment of Age 60 and completion of five or more Years of Service, or (b) incurrence of a total and permanent disability.

Effective Date means the IPO Date.

Eligible Employee means a Covered Employee who is eligible to make contributions under the Plan as provided in Article II.

Employee means any person employed by the Company or an Affiliate.

Employer Common Stock means Common Stock, Class B, \$.01 par value per share, of the Parent Company.

Employment Date means, for each Employee, the first day on which the Employee completes an hour for which the Employee is paid or entitled to payment, direct or indirect, from the Company or Affiliate (or ARAMARK Corporation, if the Employee was employed by ARAMARK Corporation prior to its merger with and into the Parent Company), for the performance of duties. If an Employee's Years of Service are canceled under Section 8.3 and cannot be restored (because the Employee cannot satisfy the requirement of Section 8.3(b)), the Employee's Employment Date shall be the first day thereafter on which the Employee completes such an hour.

Fair Market Value means, on a given date, (i) if there should be a public market for the relevant shares on such date, the closing price of such shares as reported on such date on the composite tape of the principal national securities exchange on which such shares are listed or admitted to trading, or, if such shares are not listed or admitted on any national securities exchange, the closing price on such date as quoted on the National Association of Securities Dealers Automated Quotation System (or such market in which such price is regularly quoted) (the "NASDAQ"), or, if no sale of such shares shall have been reported on the composite tape of any national securities exchange or quoted on the NASDAQ on such date, then the immediately preceding date on which sales of such shares have been so reported or quoted shall be used; provided that, in the event of an initial public offering of the class B common stock of the Parent Company, the Fair Market Value of the shares on the date of such initial public offering shall be the price at which the initial public offering was made; and (ii) if there should not be a public market for the shares on such date, the Fair Market Value shall be the value established by the Committee in good faith.

Fiscal Year means the fiscal year of ARAMARK.

IPO Date means the date that shares of class B common stock of ARAMARK Worldwide Corporation first are sold to the public pursuant to an underwritten registered public offering, as more particularly described in the Registration Statement on Form S-1 initially filed with the U.S. Securities and Exchange Commission on July 17, 2001, as amended.

Key Employee means any individual specifically approved for participation in this Plan in accordance with the Rules and who is a management or highly compensated employee.

Matching Contributions Account means, for each Participant, the Account established under Section 5.3 to credit the Company's contributions under Section 4.1.

Normal Retirement means, for any Employee, attainment of Age 65.

Parent Company means ARAMARK Worldwide Corporation, a Delaware corporation.

Participant means an Employee or former Employee who has an Account Balance under the Plan.

Period of Service means, for any Employee, the elapsed time between the Employee's Employment Date and the date of reference, inclusive, disregarding any Break in Service or any period during which such

individual is not an Employee to the extent such period falls within a period of at least twelve consecutive months in which the Employee has a Separation from Service by reason of resignation, discharge, or retirement and completes no hours for which the Employee is paid or entitled to payment, direct or indirect, for the performance of duties. Where any portion of an Employee's Period of Service is to be disregarded in determining Years of Service so that non-successive periods must be aggregated, less than whole year periods shall be aggregated on the basis that 365 days equal a whole year. Employees shall be given credit for periods of employment with ARAMARK Corporation prior to its merger with and into the Parent Company.

Period of Severance means, for any former Employee, the elapsed time between the former Employee's Separation from Service and the date the former Employee again becomes an Employee.

Plan means the ARAMARK 2001 Stock Unit Retirement Plan set forth herein.

Plan Administrative Committee means the Committee described in Article IX which is charged with the responsibilities of administering the Plan in accordance with the Rules.

Plan Year means the period from the Effective Date through September 30, 2002 (the "Initial Plan Year"), and each twelve-consecutive-month period thereafter ending on September 30.

Qualified Retirement Plan means any retirement plan maintained by the Company that is qualified under Code Section 401(a).

Retirement Savings Plan means the ARAMARK Retirement Savings Plan for Salaried Employees, a Qualified Retirement Plan under which contributions are made pursuant to Code Section 401(k).

Rules means the rules adopted by the Plan Administrative Committee relating to the administration of the Plan.

Salary Deferral Account means, for each Participant, the Account established for crediting the portion of the Participant's Account Balance attributable to Salary Deferrals as provided in Section 5.1.

Salary Deferral Percentage(s) means the percentage(s) of a Participant's Compensation that the Participant elects to defer under Section 3.1(a) and/or 3.1(b).

Salary Deferrals means, for each Participant, the deferrals authorized by the Participant as provided in Section 3.1(a) and/or 3.1(b).

Separation from Service means termination of an Employee's status as an Employee (which for these purposes also shall relate to the Employee's status as an employee of ARAMARK Corporation prior to its merger with and into the Parent Company), measured from the earlier of (a) the date the Employee resigns, retires, is discharged or dies, or (b) the first anniversary of the first day of absence for any other reason. In the case of an Employee who is absent from work for maternity or paternity reasons, the twelve-consecutive month period beginning on the first anniversary of the first date of such absence shall not constitute a Break in Service. For purposes of this paragraph, an absence from work for maternity or paternity reasons means an absence due to pregnancy of the Employee; a birth of a child to the Employee; placement of a child with the Employee in connection with the adoption of such child by the Employee; or care for such child for the period beginning immediately following birth or placement.

Sharing Participant means, for any Plan Year, a person who is an Eligible Employee on the last day of the Plan Year (or is absent for reasons not constituting a Separation from Service); or who has died during the Plan Year while an Eligible Employee of the Company; or who has retired on account of Early or Normal Retirement; or who was an Eligible Employee during the Plan Year and who is an Employee (other than an Eligible Employee) on the last day of the Plan Year, provided, however, that such Employee's Compensation shall be determined by reference to the Employee's Compensation paid during the Employee's service as an Eligible Employee. The term Sharing Participant shall not include any Employee who has not yet completed one Year of Service.

Supplemental Salary Deferrals means, for each Participant, the deferrals authorized by the Participant as provided in Section 3.1(b).

Year of Participation means, for any Employee, twelve consecutive months throughout which the Employee has made Salary Deferrals under this Plan or the ARAMARK Corporation Stock Unit Retirement Plan, or any twelve consecutive month period during which the Employee participated in any other Qualified Retirement Plan.

Year of Service refers to a credit used to determine whether a Participant is eligible for a Company contribution or has sufficient service to have a nonforfeitable interest in the Participant's Account Balance attributable to the Participant's Matching Contributions Account. Each Employee shall be credited with a number of Years of Service equal to the length of the Participant's Period of Service, except that the following shall be disregarded:

- (a) any Break in Service (including any period immediately following a Separation from Service which has lasted less than twelve months as of the date of reference but ultimately does last at least twelve months);
- (b) any period before a Separation from Service prior to October 1, 1977; and
- (c) any period for which the Employee's Years of Service are canceled under Section 8.3 and are not restored under that Section (or, in the case of a Break in Service that began before October 1, 1977, any period for which the Employee's Years of Service would have been so canceled and not so restored if Article VIII had applied when such Break in Service began).

1.2 Gender. The masculine gender shall include the feminine.

1.3 Notices. Any notice or filing to be made with the Committee or any Company shall be made in accordance with the Rules.

ARTICLE II. Participation.

2.1 Eligible Employees. Each Covered Employee who was a participant under the ARAMARK Corporation Stock Unit Retirement Plan immediately prior to the Effective Date also shall be eligible to participate in this Plan as of the Effective Date. Each other Covered Employee who satisfies the following requirements shall be eligible to participate in the Plan as of the date the Covered Employee first satisfies such requirements:

- (a) the Employee is identified as a Key Employee, and
- (b) the Employee is in active employment.

2.2 Participation. Participation in the Plan by an Eligible Employee is entirely voluntary and is subject to the following rules:

- (a) **Initial Participation on Effective Date.** Each Employee who becomes eligible to participate in the Plan as of the Effective Date as a result of such Employee's participation in the ARAMARK Corporation Stock Unit Retirement Plan, as described in Section 2.1 above, shall be deemed to have elected to participate in this Plan as of the Effective Date, and such Employee's elections under the ARAMARK Corporation Stock Unit Retirement Plan, including any Salary Deferral elections and beneficiary designations, as in effect immediately prior to the Effective Date, shall continue to apply under this Plan until changed by the Participant in accordance with the provisions of this Plan. Each other Employee who becomes eligible to participate in the Plan on the Effective Date may elect to participate as of such date by written notice to the Plan Administrative Committee, on

forms provided by such Committee. Such written notice must be received by the Plan Administrative Committee no later than 15 days prior to the Effective Date. Any other Eligible Employee that did not elect to participate as of the Effective Date, may elect to participate at a later date by completing and submitting the appropriate forms, provided such individual is an Eligible Employee at such later date.

- (b) Initial Participation after Effective Date. Any Employee who first becomes eligible to participate in the Plan after the Effective Date may elect to participate at any time after the Employee completes the eligibility requirements of Section 2.1; provided, such Employee is an Eligible Employee at the time the Employee elects to participate.
- (c) Effective Date of Participation. The effective date of an Employee's participation in the Plan shall be the first day of the payroll period immediately following the date an Eligible Employee files notice with the Plan Administrative Committee pursuant to Section 2.3(a) above.
- (d) Continuation of Participation. If an Employee who becomes a participant of this Plan ceases to be a Key Employee, the Employee's eligibility for continued participation in this Plan shall be subject to the Rules.
- (e) No Duplication of Participation. Notwithstanding the foregoing provisions of this Article, any Employee who is eligible to participate in a Qualified Retirement Plan shall not be eligible to participate in this Plan for the same period.
- (f) Exceptions to Participation Requirements. The Plan Administrative Committee, acting in accordance with the Rules, may waive the eligibility requirements of Section 2.1 with respect to any individuals the Committee specifically designates.

2.3 Beneficiary Designation. Each Participant shall have a beneficiary who shall receive the death benefit, if any, payable under Section 6.2. Each Participant's beneficiary shall be the person or persons designated by the Participant on forms provided by the Committee for this purpose. A Participant may change a beneficiary designation at any time by written notice to the Committee, in a form approved by the Committee. If a Participant fails to elect a beneficiary, or is not survived by a designated beneficiary, the Participant's beneficiary shall be the Participant's estate.

ARTICLE III. Employee Salary Deferrals.

3.1 Salary Deferrals.

- (a) Basic Salary Deferrals. Under an election procedure established by the Committee, each Eligible Employee who is participating in the Plan may direct the Company to defer a percentage of the Eligible Employee's Compensation. The amount of the Basic Salary Deferrals under this Section for an Eligible Employee shall be at least 1% of the Eligible Employee's Compensation for the period to which the election applies, and may, in multiples of 1%, be up to 6% (or such higher percentage as the Parent Company may select from time to time) of the Eligible Employee's Compensation, provided that in no event shall the dollar amount of Basic Salary Deferrals under this paragraph on behalf of any Participant in any Plan Year exceed the maximum elective deferrals permitted under a qualified cash or deferred plan pursuant to Section 402(g) of the Code for such Plan Year, and provided further that any elective deferrals made by the Participant under the ARAMARK Corporation Stock Unit Retirement Plan with respect to the fiscal year commencing October 1, 2001 shall count against the maximum elective deferrals permitted under this Plan with respect to the Initial Plan Year, unless any such condition is waived by the Parent Company.

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- (b) **Supplemental Salary Deferrals.** In addition to the Basic Salary Deferrals provided for under paragraph (a) of this Section, the Committee shall establish a procedure under which each Eligible Employee may direct the Company to defer a supplemental percentage of the Eligible Employee's Compensation. The amount of the Supplemental Salary Deferrals under this Section for an Eligible Employee shall be an amount which, when added to the Participant's Basic Salary Deferrals for the Plan Year, totals not more than 15% (or such higher percentage as the Parent Company may select from time to time) of the Eligible Employee's Compensation for the period to which the election applies.
 - (c) **Notice to Plan Administrative Committee.** An Eligible Employee who wishes to defer Compensation under this Section for any period shall, in the manner specified in the Rules, so notify the Plan Administrative Committee and authorize the Committee to reduce the Eligible Employee's Compensation for such period by the amount of the Eligible Employee's Salary Deferral Percentage election.

3.2 Change in Contributions. A Participant may begin, stop, increase, decrease, or resume the Participant's Salary Deferral Percentage(s) subject to the maximums permitted under Section 3.1, by filing with the Plan Administrative Committee at least 15 days prior to the beginning of any Plan Year a written notice authorizing the Committee to change such deferrals or otherwise notifying the Committee in accordance with Rules adopted by the Plan Administrative Committee. A Participant may stop the Participant's Salary Deferrals at any time during a Plan Year by filing with the Committee a written notice authorizing the Committee to stop such deferrals; provided that the Participant shall not be permitted to resume Salary Deferrals with respect to that Plan Year, but may resume Salary Deferrals with respect to a subsequent Plan Year by timely filing an appropriate notice with the Committee. Only once in any Plan Year, a Participant may decrease the Participant's Salary Deferral Percentage, but may not subsequently increase the Participant's Salary Deferral Percentage, in the event of hardship, provided that the Participant certifies in writing to the Committee that the reduction is due to an immediate and heavy financial need that cannot be met from other sources reasonably available to the Participant, and provides such documentation to that effect as may be requested by the Committee to assist it in its determination that such reduction is appropriate and commensurate. The appropriate change in the Participant's Compensation shall be made at the earliest practicable date and in accordance with Section 3.1. Any such change shall be effective only for Compensation earned or payable after such election change is made, and a revocation or change in amount does not affect amounts previously deferred. A Participant shall not be permitted to make up any contributions which are omitted as a result of any reduction in rate.

ARTICLE IV. Matching Contributions.

4.1 Amount of Contributions. Except as provided under Section 4.3, promptly after the end of each Plan Year, the Parent Company may grant to the Plan for allocation to Matching Contributions Accounts of Sharing Participants a number of Deferred Stock Units equal in stated value (determined based on the Fair Market Value of the Employer Common Stock), on the date determined by the Parent Company, to a minimum of 25% and a maximum of 75% of such Sharing Participants' Basic Salary Deferrals for such Plan Year, except that only Basic Salary Deferrals made by the Sharing Participant following such Sharing Participant's completion of one Year of Service shall be taken into account in calculating such contributions. The percentage of Salary Deferrals on which the stated value of any Plan Year's grant of DSU's is to be based shall be the matching percentage contributed by the Parent Company to the Retirement Savings Plan for the same Fiscal Year.

4.2 Allocations to Participants. The DSU's granted with respect to a Plan Year shall be allocated only to the Matching Contributions Account of each Participant who is a Sharing Participant for the Plan Year based upon the Participant's Basic Salary Deferral for such Plan Year. Fractional DSU's may be allocated.

