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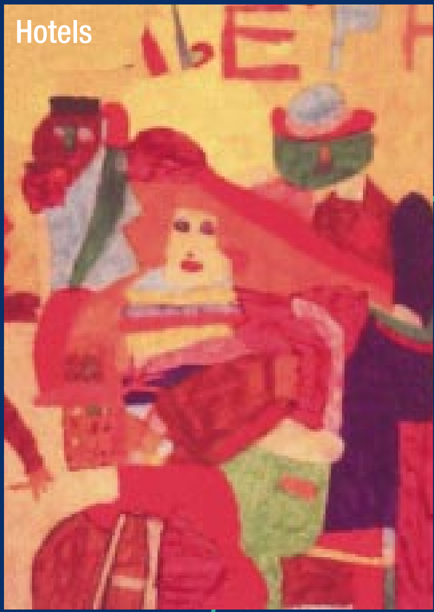

accorhotel.com

Financial Statements

accorservices.com

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ACCOR

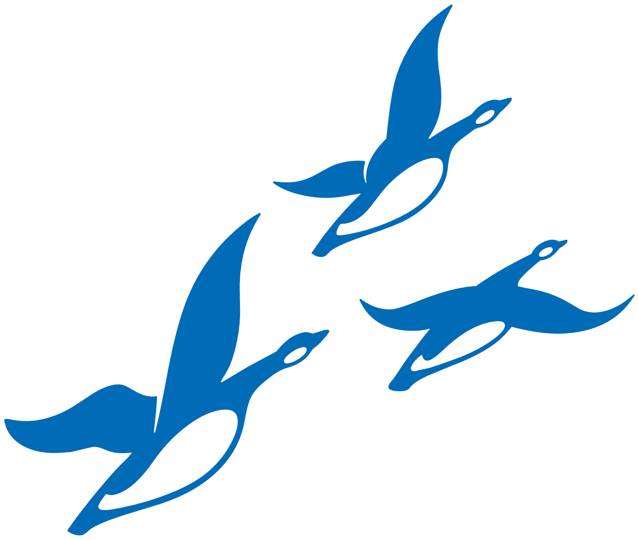
Combined Ordinary and Extraordinary Shareholders' Meetings, May 30, 2000

Summary

COB

The french version of this registration statement was filed with the "Commission des Opérations de Bourse" (the french Stock Exchange Commission) on May 18, 2000 under reference number R.00-250; it may not be used to support a Stock Exchange transaction unless it is accompanied by listing particulars bearing the official approval of the "Commission des Opérations de Bourse".

Management Report



Milestones

1967 • Paul Dubrule and Gérard Pélisson founded the SIEH company.
• First Novotel hotel in Lille (North of France).

1974 • Opening of the first Ibis at Bordeaux.
• Takeover of Courtepaille.

1975 • Purchase of Mercure.

1976 • A structure established in Brazil.

1980 • Takeover of Sofitel (43 hotels and two Spa centers).

1981 • Introduction of SIEH on the Paris Stock Market.

1982 • Acquisition of Jacques Borel International, European leader in contract catering (Générale de Restauration) and concession restaurants (Café Route, L'Arche), and world leader for the issuance of Luncheon Vouchers (165 million vouchers a year distributed in 8 countries).

1983 • Novotel SIEH Group - Jacques Borel International merger: Accor was born.

1985 • Creation of Formule 1: Accor creates a new concept in the hotel business, calling on particularly innovative building and management techniques.
• Creation of the Accor Academy, the first company university for service activities in France.
• Acquisition of Lenôtre (de-luxe caterer, gastronomic catering and cookery school).

1988 • 100 new hotels and 250 restaurants during the year: one opening a day on average!

1989 • First international opening of Formule 1 with two hotels in Belgium.
• Association with the Lucien Barrière group for the development of hotel-casino concept.
• Launch of the Atria business center concept with the CNIT in Paris-La Défense.

1990 • Acquisition of the Motel 6 chain in the United States, made of 550 properties. Accor ranked number one worldwide in managed or owned (excluding franchise) hotels under its various brand names.

1991 • Successful takeover bid for the Compagnie Internationale des Wagons-Lits et du Tourisme with its activities in hotels (Pullman, Etap, PLM, Altea, Arcade), car rental (Europcar), onboard train services (Wagons-Lits), travel agencies (Wagonlit Travel), contract catering (Eurest) and motorway catering (Relais Autoroute).

1993 • Accor Asia Pacific Corp. is created in Asia Pacific, resulting from the merger of Accor's business activities in the region with Quality Pacific Corp.
• Stake-holding in the Pannonia hotel chain (24 hotels), in the context of privatizations in Hungary.
• Launch of the Coralia label for leisure hotels.

1994 • Partnership between Carlson and Wagonlit Travel in the business travel sector.

1995 • Sale of Eurest to Compass: Accor is the major shareholder of the world leader in contract catering.
• Expansion of Service Vouchers: the market doubled in three years (10 million users/day).
• Disposal of 80% of concession restaurants.
• Launch of an extensive training programme for environmental protection.

1996 • Accor ranks #1 in Asia Pacific with 144 hotels in 16 countries and 56 projects under construction.
• From now on, Sphere International comprises Ibis, Etap Hotel and Formule 1.
• Launch of the "Compliment Card" with American Express as partner.

1997 • Set up of a new management structure: Paul Dubrule and Gérard Pélisson become Co-Chairmen of the Supervisory Board; Jean-Marc Espalioux is appointed Chairman of the Management Board - Launch of the "Accor 2000" Group project, in order to resume growth and make the "technological leap forward".
• Effective merger of Carlson and Wagonlit Travel with the creation of a joint company owned equally by Accor and Carlson Companies.
• Launch of a takeover bid for the total of AAPC's share capital.
• Take-up of a majority stake in SPIC, renamed Accor Casinos.
• Partial disposal of stake-holding in Compass.
• Disposal of remaining investments in concession restaurants.

1998 • Accor owns 100% of AAPC after the takeover bid initiated in 1997.
• Acquisition of the Dutch hotel chain Postiljon.
• Launch of the "Corporate Card" with Air France, American Express and Crédit Lyonnais as partners.
• New partnerships: Air France, SNCF, American Express, Crédit Lyonnais, Danone, France Télécom, Cegetel,...

1999 • Hotel network grew by 22% with 639 new hotels, notably with the acquisition of Red Roof Inns in the United States (322 properties).
• Internet strategy.

Management Report

regarding 1999 Consolidated Financial Statements by the Management Board to the Shareholders’ Meeting

In the past several years, Accor has strengthened its European leadership and worldwide positions in the universe of Travel, Tourism and Services, through two major core activities: **Hotels**, including Travel Agencies, Casinos, Restaurants and Onboard Train Services, and **Services**.

Presentation of Group Activities

HOTELS

Over the years, Accor has built the world’s first Hotel operating network, with 3,234 hotels and 354,652 rooms around the globe at December 31, 1999. Accor’s hotels run the entire range from Economy – where the Group enjoys a unique position with Motel 6 and Red Roof Inns in the US, Formule 1, Etap Hotel and Ibis in Europe and the rest of the world – to Business and Leisure, where it is well positioned through the Mercure, Novotel and Sofitel brands, as well as the Coralia leisure label, Atria conference centers, and Thalassa seawater spas. Accor’s lodging offer also encompasses long-stay hotel residences (Parthenon), chiefly located in Brazil.

Accor’s offering therefore covers all market segments. Accor also enjoys a particularly favorable geographical scope, with 49% of rooms in Europe, 36% in North America, 7% in Asia Pacific, 5% in Africa Middle East and 3% in Latin America. Accor is the number one Hotel group in Europe and number three in the world according to the ranking established by the HTR trade magazine, based on the number of rooms as of January 1, 2000.