4.3 Allocations to Account of Retired and Deceased Participants. Notwithstanding the provisions of Sections 4.1 and 4.2, in the case of a Sharing Participant whose employment terminates during a Plan Year by reason of death or retirement (on or after Early or Normal Retirement Date), the final Company contribution for such Participant for the Plan Year during which the termination occurs shall be allocated to such Sharing Participant's Matching Contributions Account in the form of dollars in lieu of DSU's.

4.4 Changes in Capital and Corporate Structure. In the event of any change in the outstanding shares of Employer Common Stock by reason of recapitalization, reclassification, reorganization, stock split, reverse stock split, combination of shares, stock dividend or similar transaction, the Committee or the Board of Directors of the Company shall adjust, in an equitable manner, the number of DSU's held in Matching Contributions Accounts under the Plan or otherwise equitably adjust the balances in the accounts so that the effect is substantially similar to that if the DSU's were outstanding shares immediately prior to such transaction.

4.5 Dividends. If on any date while DSUs are outstanding under this Plan the Company shall pay any dividend on Employer Common Stock (other than a dividend payable in Employer Common Stock), the number of DSUs credited to the Participant's Matching Contributions Account shall, as of such dividend payment date, be increased by a number of DSUs equal to: (a) the product of (x) the number of DSUs in the Participant's Matching Contributions Account as of the related dividend record date, multiplied by (y) the per share amount of any cash dividend (or, in the case of any dividend payable in whole or in part other than in cash, the per share value of such dividend, as determined in good faith by the Committee), divided by (b) the Fair Market Value of Employer Common Stock on the payment date of such dividend. In the case of any dividend declared on Employer Common Stock that is payable in the form of Employer Common Stock, the number of DSUs credited to the Participant's Matching Contributions Account shall be increased by a number equal to the product of (I) the aggregate number of DSUs in the Participant's Matching Contributions Account through the related dividend record date, multiplied by (II) the number of shares of Employer Common Stock (including any fraction thereof) payable as a dividend on a share of Employer Common Stock. DSUs shall also be credited under this Plan in respect of "deferred stock units" under the ARAMARK Corporation Stock Unit Retirement Plan (the "Prior SURP") in a manner consistent with the crediting of DSUs in respect of DSUs under this Plan.

ARTICLE V. Accounts and Investment Treatment of Deferred Compensation.

5.1 Credits to Participants' Accounts. Accounts shall be established for each Participant. Each Participant's Salary Deferrals shall be credited to the Participant's Salary Deferral Account and each Participant's allocated DSU grants shall be credited to the Participant's Matching Contributions Account.

5.2 Interest Credited to Salary Deferrals. Amounts deferred by a Participant in accordance with the Participant's Salary Deferral election shall accrue interest in the manner specified by the Committee in accordance with the Rules.

5.3 Investment of Parent Company Matching Contributions. Except as provided under Section 4.3, the Parent Company's matching contributions under Section 4.1 shall be made in the form of Deferred Stock Units.

5.4 Valuation of Salary Deferral Accounts. As of the last day of each month or such shorter period as is specified by the Plan Administrative Committee in accordance with the Rules, all interest accrued during that period shall be credited to the Salary Deferral Accounts of Participants.

5.5 Valuation of Matching Contributions Accounts. The stated value of a Participant's Matching Contributions Account may be determined at any time by multiplying the number of DSU's allocated to the Participant's Matching Contributions Account by the Fair Market Value of a share of Employer Common Stock plus amounts, if any, allocated to such account under Section 4.3.

5.6 Effect of Distributions or Withdrawals. If a distribution or withdrawal is made, the payment determination date shall be the last day of the month (or such shorter period as is specified by the Plan

Administrative Committee in accordance with the Rules) in which the distribution is due or the withdrawal is requested. The Participant's appropriate Account or Accounts shall be reduced by the amount distributed or withdrawn. A distribution or withdrawal shall be paid as soon as reasonably practicable after the payment determination date. The amount due any Participant with respect to the Participant's Salary Deferral Account shall be determined by the valuations under Section 5.4. Subject to the provisions of Article VI the payment due a Participant from the Participant's Matching Contributions Account shall be the number of whole shares of Employer Common Stock issued in respect of the whole number of DSU's (1) allocated to the Participant's Matching Contributions Account as of the payment determination date or (2) subsequently allocated to the Participant's Matching Contributions Account in respect of a Plan Year. Fractional DSU's remaining in a Participant's Matching Contributions Account at time of distribution shall be converted to cash at the most recent Fair Market Value of a share of Employer Common Stock and paid to the Participant in cash.

5.7 Distributions from Matching Contributions Accounts. Each whole DSU shall result in the distribution of one uncertificated share of Employer Common Stock at the time of distribution or withdrawal in accordance with Section 5.6. Parent Company shall reserve for issuance the number of shares of Employer Common Stock necessary to allow for issuance of Employer Common Stock pursuant to the DSU's outstanding. Parent Company is under no obligation to issue Employer Common Stock unless the Committee is satisfied that such issuance will be in compliance with all requirements of federal and state securities laws.

If a Participant's DSU's are not able to be paid in the form of Employer Common Stock because of potential violation of federal and/or state securities laws, Parent Company shall make such payment in respect of such Participant's DSU's at the time such payment may be made without being a violation of any such laws.

ARTICLE VI. Distribution on Separation from Service.

6.1 Termination of Employment on Account of Retirement, After Completion of Two Years of Participation or Five Years of Service, or Following a Change in Control. A Participant's entire Account Balance may be payable to the Participant, in accordance with Section 6.5, following a Separation from Service but only if such Separation from Service: (a) is on account of Early or Normal Retirement, (b) except as provided in Section 6.4 below, occurs after the Participant has completed two or more Years of Participation or has been credited with five or more Years of Service, or (c) occurs on or after, or results in a distribution on or after, a Change in Control.

6.2 Death. Upon the death of a Participant at any time, the Participant's entire Account Balance shall be payable, in accordance with Section 5.6, to the beneficiary designated or otherwise applicable pursuant to Section 2.4.

6.3 Termination of Employment Prior to Completing Two Years of Participation or Five Years of Service and Prior to a Change in Control. Except as provided in Section 6.1 or Section 6.2, a Participant who ceases to be an Employee before completing two Years of Participation or before receiving credit for five or more Years of Service shall be paid the Participant's entire Account Balance other than the Participant's Matching Contributions Account, which shall be forfeited, in accordance with Section 6.5.

6.4 Separation from Service for Cause. A Participant who ceases to be an Employee before receiving credit for five or more Years of Service and whose Separation from Service is on account of "cause," i.e., commission of a crime or other conduct which directly and adversely affects the Company, or disclosure of confidential information, or other aid and assistance to a competitor of the Company, shall be paid the Participant's entire Account Balance other than the Participant's Matching Contributions Account, which shall be forfeited. The determination of cause under this Section shall be made by the Committee, and shall be final and binding on all parties. This Section 6.4 shall have no effect following a Change in Control.

6.5 Method of Payment. Payment of Accounts upon a distribution or withdrawal shall be made in accordance with Section 5.6. The Participant or the Participant's beneficiary shall receive distribution of the Participant's Salary Deferral Account, in a lump sum in cash, and the Participant or the Participant's beneficiary shall receive distribution of the Participant's Matching Contributions Account in the form of whole, uncertificated shares of Employer Common Stock and cash in exchange for any fractional DSU's allocated to such Account, or any amounts allocated under Section 4.3. Distribution of a Participant's Accounts shall be made in a single payment or in installments pursuant to a valid election made by the Participant in accordance with Section 9.2 and the Rules.

ARTICLE VII. Withdrawals During Employment.

7.1 Before Completing Two Years of Participation or Five Years of Service. A Participant who has completed fewer than two Years of Participation and who has fewer than five Years of Service to the Participant's credit may withdraw, subject to Section 7.4, the Participant's Salary Deferral Account by filing a written notice with the Plan Administrative Committee.

7.2 After Completing Two Years of Participation or Five Years of Service. A Participant who has completed two or more Years of Participation or who has to the Participant's credit five or more Years of Service may, subject to Section 7.4, withdraw all or a portion of the Participant's Salary Deferral Account by filing a written notice with the Plan Administrative Committee.

7.3 Withdrawal of Matching Contributions Account. A Participant is not permitted to withdraw any amounts from the Participant's Matching Contributions Account while still an Employee.

7.4 Special Rules Applicable to Withdrawals Prior to Termination of Employment. Prior to termination of employment, a Participant may make withdrawals from the Participant's Salary Deferral Account if approved by the Plan Administrative Committee in its sole discretion. The Participant shall certify in writing to the Plan Administrative Committee that the purpose of the withdrawal is to meet an immediate and heavy financial need upon the Participant which need cannot be met from other resources reasonably available to the Participant, and shall provide such documentation to that effect as may be requested by the Plan Administrative Committee to assist it in its determination.

ARTICLE VIII. Breaks in Service.

8.1 Cancellation of Years of Service. An Employee's Years of Service and Years of Participation shall be canceled for purposes of computing the Employee's nonforfeitable interest in the Employee's Account Balance under Articles VI and VII if the Employee has a Separation from Service before the Employee has met the requirements for Early or Normal Retirement, or before the Employee is credited with two Years of Participation, or five Years of Service. If a former Employee again becomes an Employee the Employee's Years of Service and Years of Participation shall be restored if the Employee becomes an Employee before incurring five consecutive Breaks in Service, or if the Employee was at any time a Participant in the Plan, and

- (a) the Employee is credited with a Year of Service after the Employee's prior Years of Service were canceled; and
- (b) the Employee had to the Employee's credit when the Employee's Years of Service were canceled a Period of Service longer than the Employee's longest Period of Severance that follows the date the Employee's Years of Service were canceled.

ARTICLE IX. Administration.

9.1 Overall Responsibility. Parent Company, acting by resolution of its Board of Directors or of a duly authorized Committee, shall have overall responsibility and authority for the Plan including control and management of the Accounts of the Plan, design of the Plan, the right to amend the Plan, the exercise of all administrative functions provided in the Plan or necessary to the operation of the Plan, except such functions as are assigned to other persons pursuant to the Plan.

9.2 Committee.

- (a) Appointment and Tenure. Parent Company shall appoint a Plan Administrative Committee, which shall consist of not less than three members, each of whom (1) shall be a member of the Board of Directors of the Parent Company, and (2) shall be a non-employee director (within the meaning of Section (c) (2) of SEC Rule 16b-3, or any successor provision). The Committee shall hold office during the pleasure of the Board of Directors of Parent Company, and such Board of Directors shall fill all vacancies on the Committee.
- (b) Administrator of the Plan. The Plan Administrative Committee shall be sole administrator of the Plan and as such have sole responsibility and authority to control the operation and administration of the Plan, including, without limiting the generality of the foregoing, (i) determination of benefit eligibility and amount and certification thereof, (ii) issuance of directions to pay any fees, taxes, charges, or other costs incidental to the operation and management by the administrator of the Plan; (iii) issuance of directions as to the cash needs of the Plan; (iv) the preparation and filing of all reports required to be filed with any agency of the government; (v) compliance with all disclosure requirements imposed by law; (vi) maintenance of all books of account, records and other data as may be necessary for proper administration of the Plan, (vii) approval of the amount of employer contribution referred to in Section 4.1, provided, however, that the Plan Administrative Committee may delegate to other persons such of its functions (other than (vii) above) as it deems appropriate.
- (c) Rules of Administration. The Plan Administrative Committee shall adopt such Rules and regulations for administration of the Plan as it considers desirable, provided they do not conflict with the Plan, and may construe the Plan, correct defects, supply omissions and reconcile inconsistencies to the extent necessary to effectuate the Plan and such action shall be conclusive.
- (d) Claims Procedure. The Committee shall adopt a written procedure whereunder a Participant or beneficiary shall appeal any denial of benefits claimed to be due such Participant or beneficiary.
- (e) Compensation and Expenses. The members of the Committee shall serve without compensation for services as such, but all normal and reasonable expenses of the Committee shall be paid by ARAMARK.
- (f) Reliance on Reports and Certificate. The Committee will be entitled to rely conclusively upon all tables, valuations, certificates, opinions and reports which will be furnished by any accountant, controller, counsel, or other person who is employed or engaged for such purposes.
- (g) Liability and Responsibility of Committee. The members of the Committee shall be fully protected in respect to any action taken or suffered by them in good faith in reliance upon the advice of its advisors. To the extent permitted by law, the Company shall indemnify members of the Committee against any liability or loss sustained by reason of any act or failure to act in such capacity as Committee members, if such act or failure to act does

not involve willful misconduct. Such indemnification includes attorneys' fees and other costs and expenses reasonably incurred in defense of any action brought against such members by reason of any such act or failure to act. No bond or other security shall be required of any member of the Committee unless the member handles funds or other property of the Plan.

- (h) **Elections to Extend Deferrals After a Separation from Service.** In addition to the other powers and authority granted under this Section 9.2, the Plan Administrative Committee shall be specifically authorized to adopt Rules to allow Participants to elect to defer those distributions, that would otherwise be payable upon a Separation from Service pursuant to Section 6.1, to a time or times after the Separation from Service. Such Rules may specify the manner in which any such election may be made, and for example may provide, among other things, that any such election must be made in writing prior to such Separation from Service, on the forms established by the Plan Administrative Committee, and that once made any such election is irrevocable.

9.3 Services of the Plan. Parent Company and the Committee may contract for legal, investment advisory, medical, accounting, clerical, and other services to carry out the Plan. The costs of such services shall be paid by ARAMARK.

9.4 Liability for Administration. Neither the Committee, the Company, Parent Company, nor any of its directors, officers, or employees shall be liable for any loss due to its error or omission in administration of the Plan unless the loss is due to the gross negligence or willful misconduct of the party to be charged.

ARTICLE X. No Segregation of Assets

The Plan shall at all times be entirely unfunded and no provision shall at any time be made with respect to segregating assets of the Company, or any Affiliate, for payment of any benefits hereunder. No Participant or other person shall have any interest in any particular assets of the Company by reason of the right to receive a benefit under the Plan and any such Participant or other person shall have only the rights of a general unsecured creditor of ARAMARK with respect to any rights under the Plan.

ARTICLE XI. Amendment and Termination.

11.1 Amendment or Termination of Plan. The Board of Directors of the Parent Company may amend or terminate the Plan at any time. Notwithstanding the foregoing, effective upon a Change in Control, no amendment or termination of the Plan shall modify, without the consent of the affected Participants, any provision relating to amounts contributed or deferred under the Plan on or prior to the Change in Control.

11.2 Sale of Affiliate. In the event that a Participant in this Plan ceases to be an Employee by reason of the sale or spin-off of an Affiliate, such Participant shall be treated as a terminated employee and distribution of the Participant's Account Balance under this Plan shall be made in accordance with Article VI.

ARTICLE XII. Miscellaneous.

12.1 No Assignment or Alienation of Benefits. [Except as hereinafter provided with respect to "family disputes," a Participant's Account may not be voluntarily or involuntarily assigned or alienated. In

cases of “family dispute,” the Company will observe the terms of the Plan unless or until ordered to do otherwise by a state or Federal court. The term “family dispute” for purposes of this Section 12.1 includes both marital disputes and support orders for family members or other dependents. As a condition of participation, a Participant agrees to hold the Company harmless from any claims that arise out of the Company’s obeying the final order of any state or Federal court, whether such order effects a judgment of such court or is issued to enforce a judgment or order of another court. In addition, for application only to Plan Participants subject to Section 16 of the Securities Exchange Act of 1934, the requirements of SEC Rule 16a-12 (or any successor provision) are specifically incorporated herein by reference.]

12.2 Effect on Employment. This Plan shall not confer upon any person any right to be continued in the employment of the Company or an Affiliate.

12.3 Facility of Payment. If ARAMARK deems any person incapable of receiving benefits to which such person is entitled by reason of age of minority, illness, infirmity, or other incapacity, it may direct that payment be made directly for the benefit of such person or to any person selected by ARAMARK to disburse it, whose receipt shall be a complete acquittance therefore. Such payments shall, to the extent thereof, discharge all liability of ARAMARK, the Company, and the party making the payment.

12.4 Tax Withholding. Distributions from the Plan may be subject to tax withholding for Federal, state, and local taxes. Participant, by agreeing to participate in the Plan, consents to the timely withholding of such taxes, either through a reduction in the amount of the distribution, withholding from other amounts payable by Company to Participant, including salary and bonus payments, or by payment to ARAMARK in cash of an appropriate amount in taxes.

12.5 Applicable Law. Except as provided by Federal law, the Plan shall be governed by and construed in accordance with the laws of the Commonwealth of Pennsylvania, except for provisions relating to Employer Common Stock, which shall be governed by and construed in accordance with the laws of the State of Delaware.

12.6 Effective Date. The foregoing provisions of this Plan shall apply to individuals (or beneficiaries of individuals) who are Employees on or after the Effective Date, except as may otherwise be provided in the Plan. The rights of any other individual (or beneficiary) shall be determined by the provisions of the Plan as in effect on the date of such individual’s latest Separation from Service except as may be provided by specific reference in any amendment adopted thereafter.

12.7 SEC Rule 16b-3. Transactions pursuant to this Plan are intended to come within the exemptions provided by SEC Rule 16b-3 (or any successor provision) with respect to persons who are subject to Section 16 of the Securities Exchange Act of 1934 to the full extent provided thereby. Any provision required by such Rule to be set forth in this Plan is incorporated herein by reference, and any inconsistent provision herein (other than Section 11.1) is superseded.

EMPLOYMENT AGREEMENT

AGREEMENT, made and entered into this 27th day of October, 2003, by and between ARAMARK Corporation, a Delaware corporation ("ARAMARK"), and Joseph Neubauer ("Mr. Neubauer") (the "Agreement").

W I T N E S S E T H:

WHEREAS, Mr. Neubauer currently serves as Chairman and Chief Executive Officer of ARAMARK pursuant to the terms of an employment agreement originally dated as of the 18th day of February, 1983, as amended and restated on _____, 1999, and further amended December 14, 2001 (the "Prior Agreement"); and

WHEREAS, ARAMARK and Mr. Neubauer desire to enter into this Agreement, effective January 1, 2004, which will, except as otherwise set forth herein, supersede the Prior Agreement and set forth the terms and conditions under which Mr. Neubauer will serve in an executive capacity hereafter for ARAMARK and its affiliates;

NOW, THEREFORE, in consideration of the mutual covenants herein contained, the parties hereto hereby agree as follows:

1. **Employment.** ARAMARK hereby employs Mr. Neubauer, and Mr. Neubauer hereby accepts such employment, as of January 1, 2004, upon the terms and conditions set forth in this Agreement.
2. **Position and Duties.** During the Term (as hereinafter defined), Mr. Neubauer (i) agrees to serve as the Executive Chairman of ARAMARK and to perform such duties in such capacity as may be delineated in the By-Laws of ARAMARK and such other reasonable duties, consistent with his position as Executive Chairman, as may be assigned to him from time to time by the Board of Directors of ARAMARK (the "**Board**"), (ii) shall report only to the Board, and (iii) shall be given such authority as is appropriate to carry out the duties described above. During the Term, ARAMARK shall make its best efforts to ensure Mr. Neubauer's election to, and retention as a member of, the Board.
3. **Exclusive Services.** During the Term, and except for illness or incapacity, Mr. Neubauer shall devote substantially all of his business time, attention, skill and efforts exclusively to the business and affairs of ARAMARK and its subsidiaries and affiliates, shall not be engaged in any other business activity, and shall perform and discharge the duties that may be assigned to him from time to time by the Board; **provided, however,** that nothing in this Agreement shall preclude Mr. Neubauer from devoting time during reasonable periods required for:

(i) serving, in accordance with ARAMARK's policies and with the prior approval of the Board, as a director or member of a committee of any company or organization, (it being understood that Mr. Neubauer may continue to serve as a director or member of boards and committees on which he serves as of the date of this Agreement);

(ii) delivering lectures and fulfilling speaking engagements;

(iii) engaging in charitable and community activities;

(iv) investing his personal assets in a Passive Investment (as hereinafter defined) in such form and in such manner as will not violate Section 12 below; and

(v) if, and to the extent, permitted by the Board, conducting other business activities, in such manner as will not violate Section 12 below.

For purposes of this Agreement, a "Passive Investment" shall mean an investment in a business or entity which does not require Mr. Neubauer to render any services in the operations or affairs of such business or entity and which does not materially interfere with the performance of Mr. Neubauer's duties and obligations to ARAMARK or any of its subsidiaries or affiliates.

4. Relocation. ARAMARK shall not relocate Mr. Neubauer's principal place of business outside of Philadelphia, Pennsylvania, without the written consent of Mr. Neubauer.

5. Term of Agreement. The term of this Agreement shall be the period commencing on January 1, 2004 and ending on the second anniversary of a notice of termination of the Agreement given by either party unless earlier terminated pursuant to Section 10 (the "Term"). Upon expiration of the Term pursuant to a two-year notice given pursuant to this Section 5, Mr. Neubauer shall commence the consulting services described in Section 9.

6. Salary and Annual Bonus.

(a) Salary. Mr. Neubauer shall be paid base salary (the "Base Salary") at the initial rate of \$1,000,000 per annum. The Base Salary shall be payable in accordance with the customary payroll practices for senior executives of ARAMARK. The Board shall review the performance of Mr. Neubauer on a periodic basis and, in its sole discretion, may (but is not required to) increase his salary payable hereunder. Any such increased salary shall thereafter be Mr. Neubauer's Base Salary.

(b) Annual Bonus. Mr. Neubauer shall be a participant in the Senior Executive Annual Performance Bonus Arrangement or any successor plan, in accordance with and subject to the terms and conditions of such arrangement or as it may hereafter be amended (the amount payable thereunder, his "Bonus").

7. Stock Options; Stock Ownership; Other Equity Programs.

(a) Mr. Neubauer shall be eligible to participate in ARAMARK's 2001 Equity Incentive Plan, or any successor plans, or any successor plans, in accordance with and subject to

the terms and conditions of such plans or as they may hereafter be amended, so long as they remain in effect.

(b) Mr. Neubauer is vested in his equity credit account in the former Career Compensation Plan which is now called the Equity Credit Arrangement in accordance with and subject to the terms and conditions of such Arrangement. Granting of equity incentives under the plan was discontinued on December 3, 1982. The Arrangement provides for accrual of interest, and payment of those equity credit awards previously granted under the plan.

8. Retirement and Welfare Benefits.

(a) During the Term, unless otherwise specified herein, Mr. Neubauer will be eligible to participate in all retirement and welfare plans, programs and benefits that are from time to time applicable to senior executives of ARAMARK at benefit levels applicable from time to time to ARAMARK's Chief Executive Officer (including, without limitation, each retirement plan, supplemental and excess retirement plan, group life insurance, accident and death insurance, medical and dental insurance, sick leave and disability plan and any other plan or program providing fringe benefits or perquisites). Mr. Neubauer shall also be entitled to the same perquisites as the ARAMARK Chief Executive Officer.

(b) ARAMARK shall pay Supplemental Retirement Benefits under the terms and conditions set forth in Exhibit A.

9. Consulting Period. In the event of a Voluntary Termination with Notice or an Involuntary Termination with Notice (as described in Section 10), Mr. Neubauer shall for a period of two years serve as a consultant to ARAMARK, and shall render as an independent contractor such consulting and transition services, consistent with his former position as Executive Chairman, as may be assigned to him from time to time by the Board. He shall not be required to perform more than 20 hours of service as a consultant per month. As consideration for such services, he shall receive the same Base Salary as he was receiving immediately prior to the end of the Term, and shall continue to be covered by such plans and arrangements described in Section 8 for which independent contractor consultants to ARAMARK are eligible, if any. The aggregate Base Salary payable to Mr. Neubauer under this Section 9 shall be referred to as the "Consulting Compensation."

10. Termination of Employment.

(a) Termination for Cause; Resignation Without Good Reason.

(i) ARAMARK may terminate Mr. Neubauer's employment hereunder for Cause in accordance with the provisions of Section 10(a)(ii), and the Term shall end on the date of any such termination. Mr. Neubauer may voluntarily terminate his employment hereunder without Good Reason. In such event, the Term will end on the date of any such termination; provided that if such termination occurs at least two years after Mr. Neubauer's notice to ARAMARK of his intent to terminate his employment hereunder without Good Reason, it shall be considered a "Voluntary Termination with Notice." In the event Mr. Neubauer's employment is terminated by ARAMARK for Cause or Mr. Neubauer resigns from his employment without Good Reason, Mr. Neubauer shall receive the following amounts:

(A) Any Base Salary accrued but unpaid, and any accrued vacation as of the effective date of termination (the “Accrued Amounts”);

(B) A prorated Bonus with respect to ARAMARK’s fiscal year in which termination occurs equal to the average annual Bonus paid or accrued on behalf of Mr. Neubauer for (i) the fiscal years of ARAMARK that ended in 2001, 2002 and 2003, or (ii) the three full fiscal years of ARAMARK that precede the year of Mr. Neubauer’s termination of employment, whichever is greater (his “Average Bonus”) multiplied by the number of days employed over total days in the year in which Mr. Neubauer’s employment terminated (a “Pro-Rata Bonus”);

(C) Supplemental Retirement Benefits payable pursuant to Exhibit A;

(D) All amounts otherwise payable or coverages otherwise afforded pursuant to the terms of any employee benefit plan maintained by ARAMARK (the “Plan Amounts”); and

(E) Mr. Neubauer may elect to continue at his sole expense the Executive Health Plan (to the extent Mr. Neubauer and members of his family are eligible for such benefit and, for this purpose, Mr. Neubauer shall be deemed to be employed by ARAMARK) for a period not to exceed three years. Equity Credit Arrangement participation shall be as a terminated employee under the Arrangement.

In addition, all of the options and ISPOs held by Mr. Neubauer shall remain subject to the terms and conditions of the applicable plans, except that, in the case of a Voluntary Termination with Notice, all of such stock options and ISPOs shall also become vested and immediately exercisable on the date of termination.

(ii) Termination for “Cause” shall mean termination by action of the Board because of: (A) Mr. Neubauer’s repeated and willful failure to perform his duties hereunder in any material respect; (B) a felony conviction of Mr. Neubauer; or (C) any willful misconduct by Mr. Neubauer that is materially injurious to the financial condition or business reputation of ARAMARK and its affiliates and subsidiaries taken as a whole, provided, however, that no event or circumstance shall be considered to constitute Cause within the meaning of clause (A) or (C) unless Mr. Neubauer has been given written notice of the events or circumstances constituting Cause and has failed to effect a cure thereof within 30 calendar days after his receipt of such notice.

(iii) Resignation for “Good Reason” shall mean (A) the resignation of Mr. Neubauer after (x) ARAMARK, without the express written consent of Mr. Neubauer, materially breaches this Agreement or Mr. Neubauer is not serving on the Board (other than with the express written consent of Mr. Neubauer); (y) Mr. Neubauer notifies ARAMARK in writing of the nature of such material breach or failure to be a member of the Board and (z) ARAMARK does not correct such material breach or failure within 30 calendar days after its receipt of such notice; or (B) resignation by Mr. Neubauer within 12 months after a Change of Control (as defined below in this Section). ARAMARK acknowledges and agrees that a material breach for purposes of this Section 10 shall include, but not be limited to, any material reduction in

Mr. Neubauer's duties or authority (whether or not accompanied by a change in title), any diminution in Mr. Neubauer's title, any failure to pay Mr. Neubauer's Base Salary and any relocation of Mr. Neubauer's principal place of business outside of Philadelphia, Pennsylvania.

(iv) For this purpose, "Change of Control" shall occur if (i) a "person" as defined in Section 3(a)(9) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and as used in Sections 13(d) and 14(d) thereof, including a "group" as defined in Section 13(d) of the Exchange Act but excluding ARAMARK and any subsidiary and any employee benefit plan sponsored or maintained by ARAMARK or any subsidiary (including any trustee of such plan acting as trustee), shall become the beneficial owner, directly or indirectly, of securities of ARAMARK representing 35% or more of the combined voting power of ARAMARK's then outstanding voting securities, (ii) at any time individuals who within the prior two years constituted the Board (together with any new directors whose election by the Board or whose nomination for election by ARAMARK's shareholders was approved by a vote of the majority of the Directors then still in office who were either (x) Directors immediately prior to such two year period or (y) whose election or nomination for election was previously so approved) cease for any reason to constitute a majority of the Directors then in office; (iii) there occurs any sale, exchange or other disposition, in one transaction, or in a series of related transactions, of substantially all of ARAMARK's income producing assets or property; (iv) there is consummated any transaction or series of transactions under which ARAMARK is merged or consolidated with any other company, other than a merger or consolidation which results in the shareholders of ARAMARK immediately prior thereto continuing to own (either by remaining outstanding or by being converted into voting securities of the surviving entity) more than 50% of the combined voting power of the voting securities of ARAMARK or such surviving entity outstanding immediately after such merger or consolidation; or (v) there occurs a change in control of a nature that would be required to be reported in reference to Item 1(a) of Current Report on Form 8-K pursuant to Section 13 or 15(d) of the Exchange Act; provided, however, that no Change of Control shall occur if Mr. Neubauer is a member of a group (i.e. a "person," as above defined) whose transaction with ARAMARK or its shareholders would result in a Change of Control.

(b) Termination Without Cause; Resignation for Good Reason.

ARAMARK may terminate Mr. Neubauer's employment hereunder without Cause, in which case the Term will end on the date of any such termination; provided that if such termination occurs at least two years after ARAMARK's notice to him of its intent to terminate his employment hereunder without Cause, it shall be considered an "Involuntary Termination with Notice." Mr. Neubauer may terminate his employment hereunder for Good Reason, and the Term shall end upon such termination of employment.