Geographical Breakdown of Hotel Portfolio at December 31, 1999

	France		Rest of Europe		North America		Latin America		Africa Middle East		Asia-Pacific		**Total**	
	Number of hotels	*Number of rooms*	Number of hotels	*Number of rooms*	Number of hotels	*Number of rooms*	Number of hotels	*Number of rooms*	Number of hotels	*Number of rooms*	Number of hotels	*Number of rooms*	**Number of hotels**	***Number of rooms***
Sofitel	35	*5,730*	29	*4,499*	7	*1,971*	14	*1,888*	27	*5,615*	23	*4,483*	**135**	***24,186***
Novotel	115	*13,986*	101	*16,148*	9	*2,394*	17	*2,047*	23	*3,352*	53	*11,287*	**318**	***49,214***
Mercure	294	*27,223*	129	*16,949*			65	*5,653*	28	*4,531*	46	*5,880*	**562**	***60,236***
Ibis	305	*27,127*	164	*19,664*			8	*1,054*	10	*1,150*	15	*2,435*	**502**	***51,430***
Etap Hotel	126	*9,008*	56	*4,449*					20	*1,382*			**202**	***14,839***
Formule 1	281	*20,455*	33	*2,354*					3	*215*	5	*436*	**322**	***23,460***
Red Roof					330	*37,325*							**330**	***37,325***
Motel 6					808	*86,228*							**808**	***86,228***
Other	19	*1,714*	8	*1,604*	2	*442*	3	*780*	15	*2,189*	8	*1,005*	**55**	***7,734***
Total	**1,175**	***105,243***	**520**	***65,667***	**1,156**	***128,360***	**107**	***11,422***	**126**	***18,434***	**150**	***25,526***	**3,234**	***354,652***
Total in %	36	*29.7*	16	*18.5*	35.7	*36.2*	3.3	*3.2*	3.9	*5.1*	4.6	*7.1*	**100**	***100***

Finally, Accor is the only global group owning or managing for its own account 87% if its Hotel portfolio: 1,110 hotels, representing 32% of the total number of rooms, are wholly owned, 1,100 hotels (37% of rooms) are leased, 456 hotels (17% of rooms) are operated under management contracts and 568 hotels (13% of rooms) are franchised.

Breakdown of Hotel Portfolio by Type of Operation at December 31, 1999

	Owned		Leased		Managed		Franchised		**Total**	
	Number of hotels	*Number of rooms*	Number of hotels	*Number of rooms*	Number of hotels	*Number of rooms*	Number of hotels	*Number of rooms*	**Number of hotels**	***Number of rooms***
Sofitel	25	*3,771*	27	*5,599*	77	*13,602*	6	*1,214*	**135**	***24,186***
Novotel	96	*13,875*	94	*13,461*	97	*18,074*	31	*3,804*	**318**	***49,214***
Mercure	88	*11,373*	124	*16,597*	194	*20,124*	156	*12,142*	**562**	***60,236***
Ibis	187	*18,681*	97	*14,098*	54	*6,792*	164	*11,859*	**502**	***51,430***
Etap Hotel	60	*4,600*	92	*6,557*	5	*326*	45	*3,356*	**202**	***14,839***
Formule 1	282	*20,595*	28	*1,965*	5	*436*	7	*464*	**322**	***23,460***
Red Roof	111	*13,248*	147	*16,656*			72	*7,421*	**330**	***37,325***
Motel 6	242	*26,181*	478	*54,441*	2	*117*	86	*5,489*	**808**	***86,228***
Other	19	*2,620*	13	*2,313*	22	*2,476*	1	*325*	**55**	***7,734***
Total	**1,110**	***114,944***	**1,100**	***131,687***	**456**	***61,947***	**568**	***46,074***	**3,234**	***354,652***
Total in %	34.3	*32.4*	34	*37.2*	14.1	*17.5*	17.6	*13*	**100**	***100***

Travel Management: Carlson Wagonlit Travel

Accor is the world's second largest operator of business travel agencies, based on traffic, through its 50% interest in Carlson Wagonlit Travel. This joint-company, resulting from the merger of the North American and European units, was established on January 31, 1997, following a commercial agreement entered in 1994. Carlson Wagonlit Travel advises major international groups as well as businesses of all sizes in defining and implementing their travel strategies, and manages their travel budgets in 140 countries.
The development of Carlson Wagonlit Travel is entirely dedicated to new technologies, with an operating business-to-business (B2B) intranet and a travel portal under construction.

Casinos

Following its acquisition of a 65% interest in SPIC, co-founded by Accor, and additional development in the past two years, Accor Casinos today manages 10 casinos.

Restaurants

Accor is active in public restaurants through deluxe caterer Lenôtre (41 shops) and the Courtepaille chain (111 restaurants) of roadside steakhouses. Accor also manages institutional catering facilities in Italy and Brazil (through a 50% stake in a joint-venture with Compass Group Plc).

Onboard Train Services

Under the Wagons-Lits brand, Accor offers Onboard Train Services (catering and sleeper cars), mainly in France, Spain, Italy, The Netherlands, and Austria.

SERVICES

Accor Corporate Services

Accor is the world leader in Service Vouchers, based on issuance volume, with a 45% market share and close to 11 million daily users in 29 countries (Europe, Americas, Asia, and Middle-East).

Established in the late 1960's to facilitate the provision of meals to employees of businesses that do not operate their own catering facilities, the principle of the Ticket Restaurant has been expanded to four large product families: food services, other corporate services, personal services, and employee incentivization. The product offering ranges from the purchase of food products or gasoline to healthcare, childcare and work apparel dry cleaning. Since 1995, magnetic cards have replaced certain traditional paper vouchers – it is the case for "Cleanway" (cleaning of work apparel), gasoline cards (Mexico and Colombia), as well as "food" and "fleet management" cards in Brazil.

The principle of these Service Vouchers is simple: corporate clients and local authorities purchase vouchers issued by Accor at face value, plus a service commission; they subsequently sell these vouchers to their employees for an amount below face value. Ticket Restaurant benefits from tax advantages for amounts which vary in each country (FRF 28 in France, for example). Beneficiaries use the vouchers they receive to redeem their purchases, at face value, with affiliated retailers (e.g. restaurants and supermarkets), thereby encouraging consumption. In turn, these businesses present the vouchers to Accor for redemption at face value, and pay Accor a commission for redemption. Between the time when Accor receives payment for the ticket it issues and the moment when it must reimburse the affiliated retailers, the sums in its custody are invested and generate financial income, which, alongside commissions, are included in Accor revenues. Service Vouchers thereby play a useful economic and social role, in industrialized as well as in emerging countries.

Accor Corporate Services expands its activities geographically, technologically, aiming for one million users of magnetic cards and smart-cards in 2000. Products other than the original "Ticket Restaurant" now account for 43% of Accor Corporate Services' issuance volume.

Personnel of Managed Activities

Number of employees at December 31	1997	1998	1999
HOTELS	**80,795**	**83,037**	**90,546**
Travel Management	7,226	8,224	7,015
Casinos	550	876	1,123
Restaurants	18,471	19,768	19,811
Onboard Train Services	6,830	6,128	4,816
SERVICES	**2,840**	**3,228**	**3,548**
Other	413	451	1,991
Total	**121,396**	**126,908**	**128,850**

Analysis of 1999 Results

In 1999, the Group achieved a sharp improvement in results and profitability, exceeding forecasts issued during the course of the year.

Activity Volume, which takes into account all revenue flows handled by Accor, amounted to € 17,246 million (FRF 113,126 million) in 1999, up 6.5% over the 1998 level of € 16,201 million (FRF 106,270 million).

Activity Volume encompasses sales of operations more than 50% held by Accor (subsidiaries), as well as revenues of Hotels operated under management contracts and companies accounted for by the equity method (SHCD, TAHL,...), issuance volume of Service Vouchers, Travel Management traffic and activity volume of Institutional Catering facilities operated under management contracts.

50% of the Activity Volume of Carlson Wagonlit Travel and Europcar is accounted for.

Activity Volume by Activity

in millions	1997	1998	1999	1999
	€	€	€	FRF
HOTELS	**4,016**	**4,146**	**4,735**	**31,060**
Business and Leisure	2,753	2,787	3,016	19,784
Economy	633	703	813	5,333
Economy Lodging*	630	656	906	5,943
Travel Management	3,937	4,450	4,988	32,719
Car Rental	324	402	396	2,596
Casinos	57	129	185	1,211
Restaurants	809	712	489	3,208
Onboard Train Services	287	340	330	2,165
Other activities	170	154	508	3,335
SERVICES	**5,414**	**5,868**	**5,615**	**36,832**
Activity Volume	**15,014**	**16,201**	**17,246**	**113,126**

* including Red Roof Inns since July 1, 1999.