In the event Mr. Neubauer's employment is terminated by ARAMARK without Cause or if Mr. Neubauer should resign for Good Reason, Mr. Neubauer shall receive the following amounts, and ARAMARK shall have no further obligation to Mr. Neubauer under this Agreement, except as specifically set forth in this Agreement:

- (i) The Accrued Amounts;

(ii) In the case of an Involuntary Termination with Notice, the Pro-Rata Bonus;

(iii) Except in the case of an Involuntary Termination with Notice, a lump sum payment equal to two times Mr. Neubauer's Base Salary, payable within 10 business days after the effective date of termination of employment;

(iv) Except in the case of an Involuntary Termination with Notice, a lump sum payment equal to the Pro-Rata Bonus plus two times Mr. Neubauer's Average Bonus payable within 10 business days after the effective date of termination of employment;

(v) Except in the case of an Involuntary Termination with Notice (in which case the consulting period in Section 9 shall be applicable), a lump sum payment equal to the Consulting Compensation, payable within 10 business days after termination of employment;

(vi) Supplemental Retirement Benefits shall be payable pursuant to Exhibit A;

(vii) Except in the case of an Involuntary Termination with Notice, Survivor Income Protection Plan, other health and welfare plan participation, and other perquisites shall continue for three years from the effective date of termination.

(viii) Mr. Neubauer may elect to continue at his sole expense the Executive Health Plan (to the extent Mr. Neubauer and members of his family are eligible for such benefit and, for this purpose, Mr. Neubauer shall be deemed to be employed by ARAMARK) for a period not to exceed three years. Equity Credit Arrangement participation shall be as a terminated employee under the Arrangement; and

(ix) The Plan Amounts.

In addition, all of the options and ISPOs to purchase shares of Stock of ARAMARK held by Mr. Neubauer shall become vested and immediately exercisable but will in all respects otherwise remain subject to the terms and conditions of the applicable plans.

(c) No Duty to Mitigate. Anything contained herein to the contrary notwithstanding, if Mr. Neubauer's employment terminates for any reason, Mr. Neubauer shall in no event be required to seek any other employment or take any other action by way of mitigation or otherwise with respect to the amounts payable to Mr. Neubauer under this Agreement. In addition, any amounts earned by Mr. Neubauer, whether from self-employment, as a common law employee or otherwise, shall not reduce any amounts otherwise payable to him under this Agreement.

(d) Death. If Mr. Neubauer's Employment terminates by reason of Mr. Neubauer's death, the Term shall end and Mr. Neubauer's estate shall receive the following amounts:

- (i) The Accrued Amounts;
- (ii) The Pro-Rata Bonus;
- (iii) Supplemental Retirement Benefits shall be payable to the extent set forth in Exhibit A;
- (iv) Equity Credit Arrangement participation shall be as a terminated employee under the Arrangement; and
- (v) The Plan Amounts.

Stock options and ISPOs shall be treated in accordance with the terms of the applicable plans.

(e) Permanent Disability. In the event that Mr. Neubauer is unable to perform his duties hereunder by reason of illness or incapacity for a continuous period of more than six (6) months, or for an aggregate of more than eight (8) months in any twelve (12) month period, ARAMARK shall have the right to terminate Mr. Neubauer's employment by reason of disability ("Permanent Disability"). If ARAMARK terminates Mr. Neubauer's employment pursuant to this Section 10(e), the Term shall end and Mr. Neubauer shall receive the following amounts:

- (i) The Accrued Amounts;
- (ii) Base Salary shall continue for a period of three years from the effective date of termination, offset by any payments due to Mr. Neubauer pursuant to the Survivor Income Protection Plan and all other disability income protection plans of ARAMARK;
- (iii) The Pro-Rata Bonus;
- (iv) Supplemental Retirement Benefits shall be payable pursuant to Exhibit A;
- (v) Equity Credit Arrangement participation shall be as a terminated employee under the Arrangement; and
- (vi) The Plan Amounts.

In addition, all of the stock options and ISPOs held by Mr. Neubauer shall become vested and immediately exercisable but will in all respects otherwise remain subject to the terms and conditions of the applicable plans. Mr. Neubauer may elect to continue at his sole expense any or all of the benefits provided by the Executive Health Plan (to the extent Mr. Neubauer and members of his family are eligible for such benefit and, for this purpose, Mr. Neubauer shall be deemed to be employed by ARAMARK) for a period not to exceed three years.

11. Trade Secrets. ARAMARK may, pursuant to Mr. Neubauer's employment hereunder, provide and confide to Mr. Neubauer business methods and systems ("Systems"), techniques and methods of operation developed at great expense by ARAMARK and which Mr. Neubauer recognizes to be unique assets of ARAMARK's business. Mr. Neubauer shall not, ever, during or after the Term, directly or indirectly, in any manner utilize or disclose to any person, firm, corporation, association or other entity, except to directors, consultants, lawyers, auditors, advisors, agents or employees of ARAMARK in the course of his duties or where required by law: (i) any such Systems, techniques and methods of operation, or (ii) any sales prospects, customer lists, products, research or data of any kind, or (iii) any information relating to strategic plans, sales costs, profits or the financial condition of ARAMARK or any of its customers or prospective customers, which are not generally known to the public or recognized as standard practice in the industries in which ARAMARK shall be engaged.

12. Non-Competition Agreement.

(a) Subject to the geographic limitation of Section 12(b), Mr. Neubauer, for a period commencing on the date hereof and ending two (2) years following (i) if there is no consulting period pursuant to Section 9, the end of the Term and (ii) if there is such a consulting period, the end of such consulting period pursuant to Section 9, shall not, without ARAMARK's written permission, directly or indirectly, on his behalf or on behalf of any other person, firm, corporation, association or other entity, engage in, or in any way be concerned with or negotiate for, or acquire or maintain any ownership interest in any business or activity which is the same, similar to or competitive with that conducted by, engaged in or developed for later implementation by ARAMARK at any time during the Term of this Agreement and any subsequent consulting period; provided that the provision of this Section 12 shall not be deemed breached merely because Mr. Neubauer owns not more than 1% of the outstanding stock of a corporation, if, at the time of its acquisition by Mr. Neubauer, such stock is listed on a national securities exchange or quoted on an inter-dealer quotation system and provided further that Mr. Neubauer shall not be required to cease any activity that did not violate this Agreement (or any predecessor agreement) when such activity commenced.

(b) Mr. Neubauer acknowledges that ARAMARK is engaged in business in each of the 50 states and several foreign countries and that ARAMARK intends to expand the geographic scope of its activities. Accordingly and in view of the nature of his position and responsibilities, Mr. Neubauer agrees that the provisions of Section 12(a) shall be applicable to all 50 states and, addition, to each foreign country, possession or territory in which ARAMARK (as defined in Section 16) may be engaged in business from time to time during the Term and as of the expiration of the Term and any subsequent consulting period.

(c) Mr. Neubauer agrees that for a period of two (2) years following (i) if there is no consulting period pursuant to Section 9, the end of the Term and (ii) if there is such a consulting period, the end of such consulting period, he will not, directly or indirectly, at any time in any manner, induce or attempt to influence any employees of ARAMARK to terminate their employment with ARAMARK.

(d) As used in Sections 11 and 12 of this Agreement, "ARAMARK" shall be deemed to include any entity twenty percent (20%) of the equity of which during the period for which he is receiving payments under this Agreement and during any subsequent consulting period, is directly or indirectly owned by ARAMARK.

13. Equitable Remedies. Mr. Neubauer acknowledges that, in the event of any violation by Mr. Neubauer of the provisions of Sections 11 or 12 of this Agreement, ARAMARK will sustain serious, irreparable and substantial harm to its business, the extent of which will be difficult to determine and impossible to remedy by an action at law for money damages. Accordingly, Mr. Neubauer agrees that, in the event of such violation or threatened violation by Mr. Neubauer, ARAMARK shall be entitled to an injunction before trial from any court of competent jurisdiction as a matter of course and upon the posting of not more than a nominal bond in addition to all such other legal and equitable remedies as may be available to ARAMARK. Mr. Neubauer further agrees that, in the event any of the provisions of Sections 11 and 12 of this Agreement are determined by a court of competent jurisdiction to be contrary to any applicable statute, law or rule, or for any reason to be unenforceable as written, such court may modify any of such provisions so as to permit enforcement thereof as thus modified.

14. Deferred Compensation. Mr. Neubauer has entered into a series of deferred compensation agreements with ARAMARK. Such agreements shall remain in full force and effect, and shall not be affected by ARAMARK and Mr. Neubauer entering into this Agreement.

15. Additional Provisions. The provisions of Exhibit B are part of this Agreement.

16. Substitution of Benefits. If any of the items of compensation, bonus or perquisites provided for in this Agreement shall hereafter be prohibited by governmental regulations, corporate law, ARAMARK policies or ARAMARK plans, payment or benefit of equivalent value shall be substituted by ARAMARK.

17. Entire Agreement. This Agreement (with the exhibits hereto and agreements referred to in Sections 7 and 14), on and after January 1, 2004, shall constitute the full and complete understanding and agreement of Mr. Neubauer and ARAMARK respecting the subject matter hereof, and supersedes all prior understandings and agreements, oral or written, express or implied. The Registration Rights Agreement among ARAMARK Worldwide Corporation, Mr. Neubauer and certain other shareholders dated December 14, 2001, shall be unaffected by this Agreement. This Agreement may not be modified or amended orally, but only by agreement in writing, signed by the party against whom enforcement of any waiver, change, modification, extension or discharge is sought.

18. Notices. All notices and other communications hereunder will be in writing and will be given by hand delivery to the other party or by next-day delivery service or registered or certified mail, return receipt requested, postage prepaid, addressed as follows:

If to Mr. Neubauer:

210 West Rittenhouse Square
#3106
Philadelphia, PA 19103

If to ARAMARK:

ARAMARK Corporation
1101 Market Street
Philadelphia, PA 19107
Attn.: Corporate Secretary

or to such other address as either party will have furnished to the other in writing. All notices and communications shall be deemed to have been duly given and received: (a) on the date of receipt, if delivered by hand; (b) three (3) business days after being sent by first class certified mail, return receipt requested, postage prepaid; or (c) one (1) business day after sending by next-day delivery service with confirmation of receipt. As used herein, the term "business day" means any day that is not Saturday, Sunday or legal holiday in the State of Pennsylvania.

19. Waiver of Breach. No waiver by either party of any condition or of the breach by the other of any term or covenant contained in this Agreement, whether by conduct or otherwise, in any one or more instances shall be deemed or construed as a further or continuing waiver of any such condition or breach or a waiver of any other condition, or of the breach of any other term or covenant set forth in this Agreement. Moreover, the failure of either party to exercise any right hereunder shall not bar the later exercise thereof.

20. Assignment. This Agreement shall inure to the benefit of and be binding on the parties and their respective successors in interest, and shall not be assignable by either party without the written consent of the other. ARAMARK will require any successor in interest to all or substantially all of ARAMARK (whether direct or indirect, by purchase, merger, or consolidation or otherwise) to expressly assume this Agreement, but ARAMARK shall remain liable if such successor in interest shall default on any of its obligations hereunder.

21. Governing Law. This Agreement is entered into and shall be construed in accordance with the laws of the Commonwealth of Pennsylvania.

22. Continuation of Covenants. The covenants and agreements of Mr. Neubauer set forth in Sections 11 through 13 shall survive termination of employment, shall continue thereafter, and shall not expire unless and except as may be expressly set forth in said Sections.

23. Invalidity or Unenforceability. If any term or provision of this Agreement is held to be invalid or unenforceable, for any reason, such invalidity or unenforceability shall not affect any other term or provision hereof and this Agreement shall continue in full force and effect as if such invalid or unenforceable term or provision (to the extent of the invalidity or unenforceability) had not been contained herein.

24. Arbitration. Except as provided in Section 13, any controversy or claim arising out of or relating to this Agreement, or the breach hereof, shall be settled by arbitration in Philadelphia, Pennsylvania, before one arbitrator in accordance with rules then in effect of the American Arbitration Association. ARAMARK shall pay Mr. Neubauer's legal expenses should Mr. Neubauer prevail on any substantial issue.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written.

MR. NEUBAUER

/s/ JOSEPH NEUBAUER

Joseph Neubauer

ARAMARK CORPORATION

BY: /s/ JAMES E. PRESTON

1. The annual Supplemental Retirement Benefits (“SRB”), payable in substantially equal monthly installments, shall equal the sum of: 50% of Mr. Neubauer’s Base Salary, plus 50% of an amount equal to one times Mr. Neubauer’s Average Bonus minus the benefit payable from the Survivor Income Protection Plan.
2. Unless otherwise provided below the SRB shall commence on the first day of the month following the expiration of the Term.
3. In all events the SRB shall terminate upon Mr. Neubauer’s death, provided that one-half of the SRB amount that would otherwise be payable to Mr. Neubauer shall continue to be paid to Mr. Neubauer’s then surviving spouse, if any, for her lifetime, provided that the surviving spouse benefit described in this item 3 shall only apply to the individual who is Mr. Neubauer’s spouse at the time of his termination of employment hereunder.
4. In the event of termination of Mr. Neubauer’s employment due to Permanent Disability, payments shall commence upon the earlier of Mr. Neubauer’s attainment of age 65 or expiration of Mr. Neubauer’s eligibility to receive Company Long Term Disability Plan (or any successor plan) benefits.

Excise Tax Gross Up

(a) In the event that any payment or benefit received or to be received by Mr. Neubauer pursuant to the terms of this Agreement or otherwise from ARAMARK or any affiliate (the "Payments") would be subject to the excise tax (the "Excise Tax") imposed by Section 4999 of the Code, as determined as provided below, ARAMARK shall pay to Mr. Neubauer, at the time specified in (b) below, an additional amount (the "Gross-Up Payment") such that the net amount retained by Mr. Neubauer, after deduction of the Excise Tax on the Payments and any federal, state and local income or other tax and Excise Tax upon the payment provided for by this Section (a), and any interest, penalties or additions to tax payable by Mr. Neubauer with respect thereto, shall be equal to the value of the Payments at the time such Payments are to be made as if the Excise Tax imposed by Section 4999 did not apply. For purposes of determining whether any of the Payments will be subject to the Excise Tax and the amounts of such Excise Tax, (1) the total amount of the Payments shall be treated as "parachute payments" within the meaning of Section 280G(b)(2) of the Code, and all "excess parachute payments" within the meaning of Section 280G(b)(1) of the Code shall be treated as subject to the Excise Tax, except to the extent that, in the opinion of independent tax counsel selected by ARAMARK's independent auditors and reasonably acceptable to Mr. Neubauer ("Tax Counsel"), a Payment (in whole or in part) does not constitute a "parachute payment" within the meaning of Section 280G(b)(2) of the Code, or such "excess parachute payments" (in whole or in part) are not subject to the Excise Tax, (2) the amount of the Payments that shall be treated as subject to the Excise Tax shall be equal to the lesser of (A) the total amount of the Payments or (B) the amount of "excess parachute payments" within the meaning of Section 280G(b)(1) of the Code (after applying clause (1) hereof), and (3) the value of any noncash benefits or any deferred payment or benefit shall be determined by Tax Counsel in accordance with the principles of Sections 280G(d)(3) and (4) of the Code. For purposes of determining the amount of the Gross-Up Payment, Mr. Neubauer shall be deemed to pay federal income tax at the highest marginal rates of federal income taxation applicable to individuals in the calendar year in which the Gross-Up Payment is to be made and state and local income taxes at the highest effective rates of taxation applicable to individuals as are in effect in the state and locality of Mr. Neubauer's residence or place of employment in the calendar year in which the Gross-Up Payment is to be made, net of the maximum reduction in federal income taxes that can be obtained from deduction of such state and local taxes, taking into account any limitations applicable to individuals subject to federal income tax at the highest marginal rates.

(b) The Gross-Up Payments provided for in Section (a) hereof shall be made upon the imposition upon Mr. Neubauer or payment by Mr. Neubauer of any Excise Tax.

(c) Mr. Neubauer shall notify ARAMARK in writing of any claim by the Internal Revenue Service that, if successful, would require the payment by ARAMARK of a Gross-Up Payment. Such notification shall be given as soon as practicable but no later than 10 business days after Mr. Neubauer is informed in writing of such claim and shall apprise ARAMARK of the nature of such claim and the date on which such claim is requested to be paid. Mr. Neubauer shall not pay such claim prior to the expiration of the 30 day period following the date on which Mr. Neubauer gives such notice to ARAMARK (or such shorter period ending on the date that any payment of taxes with respect to such claim is due). If

ARAMARK notifies Mr. Neubauer in writing prior to the expiration of such period that it desires to contest such claim, Mr. Neubauer shall:

- i. give ARAMARK any information reasonably requested by ARAMARK relating to such claim;
- ii. take such action in connection with contesting such claim as ARAMARK shall reasonably request in writing from time to time, including, without limitation, accepting legal representation with respect to such claim by an attorney reasonably selected by ARAMARK and reasonably satisfactory to Mr. Neubauer;
- iii. cooperate with ARAMARK in good faith in order to effectively contest such claim; and
- iv. permit ARAMARK to participate in any proceedings relating to such claim;

provided, however, that ARAMARK shall bear and pay directly all costs and expenses (including, but not limited to, additional interest and penalties and related legal, consulting or other similar fees) incurred in connection with such contest and shall indemnify and hold Mr. Neubauer harmless, on an after-tax basis, for any Excise Tax or other tax (including interest and penalties with respect thereto) imposed as a result of such representation and payment of costs and expenses.

(d) ARAMARK shall control all proceedings taken in connection with such contest and, at its sole option, may pursue or forego any and all administrative appeals, proceedings, hearings and conferences with the taxing authority in respect of such claim and may, at its sole option, either direct Mr. Neubauer to pay the tax claimed and sue for a refund or contest the claim in any permissible manner, and Mr. Neubauer agrees to prosecute such contest to a determination before any administrative tribunal, in a court of initial jurisdiction and in one or more appellate courts, as ARAMARK shall determine; provided, however, that if ARAMARK directs Mr. Neubauer to pay such claim and sue for a refund, ARAMARK shall advance the amount of such payment to Mr. Neubauer on an interest-free basis, and shall indemnify and hold Mr. Neubauer harmless, on an after-tax basis, from any Excise Tax or other tax (including interest or penalties with respect thereto) imposed with respect to such advance or with respect to any imputed income with respect to such advance; and provided, further, that if Mr. Neubauer is required to extend the statute of limitations to enable ARAMARK to contest such claim, Mr. Neubauer may limit this extension solely to such contested amount. ARAMARK's control of the contest shall be limited to issues with respect to which a Gross-Up Payment would be payable hereunder and Mr. Neubauer shall be entitled to settle or contest, as the case may be, any other issue raised by the Internal Revenue Service or any other taxing authority. In addition, no position may be taken nor any final resolution be agreed to by ARAMARK without Mr. Neubauer's consent if such position or resolution could reasonably be expected to adversely affect Mr. Neubauer (including any other tax position of Mr. Neubauer unrelated to the matters covered hereby).

(e) As a result of the uncertainty in the application of Section 4999 of the Code at the time of the initial determination by ARAMARK or the Tax Counsel hereunder, it is possible that Gross-Up Payments which will not have been made by ARAMARK should have been made ("Underpayment"), consistent with the calculations required to be made hereunder.

In the event that ARAMARK exhausts its remedies and Mr. Neubauer thereafter is required to pay to the Internal Revenue Service an additional amount in respect of any Excise Tax, the Tax Counsel shall determine the amount of the Underpayment that has occurred and any such Underpayment shall promptly be paid by ARAMARK to or for the benefit of Mr. Neubauer.

(f) If, after the receipt by Mr. Neubauer of the Gross-Up Payment or an amount advanced by ARAMARK in connection with the contest of an Excise Tax claim, Mr. Neubauer receives any refund with respect to such claim, Mr. Neubauer shall promptly pay to ARAMARK the amount of such refund (together with any interest paid or credited thereon after taxes applicable thereto). If, after the receipt by Mr. Neubauer of an amount advanced by ARAMARK in connection with an Excise Tax claim, a determination is made that Mr. Neubauer shall not be entitled to any refund with respect to such claim and ARAMARK does not notify Mr. Neubauer in writing of its intent to contest the denial of such refund prior to the expiration of 30 days after such determination, such advance shall be forgiven and shall not be required to be repaid.

EMPLOYMENT AGREEMENT

AGREEMENT, made and entered into this 27th day of October, 2003, by and between ARAMARK Corporation, a Delaware corporation ("ARAMARK"), and William Leonard ("Mr. Leonard") (the "Agreement").

W I T N E S S E T H:

WHEREAS, Mr. Leonard currently serves as President and Chief Operating Officer of ARAMARK; and

WHEREAS, ARAMARK and Mr. Leonard desire to enter into this Agreement, effective January 1, 2004, which will set forth the terms and conditions under which Mr. Leonard will serve in an executive capacity hereafter for ARAMARK and its affiliates;

NOW, THEREFORE, in consideration of the mutual covenants herein contained, the parties hereto hereby agree as follows:

1. Employment. ARAMARK hereby employs Mr. Leonard, and Mr. Leonard hereby accepts such employment, as of January 1, 2004, upon the terms and conditions set forth in this Agreement.
2. Position and Duties. During the Term (as hereinafter defined), Mr. Leonard (i) agrees to serve as the President and Chief Executive Officer of ARAMARK and to perform such duties in such capacity as may be delineated in the By-Laws of ARAMARK and such other reasonable duties, consistent with his position as President and Chief Executive Officer, as may be assigned to him from time to time by the Board of Directors of ARAMARK (the "Board"), (ii) shall report only to the Board, and (iii) shall be given such authority as is appropriate to carry out the duties described above. During the Term, ARAMARK shall make its best efforts to ensure Mr. Leonard's election to, and retention as a member of, the Board.
3. Exclusive Services. During the Term, and except for illness or incapacity, Mr. Leonard shall devote substantially all of his business time, attention, skill and efforts exclusively to the business and affairs of ARAMARK and its subsidiaries and affiliates, shall not be engaged in any other business activity, and shall perform and discharge the duties that may be assigned to him from time to time by the Board; provided, however, that nothing in this Agreement shall preclude Mr. Leonard from devoting time during reasonable periods required for:
 - (i) serving, in accordance with ARAMARK's policies and with the prior approval of the Board, as a director or member of a committee of any company or organization,

(it being understood that Mr. Leonard may continue to serve as a director or member of boards and committees on which he serves as of the date of this Agreement);

(ii) delivering lectures and fulfilling speaking engagements;

(iii) engaging in charitable and community activities; and

(iv) investing his personal assets in a Passive Investment (as hereinafter defined) in such form and in such manner as will not violate Section 11 below.

For purposes of this Agreement, a "Passive Investment" shall mean an investment in a business or entity which does not require Mr. Leonard to render any services in the operations or affairs of such business or entity and which does not materially interfere with the performance of Mr. Leonard's duties and obligations to ARAMARK or any of its subsidiaries or affiliates.

4. Relocation. ARAMARK shall not relocate Mr. Leonard's principal place of business outside of Philadelphia, Pennsylvania, without the written consent of Mr. Leonard.

5. Term of Agreement. The term of this Agreement shall be the period commencing on January 1, 2004 and ending on December 31, 2006 unless earlier terminated pursuant to Section 9; provided, however, that commencing with January 1, 2007 and on each January 1 thereafter (each, an "Extension Date") the term shall be automatically extended for an additional one-year period, unless ARAMARK or Mr. Leonard provides the other party hereto one-year prior written notice before the next Extension Date that the term shall not be so extended. (The term of this Agreement, as so extended, if applicable, pursuant to this Section 5, and subject to termination pursuant to Section 9, shall be referred to herein as the "Term").

6. Salary and Annual Bonus.

(a) Salary. Mr. Leonard shall be paid base salary (the "Base Salary") at the initial rate of \$1,000,000 per annum. The Base Salary shall be payable in accordance with the customary payroll practices for senior executives of ARAMARK. The Board shall review the performance of Mr. Leonard on a periodic basis and, in its sole discretion, may (but is not required to) increase his salary payable hereunder. Any such increased salary shall thereafter be Mr. Leonard's Base Salary.

(b) Annual Bonus. Mr. Leonard shall be a participant in the Senior Executive Annual Performance Bonus Arrangement or any successor plan, in accordance with and subject to the terms and conditions of such arrangement or as it may hereafter be amended (the amount payable thereunder, his "Bonus"). His annual target bonus under such plan (the "Target Bonus") shall be \$1,000,000, which may be increased from time to time by the Board or a committee thereof.

7. Stock Options; Stock Ownership; Other Equity Programs.

(a) Mr. Leonard shall be eligible to participate in ARAMARK's 2001 Equity Incentive Plan, or any successor plans, in accordance with and subject to the terms and conditions of such plans or as they may hereafter be amended, so long as they remain in effect.

As of January 1, 2004, Mr. Leonard shall be granted an option to purchase 370,000 shares of ARAMARK Class A common stock, subject to approval by the Stock Committee of the Board.

8. Retirement and Welfare Benefits.

(a) During the Term, unless otherwise specified herein, Mr. Leonard will be eligible to participate in all retirement and welfare plans, programs and benefits that are from time to time applicable to senior executives of ARAMARK at benefit levels applicable to such senior executives (including, without limitation, each retirement plan, supplemental and excess retirement plan, group life insurance, accident and death insurance, medical and dental insurance, sick leave and disability plan and any other plan or program providing fringe benefits or perquisites).

(b) ARAMARK shall pay Supplemental Retirement Benefits under the terms and conditions set forth in Exhibit A.

9. Termination of Employment.

(a) Termination for Cause: Resignation Without Good Reason.

(i) ARAMARK may terminate Mr. Leonard's employment hereunder for Cause in accordance with the provisions of Section 9(a)(ii), and the Term shall end on the date of any such termination. Mr. Leonard may voluntarily terminate his employment hereunder without Good Reason. In such event, the Term will end on the date of any such termination. In the event Mr. Leonard's employment is terminated by ARAMARK for Cause or Mr. Leonard resigns from his employment without Good Reason, Mr. Leonard shall receive the following amounts:

(A) Any Base Salary accrued but unpaid, and any accrued vacation as of the effective date of termination (the "Accrued Amounts");

(B) A prorated Target Bonus with respect to ARAMARK's fiscal year in which termination occurs equal to the Target Bonus multiplied by the number of days employed over total days in the year in which Mr. Leonard's employment terminated (a "Pro-Rata Bonus");

(C) Supplemental Retirement Benefits payable pursuant to Exhibit A;

(D) All amounts otherwise payable or coverages otherwise afforded pursuant to the terms of any employee benefit plan maintained by ARAMARK (the "Plan Amounts"); and

(E) Mr. Leonard may elect to continue at his sole expense the Executive Health Plan (to the extent Mr. Leonard and members of his family are eligible for such benefit and, for this purpose, Mr. Leonard shall be deemed to be employed by ARAMARK) for a period not to exceed three years.

In addition, all of the options and Installment Stock Purchase Opportunities ("ISPOs") held by Mr. Leonard shall remain subject to the terms and conditions of the applicable plans.

(ii) Termination for "Cause" shall mean termination by action of the Board because of: (A) Mr. Leonard's repeated and willful failure to perform his duties hereunder in any material respect; (B) a felony conviction of Mr. Leonard; or (C) any willful misconduct by Mr. Leonard that is materially injurious to the financial condition or business reputation of ARAMARK and its affiliates and subsidiaries taken as a whole, provided, however, that no event or circumstance shall be considered to constitute Cause within the meaning of clause (A) or (C) unless Mr. Leonard has been given written notice of the events or circumstances constituting Cause and has failed to effect a cure thereof within 30 calendar days after his receipt of such notice.

(iii) Resignation for "Good Reason" shall mean the resignation of Mr. Leonard after (x) ARAMARK, without the express written consent of Mr. Leonard, materially breaches this Agreement or Mr. Leonard is not serving on the Board (other than with the express written consent of Mr. Leonard); (y) Mr. Leonard notifies ARAMARK in writing of the nature of such material breach or failure to be a member of the Board and (z) ARAMARK does not correct such material breach or failure within 30 calendar days after its receipt of such notice. ARAMARK acknowledges and agrees that a material breach for purposes of this Section 9 shall include, but not be limited to, any material reduction in Mr. Leonard's duties or authority (whether or not accompanied by a change in title), any diminution in Mr. Leonard's title, any failure to pay Mr. Leonard's Base Salary and any relocation of Mr. Leonard's principal place of business outside of Philadelphia, Pennsylvania.

(b) Termination Without Cause; Resignation for Good Reason.

ARAMARK may terminate Mr. Leonard's employment hereunder without Cause, in which case the Term will end on the date of any such termination. Mr. Leonard may terminate his employment hereunder for Good Reason, and the Term shall end upon such termination of employment.

In the event Mr. Leonard's employment is terminated by ARAMARK without Cause or if Mr. Leonard should resign for Good Reason, Mr. Leonard shall receive the following amounts, and ARAMARK shall have no further obligation to Mr. Leonard under this Agreement, except as specifically set forth in this Agreement:

(i) The Accrued Amounts;

(ii) The Pro-Rata Bonus;

(iii) A lump sum payment equal to two times Mr. Leonard's Base Salary, payable within 10 business days after the effective date of termination of employment;

(iv) A lump sum payment equal to two times Mr. Leonard's Target Bonus payable within 10 business days after the effective date of termination of employment;

(v) Supplemental Retirement Benefits shall be payable pursuant to Exhibit A;

(vi) Health and welfare plan participation shall continue for three years from the effective date of termination, as if Mr. Leonard had remained an active employee.