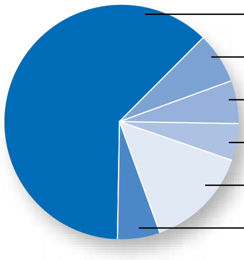
Consolidated Sales

Accor's 1999 Consolidated Sales amounted to € 6,105 million (FRF 40,034 million), up 8.5% over the 1998 level (€ 5,623 million, or FRF 36,881 million). Excluding activities sold in 1998 and 1999, Consolidated Sales would have risen by 13.4%.

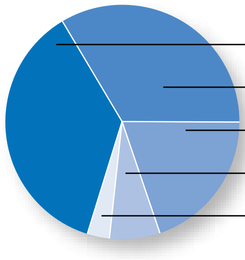
The 8.5% increase in Sales breaks down as follows:

- activity (constant currency and scope): + 4.6%
(5.3% excl. Football World Cup impact)
- development: + 10.9%
- disposal of activities: – 4.9%
- currency changes: – 2.1%

Breakdown of Sales by Activity



Geographical Breakdown of Sales



in millions	1997	1998	1999	
	€	€	€	FRF
HOTELS	**2,831**	**3,174**	**3,747**	**24,575**
Business and Leisure	1,578	1,829	2,052	13,458
Economy	625	691	793	5,199
Economy Lodging*	628	654	902	5,918
Travel Management	621	390	434	2,847
Car Rental	–	402	396	2,596
Casinos	57	129	185	1,211
Restaurants	617	676	489	3,208
Onboard Train Services	271	343	330	2,165
Other activities	115	144	163	1,067
SERVICES	**331**	**365**	**361**	**2,365**
Consolidated Sales	**4,843**	**5,623**	**6,105**	**40,034**

* including Red Roof Inns since July 1, 1999.

HOTELS

All of Accor's Hotel activities achieved excellent performances (occupancy rates and revenues per available room, or RevPAR) in 1999, reflecting the favorable environment in Europe and the US. Following the acquisition of the Red Roof Inns chain in the US, consolidated since July 1, 1999, Accor has established the Accor Economy Lodging division, combining Motel 6 and Red Roof Inns. 1999 Sales of Accor's Hotel activities, including acquisitions and units opened during the year, jumped 18.1% to € 3,747 million (FRF 24,579 million).

Year-on-Year Occupancy Rates by Hotel Brand, as of December 31

(in %)	1997	1998	1999
Sofitel	63.7	62.8	63.6
Novotel	65.1	64.3	66.2
Mercure	61.7	61.2	60.8
Ibis	70.7	71.2	72.5
Etap Hotel	70.8	74.0	77.9
Formule 1	70.9	73.2	76.1
Red Roof Inns	–	–	72.8
Motel 6	64.6	64.5	65.0

Year-on-Year RevPar by Segment, as of December 31, 1999

	Occupancy rate		Average room rate	RevPar
	(in %)	(ppt change)	(% change)	(% change)
Business and Leisure Hotels	65.8%	+ 0.3	+ 2.9%	+ 3.4%
Economy Hotels	75.4%	+ 2.4	+ 4.0%	+ 7.4%
Red Roof Inns (in USD)	72.8%	+ 0.8	+ 1.4%	+ 2.6% *
Motel 6 (in USD)	65.0%	+ 0.4	+ 5.4%	+ 6.1%

* +4.3% since July 1, 1999.

The improvement in RevPar by country reflects the favorable performance in all geographical regions. All European countries posted significant increases, reflecting both higher volume and pricing.

Year-on-Year Change in RevPar by Country, as of December 31, 1999

(in local currency)	*Number of Rooms*	Occupancy Rate	Average Room Rate	RevPar
	(owned and managed)	(in %)	(% change)	(% change)
France	*72,628*	72.0%	+ 2.5%	+ 5.9%
Germany	*22,039*	68.1%	+ 0.5%	+ 5.1%
UK	*5,071*	71.1%	+ 1.3%	– 4.3% *
Belgium	*4,547*	69.1%	+ 6.5%	+ 5.5%
Netherlands	*4,721*	76.5%	+ 8.3%	+ 4.1%
Italy	*2,814*	64.8%	+ 2.6%	+ 3.7%
Hungary	*2,858*	63.2%	+ 10.4%	+ 9.3%
US (Business Hotels)	*3,076*	69.6%	+ 3.7%	+ 4.7%

* –0.8% excluding recent openings.

In **Business and Leisure Hotels** (Sofitel, Novotel, Mercure), RevPar in Europe rose by 3.4%, with occupancy rates up by 0.3 percentage point to 65.8% and average room rates up 2.9% (prices recorded a sharp increase in 1998, boosted by the Football World Cup).
Sales increased by 12.2% to € 2,052 million (FRF 13,458 million), of which 3.5% on a constant scope and currency basis,10.4% due to new business development, and –0.7% from currency changes.

In **Economy Hotels** (Ibis, Etap Hotel and Formule 1) in Europe, occupancy rate rose to 75.4%, up 2.4 percentage points, and average room rates increased by 4.0%. All told, RevPar rose by 7.4%. Economy Hotels generated Sales of € 793 million (FRF 5,199 million), an increase of 14.7%, of which 5.1% from growth of existing activities, and 10.1% from new developments.

In the US, occupancy rates of Motel 6 were virtually unchanged from the 1998 level, at 65%, while average room rates rose by 5.4%. The increase in room prices is largely due to the hotel renovation program, completed in 1999. RevPar thereby increased by 6.1% for the year.
The recently acquired hotels of the Red Roof Inns chains recorded an occupancy rate of 72.8%, virtually unchanged from 1998, with average room rates up 1.4%. RevPar rose by 2.6% from the 1998 level, and up 4.3% in the second half of the year.
Accor Economy Lodging (encompassing Motel 6 and Red Roof Inns) posted a 38.1% increase in Sales, to € 902 million (FRF 5,918 million). This increase reflects higher activity in existing hotels (+4.9%), new business development (+30.4% with the acquisition of Red Roof in July 1999), and the positive impact of the higher exchange rate of the US dollar against the French Franc (+4.4%), partly offset by hotel closings (-0.5%).

Travel Management

Managed Traffic (100% of CWT, total of transportation, car rental and hotel services) rose by 12.1% to € 9,976 million (FRF 65,438 million) in 1999.
Sales amounted to € 434 million (FRF 2,847 million) in 1999, up 11.3% over the prior year.
Caps on commissions paid by airlines put further pressure on margins, despite a substantial increase in traffic. The switch to a remuneration system based on management fees rather than commissions should be completed in 2000.

Car Rental

Car Rental activities – excluded from the scope of consolidation since October 31, 1999 – recorded Sales of € 396 million (FRF 2,596 million), up 11.7% on a constant structural and currency basis.

Casinos

Following the integration of five new casinos in 1999, sales of Accor Casinos rose by 42.9% to € 185 million (FRF 1,211 million). On a constant scope, sales would have increased by 7.1%.

Restaurants

Sales from Restaurant activities dropped by 27.7%, following the disposal of Public Restaurant activities in Spain and of the Group’s 50% interest in Brazilian Institutional Catering. Excluding the impact of the Football World Cup, Sales of Lenôtre grew by 11.4%.

Onboard Train Services

Sales of Onboard Train Services declined by 4.0% to € 330 million (FRF 2,165 million) following the disposal of railcar cleaning activities. On a constant structural and currency basis, Sales rose by 2.2%, and by 14.6% in France.

SERVICES

In 1999, Issuance Volume of Accor Corporate Services declined by 4.3% to € 5,615 million (FRF 36,831 million). Issuance Volume was up 9.6% excluding currency effect.
Sales totaled € 361 million (FRF 2,395 million), down 1.3%. Excluding currency impact, Sales rose by 12.5%.
Accor Corporate Services achieved good performances in a number of countries, notably France where both issuance volume and commission rates continue to increase.
The "Clean-Way' card also yielded satisfactory results.
Issuance Volumes also rose sharply in Mexico and Venezuela.
In Brazil, despite lower interest rates, Sales rose by 1.7% in local currency terms. Reflecting the economic recovery, Issuance Volume increased in the fourth quarter.

EBIT

The Group's EBIT amounted to € 723 million (FRF 4,735 million), a 12.3% increase over the 1998 level of € 642 million (FRF 4,215 million).
The € 81 million increase breaks down as follows:

- growth in existing activities: € 20 million (FRF 132 million)
- new business development: € 100 million (FRF 656 million)
- negative currency impact: – € 4 million (– FRF 31 million)
- refinancing impact: – € 28 million (– FRF 186 million)
- asset sales: – € 7 million (– FRF 49 million)

in millions	1997	1998	1999	
	€	€	€	FRF
HOTELS	**409**	**462**	**539**	**3,547**
Business and Leisure	135	183	192	1,262
Economy	112	134	154	1,025
Economy Lodging*	162	145	193	1,260
Travel Management	16	9	(4)	(35)
Car Rental	–	35	22	141
Casinos	11	19	28	182
Restaurants	21	28	19	121
Onboard Train Services	(1)	5	1	5
SERVICES	**98**	**104**	**116**	**764**
Other Activities and Headquarters	(31)	(20)	2	10
EBIT	**523**	**642**	**723**	**4,735**

* including Red Roof Inns since July 1, 1999.

Total Income from Operations

Total Income from Operations (EBIT, Net Financial Expense, and Group Share in Net Income from Associated Companies) rose 19.6% to € 595 million (FRF 3,896 million).

in millions	1997	1998	1999	
	€	€	€	FRF
EBIT	**523**	**642**	**723**	**4,735**
Net Financial Expense	(163)	(158)	(143)	(937)
Group Share in Net Income from Associated Companies	13	12	15	98
Total Income from Operations	**373**	**496**	**595**	**3,896**

Net Financial Expense declined to € 143 million (FRF 937 million), from € 158 million (FRF 1,036 million) in 1998. Group Share in Net Income from Associated Companies totaled € 15 million (FRF 98 million), as compared to € 12 million in 1998. It primarily encompasses SHCD (Société des Hôtels et Casinos de Deauville, 35% held) and TAHL (Tourism Asset Hotel Ltd, 37% held).

Net Income, Group Share

in millions	1997	1998	1999	
	€	€	€	FRF
Total Income from Operations	**373**	**496**	**595**	**3,896**
Result from Management of Hotel Portfolio	1	(15)	18	120
Current Income	**374**	**481**	**613**	**4,016**
Result from Management of Other Assets	11	21	(29)	(194)
Amortization of Goodwill	(45)	(60)	(68)	(443)
Income Taxes	(121)	(153)	(222)	(1,454)
Exceptional Items, Net of Taxes	41	37	82	538
Minority Interests	(30)	(29)	(24)	(157)
Net Income, Group Share	**230**	**297**	**352**	**2,306**

Current Income includes Total Income from Operations and **Result from Management of Hotel Portfolio**, comprising gains and losses on recurring sales of Hotel properties.
Result from Management of Hotel Portfolio showed a gain of € 18 million (FRF 120 million). Capital gains of € 91 million (FRF 597 million) from the sale of 60 Hotel properties in Europe were offset by capital losses of € 22 million (FRF 144 million) and € 51 million (FRF 331 million) in provisions for the depreciation of assets (notably 23 Motel 6 units).

Current Income amounted to € 613 million (FRF 4,016 million), an increase of 27%.
Result from Management of Other Assets, totaling € 29 million (FRF 194 million), includes € 62 million (FRF 407 million) in capital gains, chiefly from the sale of Compass shares, as well as provisions for € 19 million (FRF126 million), non-operating gains (costs related to Y2K compliance) and employee profit-sharing (€ 16 million).
Income Taxes totaled € 222 million (FRF 1,454 million). The effective tax rate

(as a percentage of current income) was 36.2%, as compared to 31.7% in 1998. Excluding Europcar, the nominal tax rate would be 34.5%. The higher tax rate also reflects higher profits in France, where the corporate income tax rate is 40%.
Exceptional Items include the € 82 million (FRF 538 million) capital gain on the sale of Europcar.
After **Minority Interests** of € 24 million (FRF 157 million), **Net Income, Group Share** totaled € 352 million (FRF 2,306 million), an increase of 18% over the 1998 level.

Earnings Per Share (after the five-for-one stock split) amounted to € 1.94 (FRF 12.72), an increase of 17.1% over the 1998 level, based on the weighted average number of shares outstanding during 1999 (181,280,000 shares).
Return On Capital Employed (EBDIT as a percentage of Gross Value of Fixed Assets plus Working Capital Requirements) remained unchanged at 11.2%. Excluding internal growth, ROCE amounted to 11.6%.

ROCE (Return On Capital Employed) breaks down as follows:

	1997	1998	1999
HOTELS			
Business and Leisure	11.4%	11.5% *	10.3% **
Economy	13.1%	14.2%	14.3%
Economy Lodging***	9.3%	9.7%	10.9%
Carlson Wagonlit Travel	7.7%	5.4%	3.8%
Europcar****	–	15.4%	14.3%
Casinos	16.3%	17.0%	16.9%
Restaurants	14.8%	15.8%	13.7%
Onboard Train Services	2.4%	4.9%	4.1%
SERVICES	**21.2%**	**21.3%**	**23.5%**
ROCE Group	**10.2%**	**11.2%**	**11.2%**

* 12.8% excluding Asia Pacific, consolidated in 1998.
** 11.5% excluding organic growth.
*** including Red Roof Inns since July 1, 1999.
**** accounted for by the equity method in 1997; 13.7% on a comparable basis.

Value Creation (EVA)

With an after-tax ROCE of 8.7% and a Weighted Average Cost of Capital (WACC), after tax, of 6.4% (6.3% in 1998), Accor created value (Economic Value Added - EVA) of € 224 million (FRF 1,468 million) in 1999, as compared to € 214 million (FRF 1,406 million) in 1998.

Financial Flows

in millions	1997	1998	1999	
	€	€	€	FRF
Consolidated Cash Flow	928	870	918	6,023
Consolidated Cash Flow from Operations	601	696	778	5,102
Capex on Existing Assets	(316)	(357)	(431)	(2,830)
Free Cash Flow	285	339	347	2,272

Consolidated Cash Flow from Operations rose by 11.7% to € 778 million (FRF 5,102 million) in 1999. After Capital Expenditure on existing assets of € 431 million (FRF 2,830 million), versus € 357 million in 1998, **Free Cash Flow** totaled € 347 million (FRF 2,272 million).

As part of its Resource Reallocation Strategy, the Group invested € 2,680 million (FRF 17,577 million) in the development of its businesses, and generated € 1,868 million (FRF 12,256 million) in proceeds from sales of assets:

Investment in Business Development:	*€ millions*	*FRF millions*
Red Roof	1,208	7,921
Frantour	108	708
Franchisees	127	830
Good Morning	29	191
CGIS	63	414
Economy Hotels	246	1,610
Business and Leisure Hotels	423	2,775
Australia	119	780
Casinos	69	455
Technological Investments	44	289
Other	244	1,604
Total	**2,680**	**17,577**

Disposals of Assets:	*€ millions*	*FRF millions*
Red Roof Real Estate	446	2,927
Motel 6 Real Estate	135	885
Europe Hotel Real Estate	460	3,021
Europcar	440	2,886
Compass	133	872
TSDI Deposit	112	735
Other	142	930
Total	**1,868**	**12,256**

Financial Ratios

Net Debt-to-Equity (Gearing): Accor's balance sheet structure is satisfactory: with Shareholders' Equity of € 3,464 million (FRF 22,726 million) and Net Indebtedness of € 2,665 million (FRF 17,482 million), gearing stabilized towards year end at 77%.

FFO/Readjusted Net Debt: the ratio of Funds From Operations (Cash Flow plus two-third of Rents) to Readjusted Net Debt (present value of five years of rent) amounted to 21.0%, as compared to 19.6% in 1998.

Interest Coverage: the ratio of Gross Operating Profit to Readjusted Financial Expense (Net Financial Expense plus one-third of rents) amounted to 5.2, versus 4.6 in 1998.

Major Events of 1999 and the First Quarter of 2000

For Accor, 1999 was a year of **Rapid Development**, accelerated by the continued implementation of its **Resource Reallocation** Strategy. The **"Accor 2000 – Succeeding Together"** Group project, which has entered its maturity phase, has notably allowed the Group to develop a coherent internet strategy.