(vii) Mr. Leonard may elect to continue at ARAMARK's expense the Executive Health Plan (to the extent Mr. Leonard and members of his family are eligible for such benefit and, for this purpose, Mr. Leonard shall be deemed to be employed by ARAMARK) for a period not to exceed three years; and

(viii) The Plan Amounts.

In addition, all of the options and ISPOs to purchase shares of Stock of ARAMARK held by Mr. Leonard shall become vested and immediately exercisable but will in all respects otherwise remain subject to the terms and conditions of the applicable plans.

(c) No Duty to Mitigate. Anything contained herein to the contrary notwithstanding, if Mr. Leonard's employment terminates for any reason, Mr. Leonard shall in no event be required to seek any other employment or take any other action by way of mitigation or otherwise with respect to the amounts payable to Mr. Leonard under this Agreement. In addition, any amounts earned by Mr. Leonard, whether from self-employment, as a common law employee or otherwise, shall not reduce any amounts otherwise payable to him under this Agreement.

(d) Death. If Mr. Leonard's Employment terminates by reason of Mr. Leonard's death, the Term shall end and Mr. Leonard's estate shall receive the following amounts:

(i) The Accrued Amounts;

(ii) The Pro-Rata Bonus;

(iii) Supplemental Retirement Benefits shall be payable to the extent set forth in Exhibit A;

(iv) The Plan Amounts; and

(v) The benefits described in Section 9(b)(vi) and (vii), applicable to Mr. Leonard's spouse and dependents.

Stock options and ISPOs shall be treated in accordance with the terms of the applicable plans.

(e) Permanent Disability. In the event that Mr. Leonard is unable to perform his duties hereunder by reason of illness or incapacity for a continuous period of more than six (6) months, or for an aggregate of more than eight (8) months in any twelve (12) month period, ARAMARK shall have the right to terminate Mr. Leonard's employment by reason of disability ("Permanent Disability"). If ARAMARK terminates Mr. Leonard's employment pursuant to this Section 9(e), the Term shall end and Mr. Leonard shall receive the following amounts:

(i) The Accrued Amounts;

(ii) Base Salary shall continue for a period of three years from the effective date of termination, offset by any payments due to Mr. Leonard pursuant to the Survivor Income Protection Plan and all other disability income protection plans of ARAMARK;

(iii) The Pro-Rata Bonus;

(iv) Supplemental Retirement Benefits shall be payable pursuant to Exhibit A;

(v) The Plan Amounts;

(vi) The benefits described in Section 9(b)(vi) and (vii).

In addition, all of the stock options and ISPOs held by Mr. Leonard shall become vested and immediately exercisable but will in all respects otherwise remain subject to the terms and conditions of the applicable plans.

(f) Non-Renewal of the Term by ARAMARK. In the event Mr. Leonard terminates his employment with ARAMARK upon termination of the Term solely by reason of an election by ARAMARK to not renew the Term pursuant to Section 5, the Term shall end in accordance with Section 5, and Mr. Leonard shall thereafter receive the amounts set forth in Section 9(b) above, as though Mr. Leonard's employment had been terminated by him for Good Reason.

10. Trade Secrets. ARAMARK may, pursuant to Mr. Leonard's employment hereunder, provide and confide to Mr. Leonard business methods and systems ("Systems"), techniques and methods of operation developed at great expense by ARAMARK and which Mr. Leonard recognizes to be unique assets of ARAMARK's business. Mr. Leonard shall not, ever, during or after the Term, directly or indirectly, in any manner utilize or disclose to any person, firm, corporation, association or other entity, except to directors, consultants, lawyers, auditors, advisors, agents or employees of ARAMARK in the course of his duties or where required by law: (i) any such Systems, techniques and methods of operation, or (ii) any sales prospects, customer lists, products, research or data of any kind, or (iii) any information relating to strategic plans, sales costs, profits or the financial condition of ARAMARK or any of its customers or prospective customers, which are not generally known to the public or recognized as standard practice in the industries in which ARAMARK shall be engaged.

11. Non-Competition Agreement.

(a) Subject to the geographic limitation of Section 11(b), Mr. Leonard, for a period commencing on the date hereof and ending two (2) years following the end of the Term shall not, without ARAMARK's written permission, directly or indirectly, on his behalf or on behalf of any other person, firm, corporation, association or other entity, engage in, or in any way be concerned with or negotiate for, or acquire or maintain any ownership interest in any business or activity which is the same, similar to or competitive with that conducted by, engaged in or developed for later implementation by ARAMARK at any time during the Term of this Agreement; provided that the provision of this Section 11 shall not be deemed breached merely because Mr. Leonard owns not more than 1% of the outstanding stock of a corporation, if, at the time of its acquisition by Mr. Leonard, such stock is listed on a national securities exchange or quoted on an inter-dealer quotation system and provided further that Mr. Leonard shall not be required to cease any activity that did not violate this Agreement (or any predecessor agreement) when such activity commenced.

(b) Mr. Leonard acknowledges that ARAMARK is engaged in business in each of the 50 states and several foreign countries and that ARAMARK intends to expand the geographic scope of its activities. Accordingly and in view of the nature of his position and responsibilities, Mr. Leonard agrees that the provisions of Section 11(a) shall be applicable to all 50 states and, addition, to each foreign country, possession or territory in which ARAMARK may be engaged in business from time to time during the Term and as of the expiration of the Term.

(c) Mr. Leonard agrees that for a period of two (2) years following the end of the Term he will not, directly or indirectly, at any time in any manner, induce or attempt to influence any employees of ARAMARK to terminate their employment with ARAMARK.

(d) As used in Sections 10 and 11 of this Agreement, "ARAMARK" shall be deemed to include any entity twenty percent (20%) of the equity of which during the period for which he is receiving payments under this Agreement is directly or indirectly owned by ARAMARK.

12. Equitable Remedies. Mr. Leonard acknowledges that, in the event of any violation by Mr. Leonard of the provisions of Sections 10 or 11 of this Agreement, ARAMARK will sustain serious, irreparable and substantial harm to its business, the extent of which will be difficult to determine and impossible to remedy by an action at law for money damages. Accordingly, Mr. Leonard agrees that, in the event of such violation or threatened violation by Mr. Leonard, ARAMARK shall be entitled to an injunction before trial from any court of competent jurisdiction as a matter of course and upon the posting of not more than a nominal bond in addition to all such other legal and equitable remedies as may be available to ARAMARK. Mr. Leonard further agrees that, in the event any of the provisions of Sections 10 and 11 of this Agreement are determined by a court of competent jurisdiction to be contrary to any applicable statute, law or rule, or for any reason to be unenforceable as written, such court may modify any of such provisions so as to permit enforcement thereof as thus modified.

13. Additional Provisions. The provisions of Exhibit B are part of this Agreement.

14. Substitution of Benefits. If any of the items of compensation, bonus or perquisites provided for in this Agreement shall hereafter be prohibited by governmental regulations, corporate law, ARAMARK policies or ARAMARK plans, payment or benefit of equivalent value shall be substituted by ARAMARK.

15. Entire Agreement. This Agreement (with the exhibits hereto and agreements referred to in Section 7), on and after January 1, 2004, shall constitute the full and complete understanding and agreement of Mr. Leonard and ARAMARK respecting the subject matter hereof, and supersedes all prior understandings and agreements, oral or written, express or implied, including without limitation the existing Agreement Relating to Employment and Post-Employment Competition between Mr. Leonard and ARAMARK (and all Exhibits thereto). This Agreement may not be modified or amended orally, but only by agreement in writing, signed by the party against whom enforcement of any waiver, change, modification, extension or discharge is sought.

16. Notices. All notices and other communications hereunder will be in writing and will be given by hand delivery to the other party or by next-day delivery service or registered or certified mail, return receipt requested, postage prepaid, addressed as follows:

If to Mr. Leonard:

210 West Rittenhouse Square
Philadelphia, PA 19103

If to ARAMARK:

ARAMARK Corporation
1101 Market Street
Philadelphia, PA 19107
Attn.: Corporate Secretary

or to such other address as either party will have furnished to the other in writing. All notices and communications shall be deemed to have been duly given and received: (a) on the date of receipt, if delivered by hand; (b) three (3) business days after being sent by first class certified mail, return receipt requested, postage prepaid; or (c) one (1) business day after sending by next-day delivery service with confirmation of receipt. As used herein, the term "business day" means any day that is not Saturday, Sunday or legal holiday in the State of Pennsylvania.

17. Waiver of Breach. No waiver by either party of any condition or of the breach by the other of any term or covenant contained in this Agreement, whether by conduct or otherwise, in any one or more instances shall be deemed or construed as a further or continuing waiver of any such condition or breach or a waiver of any other condition, or of the breach of any other term or covenant set forth in this Agreement. Moreover, the failure of either party to exercise any right hereunder shall not bar the later exercise thereof.

18. Assignment. This Agreement shall inure to the benefit of and be binding on the parties and their respective successors in interest, and shall not be assignable by either party without the written consent of the other. ARAMARK will require any successor in interest

to all or substantially all of ARAMARK (whether direct or indirect, by purchase, merger, or consolidation or otherwise) to expressly assume this Agreement, but ARAMARK shall remain liable if such successor in interest shall default on any of its obligations hereunder.

19. Governing Law. This Agreement is entered into and shall be construed in accordance with the laws of the Commonwealth of Pennsylvania.

20. Continuation of Covenants. The covenants and agreements of Mr. Leonard set forth in Sections 10 through 12 shall survive termination of employment, shall continue thereafter, and shall not expire unless and except as may be expressly set forth in said Sections.

21. Invalidity or Unenforceability. If any term or provision of this Agreement is held to be invalid or unenforceable, for any reason, such invalidity or unenforceability shall not affect any other term or provision hereof and this Agreement shall continue in full force and effect as if such invalid or unenforceable term or provision (to the extent of the invalidity or unenforceability) had not been contained herein.

22. Arbitration. Except as provided in Section 12, any controversy or claim arising out of or relating to this Agreement, or the breach hereof, shall be settled by arbitration in Philadelphia, Pennsylvania, before one arbitrator in accordance with rules then in effect of the American Arbitration Association. ARAMARK shall pay Mr. Leonard's legal expenses should Mr. Leonard prevail on any substantial issue.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written.

MR. LEONARD

/s/ WILLIAM L LEONARD

William Leonard

ARAMARK Corporation

By: /s/ JAMES E. PRESTON

1. The annual Supplemental Retirement Benefits ("SRB"), payable in substantially equal monthly installments, shall equal the sum of: (a) 20% of Mr. Leonard's Base Salary, plus (b) 20% of an amount equal to one times Mr. Leonard's average annual Bonus paid or accrued on behalf of Mr. Leonard for the three full fiscal years of ARAMARK that precede the year of Mr. Leonard's termination of employment, minus (c) the benefit payable from the Survivor Income Protection Plan, but in no event shall the SRB exceed \$500,000 per year.
2. Unless otherwise provided below the SRB shall commence on the first day of the month following the expiration of the Term.
3. In all events the SRB shall terminate upon Mr. Leonard's death, provided that one-half of the SRB amount that would otherwise be payable to Mr. Leonard shall continue to be paid to Mr. Leonard's then surviving spouse, if any, for her lifetime, provided that the surviving spouse benefit described in this item 3 shall only apply to the individual who is Mr. Leonard's spouse at the time of his termination of employment hereunder.
4. In the event of termination of Mr. Leonard's employment due to Permanent Disability, payments shall commence upon the earlier of Mr. Leonard's attainment of age 65 or expiration of Mr. Leonard's eligibility to receive Company Long Term Disability Plan (or any successor plan) benefits.
5. In the event of termination of Mr. Leonard's employment by ARAMARK for Cause, or by Mr. Leonard without Good Reason (other than as set forth in paragraphs 3 and 4 above):
 - (a) Prior to January 1, 2006, no SRB shall be payable hereunder;
 - (b) On or after January 1, 2006, but prior to December 31, 2006, the percentages set forth in paragraph 1 above shall be reduced from "20%" to "10%"; and
 - (c) On or after December 31, 2006, the full SRB shall be payable in installments as described in paragraphs 1, 2 and 3 above.

Excise Tax Gross Up

(a) In the event that any payment or benefit received or to be received by Mr. Leonard pursuant to the terms of this Agreement or otherwise from ARAMARK or any affiliate (the "Payments") would be subject to the excise tax (the "Excise Tax") imposed by Section 4999 of the Code, as determined as provided below, ARAMARK shall pay to Mr. Leonard, at the time specified in (b) below, an additional amount (the "Gross-Up Payment") such that the net amount retained by Mr. Leonard, after deduction of the Excise Tax on the Payments and any federal, state and local income or other tax and Excise Tax upon the payment provided for by this Section (a), and any interest, penalties or additions to tax payable by Mr. Leonard with respect thereto, shall be equal to the value of the Payments at the time such Payments are to be made as if the Excise Tax imposed by Section 4999 did not apply. For purposes of determining whether any of the Payments will be subject to the Excise Tax and the amounts of such Excise Tax, (1) the total amount of the Payments shall be treated as "parachute payments" within the meaning of Section 280G(b)(2) of the Code, and all "excess parachute payments" within the meaning of Section 280G(b)(1) of the Code shall be treated as subject to the Excise Tax, except to the extent that, in the opinion of independent tax counsel selected by ARAMARK's independent auditors and reasonably acceptable to Mr. Leonard ("Tax Counsel"), a Payment (in whole or in part) does not constitute a "parachute payment" within the meaning of Section 280G(b)(2) of the Code, or such "excess parachute payments" (in whole or in part) are not subject to the Excise Tax, (2) the amount of the Payments that shall be treated as subject to the Excise Tax shall be equal to the lesser of (A) the total amount of the Payments or (B) the amount of "excess parachute payments" within the meaning of Section 280G(b)(1) of the Code (after applying clause (1) hereof), and (3) the value of any noncash benefits or any deferred payment or benefit shall be determined by Tax Counsel in accordance with the principles of Sections 280G(d)(3) and (4) of the Code. For purposes of determining the amount of the Gross-Up Payment, Mr. Leonard shall be deemed to pay federal income tax at the highest marginal rates of federal income taxation applicable to individuals in the calendar year in which the Gross-Up Payment is to be made and state and local income taxes at the highest effective rates of taxation applicable to individuals as are in effect in the state and locality of Mr. Leonard's residence or place of employment in the calendar year in which the Gross-Up Payment is to be made, net of the maximum reduction in federal income taxes that can be obtained from deduction of such state and local taxes, taking into account any limitations applicable to individuals subject to federal income tax at the highest marginal rates.

(b) The Gross-Up Payments provided for in Section (a) hereof shall be made upon the imposition upon Mr. Leonard or payment by Mr. Leonard of any Excise Tax.