In 1999, Accor's Hotel portfolio, measured by number of rooms, grew by 22%, net of hotel closings (639 new hotels, 69,030 rooms).

The Group's Sustained Development in 1999 reflects two strategic priorities:

- Strengthening of European leadership, with the acquisition of Frantour, Good Morning, Demeure and Libertel, and other fill-in acquisitions;
- Expansion of the Group's unique worldwide network in Economy Hotels, with the acquisition of the Red Roof Inns chain in the US.

Accor also pursued its development in emerging countries and in Leisure Hotels, as well as in Service activities through geographical and commercial expansion of Accor Corporate Services.

US

Acquisition of Red Roof Inns: on July 12, 1999, Accor launched a public tender offer for the entire share capital of the **Red Roof Inns** hotel chain. This acquisition enables Accor to strengthen its positions in the US Economy Hotel segment while generating considerable synergies with Motel 6.

The Red Roof network encompasses 322 units and 37,005 rooms. Red Roof Inns is fully consolidated since July 1, 1999.

Europe

Acquisition of Frantour: in the first quarter of 1999, Accor acquired Frantour, taking over three different activities:

- 31 hotels (4,217 rooms), located primarily in Paris (including three large-scale units with a combined offering of 1,400 rooms) and in the rest of France;
- 86 travel agencies operated under the Frantour and Sud-Ouest Voyages names;
- seven tour-operating companies based in France and other European countries.

Most of the acquired hotels will join the Mercure network and, in the case of resort units, operate under the Coralia label.

Demeure and Libertel: in May 1999, Accor – alongside two US investment funds, Colony and Blackstone –, finalized the acquisition of the hotel division of CGIS, a subsidiary of Vivendi, representing a total of 48 units (3,124 rooms, primarily in the three- and four-star luxury category) operated under the Demeure et Libertel brands.

Acquisition of Franchisees: The merger with **Participations SA** and the transfer of hotel assets of **SEIH** (Société d'Exploitation et d'Investissement Hôtelier) approved by the Extraordinary General Meeting of December 15, 1999 expanded the portfolio of directly-operated units by a total of 35 hotels previously operated under franchise.

35 Additional Hotels in Germany: in November 1999, Accor took over eight hotels previously operated by Queens Hotels. In December 1999, 27 additional hotels (3,056 rooms) joined the Mercure network, expanding Accor's hotel offering in Germany. Accor's German hotel portfolio now encompasses 234 units (28,289 rooms), strengthening the Group's number one position in the German hospitality market.

Expanded Presence in Northern Europe: as part of its strategy to strengthen its presence in Northern Europe, a region where the Economy Hotel segment remains underdeveloped, Accor acquired the Scandinavian hotel chain **Good Morning Hotels** in January 1999. This chain encompasses 21 hotels, including 17 in Sweden and four in Finland.

The hotels have retained their present names and are affiliated with the Ibis network.

In August 1999, Accor also entered a leasing contract for six Danish hotels (666 rooms) located in the heart of Copenhagen.

Asia-Pacific

Management Contracts for 27 Australian Hotels: Accor strengthened its number one position in Australia by taking over management contracts for 27 hotels (3,825 rooms) previously operated by the All Seasons group. These hotels – in the three-

and four-star luxury category – enjoy prime locations, as in Sydney or Melbourne where they are in the center of the business districts.
In addition, in September 1999, Accor and the French Olympic Committee (Comité National Olympique et Sportif Français, CNOSF) signed a partnership convention to support the French team for the Sydney 2000 Olympic Games.
In February 2000, Accor inaugurated the Homebush Bay hotel complex in Sydney, comprising a Novotel and an Ibis hotel, with a combined capacity of 327 rooms.
Institutional Catering in Australia: in April 1999, Accor and Compass announced the establishment of a new joint-venture, "Eurest Australia", 35% held by Accor, which will develop institutional catering activities in Australia, New Zealand and Papua-New Guinea.
Strategic Partnership in China: in August 1999, Jean-Marc Espalioux, Chairman of Accor's Management Board, signed a partnership agreement with Beijing Tourism Group (BTG), one of the leading hotel and tourism operators in China. Through this partnership, Accor took over management of the Peace Hotel in Beijing.

Casinos

Development of Accor Casinos: Accor Casinos pursued its development throughout the year, following its successful bid for the concession of the Dragonara casino in Malta, in early 1999.
In July 1999, Accor established a partnership with Casinos Austria International to acquire a majority interest in Reef Casino Trust, located in Cairns, which comprises a casino (540 slot machines and 45 gaming tables) and a five-star hotel. The joint company is responsible for operating and managing the complex, and the hotel operates under the Sofitel brand.
In October 1999, Accor Casinos acquired two casinos in France, in Besançon and Sables d'Olonne, and won bids for two future casinos in France (Carnac and Briançon) and one in Belgium (Dinant). These five new units strengthen the network of Accor Casinos, now encompassing 10 casinos.

Partnerships: as part of its partnership strategy aimed at bolstering Group sales, Accor has entered an international strategic alliance with Air France in January 1999. This alliance establishes favored commercial links between the two groups, allowing them to gain market share and offer their clients additional services and facilities through simplification and optimization of access to their respective products.
In February 1999, following the acquisition of Frantour, and within the framework of a broader cooperation with the French railway operator SNCF (catering contract aboard trains, opening of Europcar agencies in railway stations), Accor signed an exclusive 'Train+Hotel' marketing agreement with SNCF.

As part of the Group's Resource Reallocation Strategy, a number of assets were sold in 1999, generating total proceeds of € 1,868 million (FRF 12,256 million):

Sale of Europcar: in November 1999, Accor sold its 50% interest in Europcar International.
The impact of the transaction on the Balance Sheet was € 440 million, generating a Capital Gain of € 82 million, included under Exceptional Items.
Simultaneously, Europcar and Accor signed a partnership agreement aimed at extending and broadening the marketing synergies developed by the two groups.

Sales of Hotel Real Estate: Sales of Hotel Real Estate totaled € 1,041 million (FRF 6,853 million), including € 446 million (FRF 2,926 million) in Red Roof Inns properties, € 135 million (FRF 885 million) in Motel 6 properties, and € 460 million (FRF 3,021 million) in real estate related to 63 European hotels.
As a result, the breakdown of hotel portfolio by type of operation has changed during the year: owned hotels declined from 36% of the total number of rooms in 1998 to 32% at 1999 year end.

In March 1999, Accor ***issued 433,484 bonds*** for € 433.5 million. These three-year bonds, bearing interest at 1%, are ***exchangeable into Compass shares*** on the basis of the following ratio: 70.8215 Compass shares for each Accor bond.

If, at maturity, the bondholders have not exercised their right to exchange the bonds, they will be reimbursed at par in cash.

Accor pursued the implementation of its "Accor 2000 – Succeeding Together" Group Project in 1999. Thanks to the satisfactory implementation of the first phase of the Accor 2000 project, Accor's sales and development teams have been reorganized into a single worldwide competitive force.

Phase II of the project, from 2000 to 2002 will cover the implementation of a new worldwide reservation system, "TARS on-line", as well as integrated management (ERP) and e-commerce.
In March 2000, Accor announced that its 2000th hotel had been connected to the Accortel worldwide telecommunications network, cornerstone of the Group's internet strategy.

2000 outlook and strategy

To carry out a "bug-free" transition into the new millennium, Accor devoted 10,000 man/days over the past two years to audit and ensure Y2K compliance of its information systems. On New Year's Eve, the hundred-people strong crisis team, was in contact with Accor units throughout the world -- no material incidents occurred.

Activity Through February 2000

RevPar (revenue per available room) in the Group's European Business and Leisure Hotels rose by 5.5% in the first two months of the year, while RevPar of the Group's European Economy hotel segment rose by 8.3%. RevPar of Economy Hotels in the US rose by 3.2%. Service Issuance Volume increased by 15.4% and Travel Management Traffic by 10.8%.

Strategy and Outlook

Development

As of the end of February 2000, Accor's Hotel portfolio encompassed 3,314 hotels (365,687 rooms), including 92 new hotels opened since the beginning of the year.
In 1999, Accor's Hotel portfolio grew by **22%** (639 hotels, including 322 through the acquisition of Red Roof).
Growth is expected to continue **at annual rate of 10% in 2000-2001.**
A total of 477 projects (60,000 rooms) are currently under development, half of which located in **Europe**, where Accor plays a federating role in the consolidation of the hospitality sector.

Accor's other growth priority is the expansion of its **Economy Hotel offering**, a segment in which the Group enjoys a unique worldwide network.

Services expands their activities geographically and technologically, aiming for one million users of magnetic cards and smart-cards in 2000, and along product lines – products other than the original "Ticket Restaurant" now account for 43% of Accor Services' Issuance Volume.

The development of **Carlson Wagonlit Travel** is entirely dedicated to new technologies, with an operating business-to-business (B2B) intranet and a travel portal under construction.

In April 2000, Accor took a 38.5% interest in **Go Voyages**, specializing in airline charter sales on the French market. This agreement is an important step in the Group's aggressive internet strategy.
In full synergy with Accor activities, this transaction reinforces the Group's presence in the universe of tourism.

Accor, which holds a 23.35% interest in **CNIT SA**, opposes the terms of the April 2000 proposed merger of CNIT and Unibail. The ratio proposed by Unibail values the real-estate assets of CNIT at FRF 1.3 billion, whereas the appraisal commissioned by Accor from an expert to the Court of Appeals and the Administrative Tribunal of Paris declared a market value of FRF 2.4 billion. Accor alerted the COB (Commission des Opérations de Bourse) of the inequitable terms of the proposed transaction, and filed a complaint with the Paris

Tribunal of Commerce in order to postpone the CNIT Shareholders' Meeting scheduled for May 12, 2000.

Internet Strategy

In the new economy, Accor intends to become a "Web Leader" and to establish an "E-Company".

Accor Web Leader

Accor is fully prepared from a technological standpoint thanks to the implementation of its Accor 2000 project, and enjoys a considerable competitive edge – notably through the strength of its brands. Accor Web Leader will use the Internet as a powerful lever to boost its sales and profitability in Hotel activities. Economy Hotel brands, in particular, will be able to access a worldwide audience for their products – this is a revolution in the way Accor does business.
In late April, the new reservation sites of the various Group brands will be launched, enabling consumers to make their reservations on-line, either directly or through three portals (accor.com, accorhotel.com and accorservices.com). Leisure and Economy portals are also being developed, by Accor alone or in partnership with other parties. Simultaneously, Accor is launching an aggressive strategy to establish its presence at all levels of e-distribution.
In the area of Services, Accor is going to launch next fall offers based on the recognition of its products and the trust of its 11 million daily users.

Accor E-Company: Accor E-Company will make investments and establish partnerships in distribution networks with startups specializing in tourism and leisure.

Thanks to its expansion, geographical scope, the diversity of its product offering uniquely suited to meet consumer demand, its productivity gains and modernization initiatives, Accor is particularly well positioned to achieve sustainable growth in profitability. The Internet will provide further momentum to its sales, notoriety and financial performance.

Management of Interest Rate and Currency Risks

Accor's use of financial instruments is directly linked to its financial strategy in terms of investments, financing, and interest rate hedging. The management of interest rate exposure is part of the Group's Debt Management and Financial Assets Management strategies. Finally, operating Cash Flows are partly covered by currency hedges. Operations covered by such hedges and the use of financial instruments such as swaps, caps, and currencies forwards, are detailed below.

Investment Strategy

Whenever the Accor parent company makes a direct or indirect investment in a foreign subsidiary, such investment is usually made in the local currency. Reflecting the long-term nature of these investments, they are not covered through currency hedging.

Short-Term Hedging

Thanks to its position in international financial markets, Accor can gain direct access to a variety of short-term financing sources: French treasury bills, Euro Commercial Paper in London, and Commercial Paper in the US.
Taking advantage of market opportunities, Accor frequently contracts short-term financing (less than six months) in a given currency and at a given price, subsequently swapping this financing into the currency of the transaction requiring funding, at corresponding interest rates in this currency. The use of such financial instruments optimizes resources in the currency of the transaction requiring financing.

Interest Rate Hedging

Accor's consolidated debt comprises both variable-rate and fixed-rate instruments.
Interest rate management takes this breakdown into account for each currency.
Depending on developments in the makeup of its debt portfolio (i.e. new debt or repayment of debt at maturity), as well as expected changes in interest rates in each currency, the Group sets objectives for the breakdown of fixed-rate and variable-rate instruments. These targets are reviewed on a regular basis by Group management.
Based on these objectives, the Group's cash management department negotiates interest rate hedges. Based on underlying assets attached to specific financial conditions, the position is changed from fixed to variable rate (indexed on market benchmarks) or vice-versa.
Interest rate swaps are the most commonly used instruments. They are negotiated through international contracts in accordance with AFB legal guidelines with banking institutions granted quality ratings.

Currency Hedging

Currency Hedging is seldom used by the Group, since intra-Group currency flows are limited. In addition, for most of its activities, Revenues and Expenses are denominated in the same currency, thereby minimizing currency risk exposure.
The Group primarily relies on currency hedging in its travel agency activities. It primarily uses currency forward contracts, based on specified underlying assets (i.e. receivables).

In conclusion, the Accor Group does not engage in speculative trading. Neither the Accor SA Parent Company nor its Group maintains open currency or interest rate positions with material risk exposure.
Accor's interest rate and currency risk management policy was developed to meet strict safety, liquidity, and profitability criteria. It is centralized by the Group's Finance Department.

Shareholder Base

To the best of the Company's knowledge, no single shareholder held 5% or more of the Company's Share Capital as at December 31, 1999.

Employee Shareownership

The development of employee savings programs under favorable terms has been a major objective of Accor's human resources policies for several years.
In 1999, the Management Board has decided to further this strategy through a capital increase reserved to Group employees, pursuant to Resolution 15 adopted by the Ordinary and Extraordinary Annual General Meeting of Shareholders of May 27, 1999. The subscription period ran from June 1 through June 30, 1999. This transaction led to the issuance of 329,170 shares of € 3 par value each, at a price of € 38.80 per share, representing 0.17% of the Company's outstanding Share Capital at December 31, 1999. Approximately 40% of the Group's French employees, or 7,000 people, participated in this transaction. Through transactions of this type, Accor aims to encourage long-term savings of Group associates under favorable economic and tax conditions, and to align the interests of the Group with those of its salaried employees. Such transactions also strengthen cohesiveness of Group teams beyond the targets assigned to each individual brand or division, by reinforcing membership within the Accor Group. In 2000, Accor intends to expand its Employee Ownership Program to associates outside of France.

Comments by the Supervisory Board to the Combined Shareholders' Meeting

In its March 21, 2000 Meeting, the Supervisory Board examined the Financial Statements for fiscal year 1999 and the Management Report by the Executive Board. These statements attest to Accor's on-going emphasis on steady and regular growth in Revenues and Results and to the success of the Resource Reallocation Policy, which made it possible to step up the pace of growth and prepare for the future without interfering with the Group's increasing profitability.

The Supervisory Board expresses its satisfaction with the Group's performance in 1999 and its confidence in the balanced and lasting growth strategy adopted by the Management Board under the leadership of its Chairman.

The Management Board has proposed setting the Dividend at 0.9 euros per share – 1.35 euros with tax credit – which represents an increase of 12.5% over the Dividend paid out for 1998.

The Supervisory Board approves this proposal.

The Supervisory Board also urges the Annual Meeting to adopt all the Resolutions submitted to it.

Management Board's Report

to the Shareholders' Meeting

This report contains the text of the Resolutions being submitted to the Meeting of the Shareholders for action, together with the reasons why they are being recommended.

Business Items for the Ordinary Meeting of the Shareholders

Approval of Financial Statements and Regulated Agreements

The **first resolution** calls on the Meeting to approve the 1999 financial statements submitted to it by the Management Board.
The **second resolution** relates to agreements governed by Article 143 of the French Business Corporations Act (Law 66-537 of July 24, 1966), as authorized during 1999 by the Supervisory Board (non-management directors) and covered in the special report prepared by the Statutory Auditors.