(c) Mr. Leonard shall notify ARAMARK in writing of any claim by the Internal Revenue Service that, if successful, would require the payment by ARAMARK of a Gross-Up Payment. Such notification shall be given as soon as practicable but no later than 10 business days after Mr. Leonard is informed in writing of such claim and shall apprise ARAMARK of the nature of such claim and the date on which such claim is requested to be paid. Mr. Leonard shall not pay such claim prior to the expiration of the 30 day period following the date on which Mr. Leonard gives such notice to ARAMARK (or such shorter period ending on the date that any payment of taxes with respect to such claim is due). If ARAMARK notifies Mr. Leonard in writing prior to the expiration of such period that it desires to contest such claim, Mr. Leonard shall:

-
- i. give ARAMARK any information reasonably requested by ARAMARK relating to such claim;
 - ii. take such action in connection with contesting such claim as ARAMARK shall reasonably request in writing from time to time, including, without limitation, accepting legal representation with respect to such claim by an attorney reasonably selected by ARAMARK and reasonably satisfactory to Mr. Leonard;
 - iii. cooperate with ARAMARK in good faith in order to effectively contest such claim; and
 - iv. permit ARAMARK to participate in any proceedings relating to such claim;

provided, however, that ARAMARK shall bear and pay directly all costs and expenses (including, but not limited to, additional interest and penalties and related legal, consulting or other similar fees) incurred in connection with such contest and shall indemnify and hold Mr. Leonard harmless, on an after-tax basis, for any Excise Tax or other tax (including interest and penalties with respect thereto) imposed as a result of such representation and payment of costs and expenses.

(d) ARAMARK shall control all proceedings taken in connection with such contest and, at its sole option, may pursue or forego any and all administrative appeals, proceedings, hearings and conferences with the taxing authority in respect of such claim and may, at its sole option, either direct Mr. Leonard to pay the tax claimed and sue for a refund or contest the claim in any permissible manner, and Mr. Leonard agrees to prosecute such contest to a determination before any administrative tribunal, in a court of initial jurisdiction and in one or more appellate courts, as ARAMARK shall determine; provided, however, that if ARAMARK directs Mr. Leonard to pay such claim and sue for a refund, ARAMARK shall advance the amount of such payment to Mr. Leonard on an interest-free basis, and shall indemnify and hold Mr. Leonard harmless, on an after-tax basis, from any Excise Tax or other tax (including interest or penalties with respect thereto) imposed with respect to such advance or with respect to any imputed income with respect to such advance; and provided, further, that if Mr. Leonard is required to extend the statute of limitations to enable ARAMARK to contest such claim, Mr. Leonard may limit this extension solely to such contested amount. ARAMARK's control of the contest shall be limited to issues with respect to which a Gross-Up Payment would be payable hereunder and Mr. Leonard shall be entitled to settle or contest, as the case may be, any other issue raised by the Internal Revenue Service or any other taxing authority. In addition, no position may be taken nor any final resolution be agreed to by ARAMARK without Mr. Leonard's consent if such position or resolution could reasonably be expected to adversely affect Mr. Leonard (including any other tax position of Mr. Leonard unrelated to the matters covered hereby).

(e) As a result of the uncertainty in the application of Section 4999 of the Code at the time of the initial determination by ARAMARK or the Tax Counsel hereunder, it is possible that Gross-Up Payments which will not have been made by ARAMARK should have been made ("Underpayment"), consistent with the calculations required to be made hereunder. In the event that ARAMARK exhausts its remedies and Mr. Leonard thereafter is required to pay to the Internal Revenue Service an additional amount in respect of any Excise Tax, the Tax

Counsel shall determine the amount of the Underpayment that has occurred and any such Underpayment shall promptly be paid by ARAMARK to or for the benefit of Mr. Leonard.

(f) If, after the receipt by Mr. Leonard of the Gross-Up Payment or an amount advanced by ARAMARK in connection with the contest of an Excise Tax claim, Mr. Leonard receives any refund with respect to such claim, Mr. Leonard shall promptly pay to ARAMARK the amount of such refund (together with any interest paid or credited thereon after taxes applicable thereto). If, after the receipt by Mr. Leonard of an amount advanced by ARAMARK in connection with an Excise Tax claim, a determination is made that Mr. Leonard shall not be entitled to any refund with respect to such claim and ARAMARK does not notify Mr. Leonard in writing of its intent to contest the denial of such refund prior to the expiration of 30 days after such determination, such advance shall be forgiven and shall not be required to be repaid.

ARAMARK CORPORATION AND SUBSIDIARIES

COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES (A)
(In thousands)

	Fiscal Year Ended				
	October 1, 1999	September 29, 2000	September 28, 2001	September 27, 2002	October 3, 2003
Income from continuing operations before income taxes and minority interest	\$ 204,017	\$ 238,326	\$ 262,248	\$ 393,149	\$ 409,553
Fixed charges, excluding capitalized interest	171,870	186,976	199,225	182,112	193,049
Other, net	(4,171)	(3,359)	(4,433)	(7,810)	(12,811)
Earnings, as adjusted	\$ 371,716	\$ 421,943	\$ 457,040	\$ 567,451	\$ 589,791
Interest expense	\$ 138,718	\$ 148,260	\$ 156,234	\$ 137,532	\$ 144,649
Portion of operating lease rentals representative of interest factor	33,152	38,716	42,991	44,580	48,400
Fixed charges	\$ 171,870	\$ 186,976	\$ 199,225	\$ 182,112	\$ 193,049
Ratio of earnings to fixed charges	2.2x	2.3x	2.3x	3.1x	3.1x

(A) For the purpose of determining the ratio of earnings to fixed charges, earnings include pre-tax income from continuing operations plus fixed charges (excluding capitalized interest). Fixed charges consist of interest on all indebtedness (including capitalized interest) plus that portion of operating lease rentals representative of the interest factor (deemed to be one-third of operating lease rentals).

Subsidiary	Jurisdiction of Formation
United States:	
Addison Concessions, Inc.	Delaware
ARAMARK—Gourmet Atlanta, L.L.C.	Georgia
ARAMARK American Food Services, Inc.	Ohio
ARAMARK Aviation Services Limited Partnership	Delaware
ARAMARK Business Dining Services of Texas, Inc.	Texas
ARAMARK Campus, Inc.	Delaware
ARAMARK Capital Asset Services, Inc.	Wisconsin
ARAMARK Cleanroom Services, Inc.	Delaware
ARAMARK Clinical Technology Services, Inc.	Delaware
ARAMARK Concessions Services Joint Venture	Texas
ARAMARK Confection Services, Inc.	Delaware
ARAMARK Consumer Discount Company	Pennsylvania
ARAMARK Correctional Services, Inc.	Delaware
ARAMARK CTS, LLC	Delaware
ARAMARK Educational Group, Inc.	Delaware
ARAMARK Educational Services of Texas, Inc.	Texas
ARAMARK Educational Services of Vermont, Inc.	Vermont
ARAMARK Educational Services, Inc.	Delaware
ARAMARK Engineering Associates, LLC	Delaware
ARAMARK Entertainment, Inc.	Delaware
ARAMARK EVS, LLC	Delaware
ARAMARK Executive Management Services USA, Inc.	Delaware
ARAMARK Facilities Management, Inc.	Delaware
ARAMARK Facility Management Corporation of Iowa	Iowa
ARAMARK Facility Services, Inc.	Maryland
ARAMARK FHC Business Services, LLC	Delaware
ARAMARK FHC Campus Services, LLC	Delaware
ARAMARK FHC Correctional Services, LLC	Delaware
ARAMARK FHC Healthcare Support Services, LLC	Delaware
ARAMARK FHC Kansas, Inc.	Kansas
ARAMARK FHC Refreshment Services, LLC	Delaware
ARAMARK FHC School Support Services, LLC	Delaware
ARAMARK FHC Services, LLC	Delaware
ARAMARK FHC Sports and Entertainment Services, LLC	Delaware
ARAMARK FHC, LLC	Delaware
ARAMARK Food and Support Services Group, Inc.	Delaware
ARAMARK Food Service Corporation	Delaware
ARAMARK Food Service Corporation of Kansas	Kansas
ARAMARK Food Service Corporation of Texas	Texas
ARAMARK FSM, LLC	Delaware
ARAMARK Healthcare Support Services of Texas, Inc.	Texas
ARAMARK Healthcare Support Services of the Virgin Islands, Inc.	Delaware
ARAMARK Healthcare Support Services, Inc.	Delaware
ARAMARK Industrial Services, Inc.	Delaware
ARAMARK Japan, Inc.	Delaware
ARAMARK Kitty Hawk, Inc.	Idaho
ARAMARK Lakewood Associates	Georgia

ARAMARK Management Services Limited Partnership	Delaware
Alt. Names: ARAMARK Facility Services	
ARAMARK/ServiceMaster Facility Services	
ARAMARK Marketing Services Group, Inc.	Delaware
ARAMARK Merger Company	Delaware
ARAMARK Organizational Services, Inc.	Delaware
ARAMARK Processing LLC	Delaware
ARAMARK RAV, Inc.	Delaware
ARAMARK RBI, Inc.	Delaware
ARAMARK Receivables LLC	Delaware
ARAMARK Refreshment Services, Inc.	Delaware
ARAMARK Resource Services, Inc.	Delaware
ARAMARK Schools, Inc.	Delaware
ARAMARK SCM, Inc.	Delaware
ARAMARK Senior Notes Company	Delaware
ARAMARK Services Management of HI, Inc.	Hawaii
ARAMARK Services Management of IL, Inc.	Illinois
ARAMARK Services Management of MI, Inc.	Michigan
ARAMARK Services Management of ND, Inc.	North Dakota
ARAMARK Services Management of OH, Inc.	Ohio
ARAMARK Services Management of SC, Inc.	South Carolina
ARAMARK Services Management of WI, Inc.	Wisconsin
ARAMARK Services of Kansas, Inc.	Kansas
ARAMARK Services of Puerto Rico, Inc.	Delaware
ARAMARK Services, Inc.	Delaware
ARAMARK SM Management Services, Inc.	Delaware
ARAMARK SMMS LLC	Delaware
ARAMARK SMMS Real Estate LLC	Delaware
ARAMARK Sports and Entertainment Group, Inc.	Delaware
ARAMARK Sports and Entertainment Services, Inc.	Delaware
ARAMARK Sports and Entertainment Services, Inc./Martin's Stadium, Inc. Joint Venture	Maryland
ARAMARK Sports and Entertainment Services, Inc./Quality Concessions Joint Venture	Texas
ARAMARK Sports, Inc.	Delaware
ARAMARK Sports and Entertainment Services of Texas, Inc.	Texas
ARAMARK Summer Games 1996, Inc.	Delaware
ARAMARK U.S. Offshore Services, Inc.	Delaware
ARAMARK Uniform & Career Apparel Group, Inc.	Delaware
ARAMARK Uniform & Career Apparel, Inc.	Delaware
Alt. Names: Galls; Uniform Services; Wearguard-Crest	
ARAMARK Uniform Manufacturing Company	Delaware
ARAMARK Uniform Services (Rochester) LLC	Delaware
ARAMARK Uniform Services (Syracuse) LLC	Delaware
ARAMARK Venue Services, Inc.	Delaware
ARAMARK-SFS Healthcare J.V., L.L.C.	Delaware
ARAMARK/Boston Concessions Joint Venture	Massachusetts
ARAMARK/G-S Joint Venture	Washington
ARAMARK/Giacometti Joint Venture	Oregon
ARAMARK/Gourmet WSSU, LLC	North Carolina
ARAMARK/Gourmet, L.L.C.	Georgia
ARAMARK/GSM Joint Venture	Pennsylvania
ARAMARK/HMS Company	Delaware
ARAMARK/Jackmont, LLC.	Georgia
ARAMARK/Martin's Class Act Joint Venture	Maryland
ARAMARK/Martin's Stadium Concession Services J.V.	Maryland

ARAMARK/SFS Joint Venture	Delaware
Centrum Auditorium Food & Beverage Partnership	Massachusetts
Christopher Service Co., Inc.	New York
D.G. Maren II, Inc.	Delaware
Davre's Inc.	Delaware
Delsac VIII, Inc.	Delaware
Doyan/ARAMARK Denali National Park Concessions Joint Venture	Alaska
Fine Host Holdings, LLC	Delaware
Glacier Bay National Park and Preserve Concessions, LLC	Alaska
Harrison Conference Associates, Inc.	Delaware
Harrison Conference Center of Glen Cove, Inc.	New York
Harrison Conference Center of Lake Bluff, Inc.	Illinois
Harrison Conference Services of Massachusetts, Inc.	Massachusetts
Harrison Conference Services of North Carolina, Inc.	North Carolina
Harrison Conference Services of Princeton, Inc.	New Jersey
Harrison Conference Services of Wellesley, Inc.	Massachusetts
Harry M. Stevens, Inc.	New York
Harry M. Stevens, Inc. of New Jersey	New Jersey
Harry M. Stevens, Inc. of Penn.	Pennsylvania
Kowalski–Dickow Associates, Inc.	Wisconsin
Lake Tahoe Cruises, Inc.	California
Landy Textile Rental Services, Inc.	Pennsylvania
Linen Supply Services, Inc.	Illinois
MyAssistant, Inc.	Pennsylvania
Ogden–JLLC	Michigan
Paradise Hornblower, LLC	California
Philadelphia Ballpark Concessions Joint Venture	Pennsylvania
Quantum Resource Corporation	Delaware
Restaura, Inc.	Michigan
Shoreline Operating Company, Inc.	California
SMG *	Pennsylvania
Tahoe Rocket LP	California
Tarrant County Concessions, LLC	Texas
The ARAMARK Foundation	Pennsylvania
Travel Systems, Ltd.	Nevada
Veterans Stadium Associates Limited Partnership	Pennsylvania

INTERNATIONAL:

933291 N.W.T. Ltd.	Canada
AIM Services Co. Ltd.	Japan
Administracion De Servicios Hosteleros S.A.	Spain
ARAKOR Co. Ltd.	Korea
ARAMARK (Asia) Pte Limited	Singapore
ARAMARK (BVI) Limited	British Virgin Islands
ARAMARK Brasil Ltda.	Brazil
ARAMARK Canada Facility Services Ltd.	Canada
ARAMARK Canada Recycling Services Ltd.	Canada
ARAMARK Canada, Ltd.	Canada
ARAMARK Canadian Investments, Inc.	Canada
ARAMARK Catering Limited *	United Kingdom
ARAMARK Cleaning S.A.	Belgium
ARAMARK Entertainment Services (Canada), Inc.	Canada
ARAMARK Equatorial Guinea, Inc.	Equatorial Guinea
ARAMARK GmbH	Germany
ARAMARK Holdings GmbH & Co. KG	Germany