Allocation of Surplus

The Management Board recommends that the Meeting allocate the distributable earnings, which can be broken down as follows:

- 1999 Net Earnings
  € 243,982,908.00 (FRF 1,600,422,963.81)
- Plus Retained Earnings Carried Forward
  € 325,893,963.25 (FRF 2,137,724,264.52)
- Total Distributable Earnings
  € 569,876,871.25 (FRF 3,738,147,228.33)

in the following manner:

- To Dividend
  € 166,933,783.80 (FRF 1,095,013,840.20)
- To Dividend Withholding Tax
  € 57,074,811.15 (FRF 374,386,219.00)
- Retained Earnings
  € 345,868,276.29 (FRF 2,268,747,169.13)

The allocation of surplus is covered by the **third resolution.**

Dividend

The recommended dividend shall be distributed to the 185,481,982 shares entitled to dividends as of January 1, 1999.
The amount of the dividend shall be € 0.90 (FRF 5.9036), or € 1.35 (FRF 8.8554) per share including a dividend tax credit, up 12.50% from the 1998 dividend. The dividend shall be paid on Wednesday, June 14, 2000.
The dividends distributed for the past three fiscal years were as follows (after restatement for the decrease in share par value from € 15 to € 3):

	1996		1997		1998	
	FRF	€	FRF	€	FRF	€
Net dividend	4.00	0.60	4.60	0.70	5.25	0.80
Tax paid	2.00	0.30	2.30	0.35	2.62	0.40
Total income	6.00	0.90	6.90	1.05	7.87	1.20

Authorization to Management Board to Trade Company Stock

The Combined Ordinary and Extraordinary Meeting of the Shareholders of May 27, 1999 authorized the Management Board to trade Company stock on the stock exchange within the meaning of Article 217-2 et seq. of the French Business Corporations Act at a purchase price of up to € 305 and a selling price of no less than € 125, for a share par value of € 15 at the time. Pursuant to that authorization, in 1999 the Company bought 310,000 shares (stated as shares with a par value of € 3) at an average price of € 44.22 per share, paying € 48,126 in commissions. The Company has not resold the shares, so on December 31, 1999 it held 547,500 shares of its own stock, each with a par value of € 3, for a total of € 23,634,898 comprising 0.29% of the capital stock on that date.

The Meeting is asked to renew the authorization granted to the Management Board to trade Company stock under the statutes and regulations governing such transactions, as described in the prospectus approved by the French Securities and Exchange Commission and issued by the Company. The goals of the stock redemption program are set forth in the prospectus and the **fourth resolution** submitted to the Meeting for vote.

The authorization shall remain in effect for eighteen months. The purchase price shall be no higher than € 60, and the selling price shall be no lower than € 25. The Company shall purchase no more than 12 million shares of its own stock under this authorization, for a purchase price of up to € 720 million.

In its annual report to the Meeting of the Shareholders, the Management Board shall account for how it has utilized the authorization granted to it.

Business Items for the Extraordinary Meeting of the Shareholders

Authorization to Management Board to Decrease Capital Stock by Cancellation of Shares

The Meeting of the Shareholders is asked to authorize the Management Board to cancel all or a portion of shares acquired pursuant to the fourth resolution, not to exceed 10% of the capital stock per twenty-four-month period, and to decrease the capital stock by a corresponding amount.

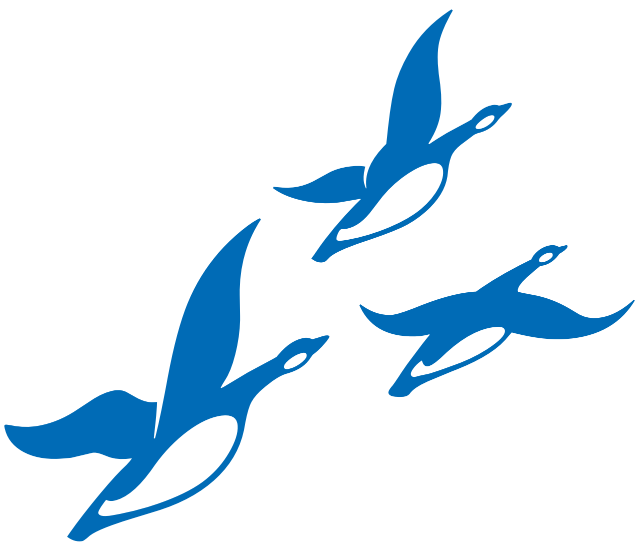
This authorization to the Management Board, which is addressed by the Statutory Auditors in a special report as required by law, is covered by the **fifth resolution.**

Authorization to Management Board to Use Capital Increase Authorizations Not Restricted to Named Beneficial Owners, in the Event of a Takeover Bid

The **sixth resolution** authorizes the Management Board to make use of authorizations to issue new securities in its possession not restricted to named persons or entities, if necessary, at such times as the Company stock becomes the target of a takeover bid.

This authorization shall remain in effect until the Meeting of the Shareholders held to consider the 2000 financial statements.

Consolidated Financial Statements



Auditors' Report
For the Year Ended December 31, 1999

In accordance with our appointment by the General Shareholder's Meeting, we hereby present our report on the accompanying Consolidated Financial Statements of Accor, for the year ended December 31, 1999.

We have audited the Consolidated Financial Statements in accordance with professional standards.

These standards require to proceed so as to gain reasonable assurance that the consolidated accounts do not include any material error. The audit surveys the various elements corresponding to the information presented in the accounts. It also looks at the accounting principles and the valuations used in the preparation of the accounts.We believe these controls provide an adequate basis for the opinion presented below.

In our opinion, the Consolidated Financial Statements present adequately and fairly the financial position and net assets of the Group as at December 31, 1999 and the results of its operations for the year then ended.

We do not have any comments on the financial information provided in the Management Board's report.

Neuilly, March 22, 2000

Statutory Auditors		Independent Accountants
Barbier Frinault & Autres Arthur Andersen	Deloitte Touche Tohmatsu - Audit	Deloitte Touche Tohmatsu
Christian Chochon	Alain Pons	

Members of the Compagnie de Versailles

Consolidated Income Statement

in millions	Notes	1997	1998	1999	
		€	€	€	FRF
Revenues		**4,781**	**5,554**	**6,044**	**39,639**
Other Operating Revenues		62	69	61	395
Consolidated Revenues	3	**4,843**	**5,623**	**6,105**	**40,034**
Operating Expenses		(3,733)	(4,272)	(4,545)	(29,809)
Gross Operating Profit		**1,110**	**1,351**	**1,560**	**10,225**
Rental Expense	4	(283)	(402)	(478)	(3,138)
EBDIT		**827**	**949**	**1,082**	**7,087**
Depreciation and Operating Provision Expense		(304)	(307)	(359)	(2,352)
EBIT	4	**523**	**642**	**723**	**4,735**
Net Financial Expense	5	(163)	(158)	(143)	(937)
Net Income from Associated Equity Companies, Group Share	6	13	12	15	98
Total Income from Operations		**373**	**496**	**595**	**3,896**
Result from Management of Hotel Portfolio	7	1	(15)	18	120
Current Income before Taxes		**374**	**481**	**613**	**4,016**
Result from Management of Other Assets	8	11	21	(29)	(194)
Goodwill Amortization		(45)	(60)	(68)	(443)
Income Taxes	9	(121)	(153)	(222)	(1,454)
Exceptional Items (Net of Taxes)	10	41	37	82	538
Minority Interests		(30)	(29)	(24)	(157)
Consolidated Net Income, Group Share		**230**	**297**	**352**	**2,306**
Average Number of Shares Outstanding (in thousands)		**177,785**	**179,670**	**181,280**	**181,280**
Earnings per Share (in € / in FRF)		**1.29**	**1.65**	**1.94**	**12.72**
EBITDA	17	***862***	***970***	***1,096***	***7,191***