ARAMARK Investments Limited	United Kingdom
ARAMARK Ireland Holdings Limited	Ireland
ARAMARK Kazakhstan LLC	United Kingdom
ARAMARK Limited	United Kingdom
ARAMARK Manning Services Limited	United Kingdom
ARAMARK Management Services of Canada, Inc.	Canada
ARAMARK Mexico, S.A. de C.V.	Mexico
ARAMARK Monclava Manufacturing de Mexico, S.A. de C.V.	Mexico
ARAMARK Quebec, Inc.	Canada
ARAMARK Restaurations GmbH	Germany
ARAMARK S.A.	Belgium
ARAMARK S.A. de C.V.	Mexico
ARAMARK S.R.O.	Czech Republic
ARAMARK Services of Canada, Inc.	Canada
ARAMARK Servicios de Catering, S.L.	Spain
ARAMARK Servicios Industriales de Mexico S.L.	Mexico
ARAMARK Servicios Integrales, S.A.	Spain
ARAMARK Skolni Jidelni, S.R.O.	Czech Republic
ARAMARK Slovak Republic S.R.O.	Slovak Republic
ARAMARK Szolgaltato Es Kereskedelmi KFT	Hungary
ARAMARK Uniform Holding de Mexico, S.A. de C.V.	Mexico
ARAMARK Uniform Manufacturing de Mexico, S.A. de C.V.	Mexico
ARAMARK Uniform Services Japan Corporation	Japan
ARAMARK Uniform Services (Canada) Ltd.	Ontario
ARAMARK/Dasko Restaurant and Catering Services S.A.	Greece
ARAMARK Worldwide Investments Limited	United Kingdom
ARAMARK/SSL Spotless Services Pty Limited	Australia
ARAMONT Company Ltd.	Bermuda
Central de Restaurantes SA	Chile
Complete Purchasing Services, Inc.	Canada
Distributor JV Limited	British Virgin Islands
DynaMed UK Limited	United Kingdom
Food JV Limited	British Virgin Islands
Inversiones ARAMARK Chile Limitada	Chile
Nissho Linen	Japan
Services D'Entretien ARAMARK Quebec, Inc.	Canada
Travers Food Service Ltd.	Canada

* Not all subsidiaries of joint ventures are listed

INDEPENDENT AUDITORS' CONSENT

The Board of Directors and Shareholders
ARAMARK Corporation:

We consent to the incorporation by reference in registration statements (Nos. 333-53163, 333-75870, 333-89118, 333-89120, 333-89122, 333-89124, 333-89126, 333-103517) on Form S-8 and registration statement (No. 333-85050) on Form S-3 of ARAMARK Corporation and subsidiaries of our report dated November 11, 2003, with respect to the consolidated balance sheets of ARAMARK Corporation and subsidiaries as of October 3, 2003 and September 27, 2002, and the related consolidated statements of income, cash flows and shareholders' equity for each of the fiscal years in the three-year period ended October 3, 2003, and related financial statement schedule, which report appears in the October 3, 2003, annual report on Form 10-K of ARAMARK Corporation.

As described in Note 4 to the consolidated financial statements, effective September 29, 2001 the Company adopted the provisions of Statement of Financial Accounting Standards No. 142, *Goodwill and Other Intangible Assets*.

KPMG LLP

Philadelphia, Pennsylvania
December 19, 2003

CERTIFICATIONS

I, Joseph Neubauer, certify that:

1. I have reviewed this annual report on Form 10-K of ARAMARK Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - c. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: December 19, 2003

/s/ JOSEPH NEUBAUER

Joseph Neubauer
Chairman and Chief Executive Officer

CERTIFICATIONS

I, L. Frederick Sutherland, certify that:

1. I have reviewed this annual report on Form 10-K of ARAMARK Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - c. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: December 19, 2003

/s/ L. FREDERICK SUTHERLAND

L. Frederick Sutherland
Executive Vice President and
Chief Financial Officer

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906 OF
THE SARBANES–OXLEY ACT OF 2002**

In connection with the Annual Report of ARAMARK Corporation (the “Company”) on Form 10–K for the fiscal year ended October 3, 2003 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Joseph Neubauer, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes–Oxley Act of 2002, that, based on my knowledge:

- (1) The Report fully complies with the requirements of section 13 (a) or 15 (d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ JOSEPH NEUBAUER

Joseph Neubauer

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906 OF
THE SARBANES–OXLEY ACT OF 2002**

In connection with the Annual Report of ARAMARK Corporation (the “Company”) on Form 10–K for the fiscal year ended October 3, 2003 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, L. Frederick Sutherland, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes–Oxley Act of 2002, that, based on my knowledge:

- (1) The Report fully complies with the requirements of section 13 (a) or 15 (d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ L. FREDERICK SUTHERLAND

L. Frederick Sutherland

ARAMARK CORPORATION AND SUBSIDIARIES
RECONCILIATION OF NON-GAAP MEASURES

(Unaudited)
(In thousands)

Management believes that presentation of organic sales in fiscal 2003, 2002 and 2001, as adjusted to eliminate the effect of acquisitions, divestitures, the 53rd week and the impact of currency translation, provides useful information to investors because it enables them to assess the performance of Company operations that were subject to the stewardship of Company management during the entirety of the comparative financial periods, other than the 53rd week in fiscal 2003; the elimination of the 53rd week enhances comparability because it results in the comparative periods having an equal length. Moreover, the further exclusion of the impact of currency translation enables investors to compare management's performance without the impact of currency fluctuations.

Management believes that the adjustment of operating income in fiscal 2003 and 2002 to eliminate the impact of insurance proceeds and other (income) expense is useful to investors because it enables them to assess the Company's operating income from core operations, exclusive of isolated events. In addition, a further adjustment of operating income to eliminate the impact of currency translation, acquisitions, divestitures and the 53rd week should be useful to investors because it enables them to better assess the performance of the Company's operations that were under the stewardship of Company management during the entirety of the comparative periods other than the 53rd week in fiscal 2003 (as noted above, the elimination of the 53rd week enhances comparability because it results in the comparative periods having an equal length), without regard to currency fluctuations.

Management believes that Food and Support Services-International operating income in fiscal 2002 and 2001, exclusive of fiscal 2001 goodwill amortization, impact of currency translation, effect of acquisitions and divestitures and gain on asset sale, is a useful measure for investors because it enables them to assess the operations of the Company that were subject to management stewardship during the entirety of the comparative financial periods, without giving effect to disparate accounting treatment of goodwill amortization during the periods, to currency fluctuations or the gain on the asset sale, which do not reflect day-to-day operations.

Fiscal 2003 Results	Fiscal Year Ended		% Change
	October 3, 2003	September 27, 2002	
ARAMARK Corporation Consolidated Sales (as reported)	\$ 9,447,815	\$ 8,356,007	13%
Add: Impact of Currency Translation	—	129,759	
Less: Effect of Acquisitions, Divestitures and the 53rd Week	(840,992)	(94,295)	
ARAMARK Corporation Consolidated Sales (as adjusted)	\$ 8,606,823	\$ 8,391,471	3%
ARAMARK Corporation Consolidated Operating Income (as reported)	\$ 552,022	\$ 529,581	4%
Less: Insurance Proceeds	(31,990)	—	
Less: Other (income) expense	10,700	(43,695)	
ARAMARK Corporation Operating Income, excluding Other Income and insurance proceeds	530,732	485,886	9%
Add: Impact of Currency Translation	—	5,307	
Less: Effect of Acquisitions, Divestitures and the 53rd Week	(37,587)	(7,441)	
ARAMARK Corporation Consolidated Operating Income (as adjusted)	\$ 493,145	\$ 483,752	2%

Fiscal 2002 Results	Fiscal Year Ended		% Change
	September 27, 2002	September 28, 2001	
ARAMARK Corporation Consolidated Sales (as reported)	\$ 8,356,007	\$ 7,369,492	13%
Add: Impact of Currency Translation	—	15,715	
Less: Effect of Acquisitions and Divestitures	(886,890)	(11,057)	
ARAMARK Corporation Consolidated Sales (as adjusted)	\$ 7,469,117	\$ 7,374,150	1%
Food and Support Services-International-Sales (as reported)	\$ 1,200,806	\$ 1,109,305	8%
Add: Impact of Currency Translation	—	15,715	
Food and Support Services-International-Sales (as adjusted)	\$ 1,200,806	\$ 1,125,020	7%
Food and Support Services-International-Operating Income (as reported)	\$ 46,261	\$ 39,394	17%
Add: Fiscal 2001 Goodwill Amortization	—	1,826	
Food and Support Services-International Operating Income (as adjusted)	46,261	41,220	12%
Add: Impact of Currency Translation	—	471	
Less: Effect of Acquisitions and Divestitures	(780)	—	
Less: Gain on Asset Sale	(1,000)	—	

Food and Support Services—International—Operating Income (as adjusted)	\$ 44,481	\$ 41,691	7%
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ARAMARK CORPORATION AND SUBSIDIARIES
RECONCILIATION OF NON-GAAP MEASURES

(Unaudited)

(In thousands, except per share amounts)

Management believes that operating income for fiscal 2002 and 2001, exclusive of fiscal 2001 goodwill amortization and other (income) expense is useful to investors because it eliminates an anomaly that results from a change in accounting principle between fiscal 2001 and fiscal 2002, and eliminates other events that are not related to the Company's core operations, thereby enhancing comparability of operating results.

Fiscal 2002 Results	Fiscal Year Ended		% Change
	September 27, 2002	September 28, 2001	
ARAMARK Corporation Operating Income (as reported)	\$ 529,581	\$ 415,468	27%
Add: Fiscal 2001 Goodwill Amortization	—	22,237	
Less: Other (Income) Expense	(43,695)	—	
ARAMARK Corporation Operating Income (as adjusted)	\$ 485,886	\$ 437,705	11%

The fiscal 2003 fourth quarter includes approximately \$32 million of business interruption proceeds from the final settlement of the Company's September 11, 2001 claim. During the fourth quarter of fiscal 2003, ARAMARK reached agreement for the sale of its 15% interest in a previously divested periodicals distribution business to the majority shareholder, and wrote down this investment to the expected recoverable amount. The resulting pre-tax charge of \$10.7 million is included in "Other (income) expense." In the third quarter of fiscal 2003, ARAMARK completed a tender offer to purchase approximately \$94.3 million of its 6.75% Guaranteed Notes due August 1, 2004, for approximately \$102 million, including accrued interest, and retired a \$45 million term loan due March 2005. These two transactions resulted in a pre-tax extinguishment charge of \$7.7 million which is included in "Interest and other financing costs, net". Additionally, in the third quarter of fiscal 2003, ARAMARK reduced the provision for income taxes based upon the settlement of open tax years, by approximately \$8.4 million. During fiscal 2002, ARAMARK sold its ownership interests in the Boston Red Sox and a related entity, resulting in a pre-tax gain of \$37.9 million, and recorded a pre-tax gain of \$5.8 million, resulting principally from the sale of a residual interest in a previously divested business. These items totaling \$43.7 million are included in "Other (income) expense." The Company believes that income from continuing operations in fiscal 2003 and 2002, adjusted to reflect the exclusion of these items, is useful to investors because it will enable them to focus on management's performance regarding the Company's core operations during the relevant fiscal periods by eliminating items not directly related to those operations.

	Fiscal Year Ended	
	October 3, 2003	September 27, 2002
Income from continuing operations (as reported)	\$ 265,368	\$ 251,320
Add: Other expense (net of tax)	6,583	—
Less: Other income (net of tax)	—	(30,803)
Less: Insurance proceeds (net of tax)	(19,683)	—
Add: Debt extinguishment (net of tax)	4,687	—
Less: Tax provision adjustment	(8,439)	—
Income from continuing operations (as adjusted)	\$ 248,516	\$ 220,517
Weighted average diluted shares outstanding	197,505	200,924
Diluted Earnings Per Share—		
Income from continuing operations—As reported	\$ 1.34	\$ 1.25
Income from continuing operations—As adjusted	\$ 1.26	\$ 1.10

ARAMARK CORPORATION AND SUBSIDIARIES
RECONCILIATION OF NON-GAAP MEASURES

(Unaudited)
(In millions)

The fiscal 2003 fourth quarter includes approximately \$32 million of business interruption proceeds from the final settlement of the Company's September 11, 2001 claim. During the fourth quarter of fiscal 2003, ARAMARK reached agreement for the sale of its 15% interest in a previously divested periodicals distribution business to the majority shareholder, and wrote down this investment to the expected recoverable amount. The resulting pre-tax charge of \$10.7 million is included in "Other (income) expense." During fiscal 2002, ARAMARK sold its ownership interests in the Boston Red Sox and a related entity, resulting in a pre-tax gain of \$37.9 million, and recorded a pre-tax gain of \$5.8 million, resulting principally from the sale of a residual interest in a previously divested business. These items totaling \$43.7 million are included in "Other (income) expense." Management believes that operating income and operating margins in fiscal 2003 and 2002, excluding other income and insurance proceeds, are useful measures for investors because they reflect management's stewardship of the Company's operations without giving effect to insurance proceeds and other income, events that do not relate directly to day-to-day operations.

	Fiscal Year Ended	
	October 3, 2003	September 27, 2002
ARAMARK Corporation Consolidated Sales, as reported	\$ 9,447,815	\$ 8,356,007
Operating income, as reported	\$ 552,022	\$ 529,581
Insurance proceeds	(31,990)	—
Other (income) expense	10,700	(43,695)
Operating income, excluding Other Income and insurance proceeds	\$ 530,732	\$ 485,886
Operating margin, excluding Other Income and insurance proceeds	5.6%	5.8%

Management believes that Food and Support Services—International sales and operating income for fiscal 2003 and 2002, adjusted to exclude the impact of currency translation, provides useful information to investors because it enables them to compare management's performance in operating this segment without the impact of currency fluctuations.

Fiscal 2003 Results	Fiscal Year Ended		
	October 3, 2003	September 27, 2002	% Change
Food and Support Services—International—Sales (as reported)	\$ 1,423,825	\$ 1,200,806	19%
Add: Impact of Currency Translation	—	129,759	
Food and Support Services—International—Sales (as adjusted)	\$ 1,423,825	\$ 1,330,565	7%
Food and Support Services—International—Operating Income (as reported)	\$ 60,200	\$ 46,261	30%
Add: Impact of Currency Translation	—	5,307	
Food and Support Services—International—Operating Income (as adjusted)	\$ 60,200	\$ 51,568	17%

The Company adopted the provisions of SFAS No. 142, "Goodwill and Other Intangible Assets," as of the beginning of fiscal 2002. As prescribed by SFAS No. 142, goodwill is no longer amortized. To facilitate comparability, the As Adjusted fiscal 2001 amounts shown below have been adjusted to eliminate goodwill amortization from the fiscal 2001 As Reported results.

Segment	Fiscal 2001 Operating Income As Reported	Amortization of Goodwill	Fiscal 2001 Operating Income As Adjusted
		(dollars in millions)	
Food & Support Services–United States	\$ 264.7	\$ 10.8	\$ 275.5
Food & Support Services–International	39.4	1.8	41.2
Uniform and Career Apparel–Rental	119.7	5.3	125.0
Uniform and Career Apparel–Direct Marketing	15.6	3.1	18.7
	439.4	21.0	460.4
Corporate	(23.9)	1.3	(22.6)
	\$415.5	\$ 22.3	\$ 437.8