Consolidated Balance Sheet

Assets (at December 31)

in millions	Notes	1997	1998	1999	
		€	€	€	FRF
Intangible Fixed Assets	11	**459**	**457**	**530**	**3,477**
Goodwill (Net of Amortization)	12	**1,188**	**1,247**	**1,684**	**11,045**
Property, Plant and Equipment Net of Accumulated Depreciation	13	**4,115**	**3,458**	**4,518**	**29,639**
Long-Term Loans	14	214	243	280	1,840
Investments in Associated Equity Companies	15	139	152	204	1,338
Other Financial Assets	16	418	333	163	1,067
Financial Assets		**771**	**728**	**647**	**4,245**
Fixed Assets	17	**6,533**	**5,890**	**7,379**	**48,406**
Inventories		176	114	78	511
Trade Accounts Receivables		992	1,070	1,052	6,902
Other Receivables	18	445	499	584	3,829
Service Vouchers Reserved Funds		199	205	230	1,506
Financial Receivables Related to Vehicle Buy-Back	25	299	415	–	–
Receivables on Short-Term Asset Disposals	25	112	22	265	1,740
Short-Term Loans	25	101	58	138	904
Marketable Securities	25	423	491	619	4,062
Cash and Equivalents	25	317	445	488	3,204
Current Assets		**3,064**	**3,319**	**3,454**	**22,658**
Prepaid Expenses		97	167	159	1,041
Deferred Charges		31	48	60	396
Prepaid Expenses and Deferred Charges		**128**	**215**	**219**	**1,437**
Total Assets		**9,725**	**9,424**	**11,052**	**72,501**

Liabilities and Shareholders' Equity (at December 31)

in millions	Notes	1997	1998	1999	
		€	€	€	FRF
Share Capital		547	551	556	3,650
Additional Paid-in Capital		1,538	1,560	1,655	10,857
Reserves (Retained Earnings)		460	516	627	4,115
Translation Adjustments		69	(50)	89	582
Net Income for the Year		230	297	352	2,306
Shareholders' Equity	19	**2,844**	**2,874**	**3,279**	**21,510**
Minority Interests	20	191	175	185	1,216
Shareholders' Equity and Minority Interests		**3,035**	**3,049**	**3,464**	**22,726**
Provisions	21	402	519	604	3,964
Repackaged Perpetual Subordinated Floating Rate Notes (TSDI)	22	437	402	363	2,382
Convertible Bonds	23	307	307	291	1,911
Exchangeable Bonds	23	–	–	434	2,843
Other Long-Term Debt	25	2,062	1,176	1,667	10,935
Capital Leases	25	189	205	242	1,590
Long-Term Debt	24	**2,558**	**1,688**	**2,634**	**17,279**
Non-Current Liabilities and Shareholders' Equity		**6,432**	**5,658**	**7,065**	**46,351**
Trade Accounts Payable		626	705	584	3,828
Other Payables	18	705	790	1,031	6,762
Service Vouchers in Circulation		1,013	1,030	1,142	7,489
Short-Term Debt	25	711	867	831	5,454
Due to Banks	25	186	308	347	2,277
Current Liabilities		**3,241**	**3,700**	**3,935**	**25,810**
Accrued Liabilities		52	66	52	340
Total Liabilities and Shareholders' Equity		**9,725**	**9,424**	**11,052**	**72,501**

Consolidated Statement of Sources and Uses of Funds

in millions	Notes	1997	1998	1999	
		€	€	€	FRF
Consolidated Net Income, Group Share		230	297	352	2,306
Minority Interests		30	29	24	157
Depreciation, Amortization and Provision		349	367	426	2,795
Net Income from Associated Equity Companies, Group Share, Net of Actual Dividends Received		3	(4)	1	7
Deferred Taxes		12	28	10	68
Financial Provisions and Provisions on Assets Management		304	153	105	690
Consolidated Cash Flow		**928**	**870**	**918**	**6,023**
Net Realized Capital (Gains) / Losses on Asset Sales		(314)	(208)	(213)	(1,396)
Non-Operating Losses / (Profit)		(13)	34	73	475
Consolidated Cash Flow from Operations		**601**	**696**	**778**	**5,102**
Investments for Renovation and Maintenance		(316)	(357)	(431)	(2,830)
Free Cash Flow		**285**	**339**	**347**	**2,272**
New Capital and Technology Expenditure		(715)	(731)	(2,680)	(17,577)
Proceeds from Asset Disposals (Excluding Europcar)		729	1,438	1,428	9,370
Net Impact of the Sale of Europcar in 1999		–	–	440	2,888
Decrease / (Increase) in Working Capital		71	(24)	14	94
Non-Operating Gains (Losses)		13	(34)	(72)	(475)
Net Sources / (Uses) from Operations		**383**	**988**	**(523)**	**(3,428)**
Dividends		(156)	(210)	(218)	(1,432)
Capital Increases		155	26	101	661
Currency Translation Adjustments on Fixed Assets and Shareholders' Equity		(161)	29	(243)	(1,598)
Changes in the Scope of Consolidation on Provisions and Minority Interests		(82)	(27)	52	342
Net Impact of Consolidation of Europcar in 1997		(105)	–	–	–
Decrease / (Increase) in Net Indebtedness	25	**34**	**806**	**(831)**	**(5,455)**
Net Indebtedness (Beginning of the Period)		(2,674)	(2,640)	(1,834)	(12,027)
Net Indebtedness (End of the Period)		(2,640)	(1,834)	(2,665)	(17,482)
Decrease / (Increase) in Net Indebtedness	25	**34**	**806**	**(831)**	**(5,455)**

Changes in Consolidated Shareholders' Equity (Before Minority Interests)

in € millions	Number of Shares Outstanding	Share Capital	Additional Paid-in Capital	Translation Adjustments	Reserves (Retained Earnings)	Consolidated Shareholders' Equity
At December 31, 1997	**179,262,085**	**547**	**1 538**	**69**	**690**	**2,844**
Capital Increases						
• Conversion of Bonds	1,860	–	–	–	–	–
• Exercise of Stock Options	1,441,050	4	22	–	–	26
• Stock Dividends	–	–	–	–	–	–
Dividend	–	–	–	–	(174)	(174)
Translation Adjustments	–	–	–	(119)	–	(119)
Net Income for 1998	–	–	–	–	297	297
At December 31, 1998	**180,704,995**	**551**	**1,560**	**(50)**	**813**	**2,874**
Capital Increases						
• Conversion of Bonds	623,302	2	14	–	–	16
• Exercise of Stock Options	1,067,500	3	15	–	–	18
• Through Merger/Transfer of Assets	2,757,015	8	46	–	–	54
• Through Employees Subscription	329,170	1	12	–	–	13
Dividend	–	–	–	–	(187)	(187)
Translation Adjustments	–	–	–	139	–	139
Conversion of Share into Euros	–	(9)	8	–	1	–
Net Income for 1999	–	–	–	–	352	352
At December 31, 1999	**185,481,982**	**556**	**1,655**	**89**	**979**	**3,279**

in FRF millions	Number of Shares Outstanding	Share Capital	Additional Paid-in Capital	Translation Adjustments	Reserves (Retained Earnings)	Consolidated Shareholders' Equity
At December 31, 1997	**179,262,085**	**3,586**	**10,088**	**455**	**4,525**	**18,654**
Capital Increases						
• Conversion of Bonds	1,860	–	–	–	–	–
• Exercise of Stock Options	1,441,050	28	142	–	–	170
• Stock Dividends	–	–	–	–	–	–
Dividend	–	–	–	–	(1,142)	(1,142)
Translation Adjustments	–	–	–	(781)	–	(781)
Net Income for 1998	–	–	–	–	1,951	1,951
At December 31, 1998	**180,704,995**	**3,614**	**10,230**	**(326)**	**5,334**	**18,852**
Capital Increases						
• Conversion of Bonds	623,302	12	92	–	–	104
• Exercise of Stock Options	1,067,500	22	98	–	–	120
• Through Merger/Transfer of Assets	2,757,015	54	300	–	–	354
• Through Employees Subscription	329,170	6	77	–	–	83
Dividend	–	–	–	–	(1,218)	(1,218)
Translation Adjustments	–	–	–	908	–	908
Conversion of Share into Euros	–	(58)	60	–	(1)	1
Net Income for 1999	–	–	–	–	2,306	2,306
At December 31, 1999	**185,481,982**	**3,650**	**10,857**	**582**	**6,421**	**21,510**

The change in translation adjustments between 1997 and 1998, and between 1998 and 1999 primarily stems from the impact on the Group's North American assets - mainly the Motel 6 chain - of the higher or lower US dollar exchange rate relative to the French Franc : (1997 : 5.9881, 1998 : 5.6221, 1999 : 6.52953).
In addition, part of the change in translation adjustments for the period is attributable to the impact of the devaluation of the Brazilian Real. The Brazilian Real versus French Franc exchange rates used for the financial statements at December 31, 1997, December 31, 1998 and December 31, 1999 were 5.3654, 4.65310 and 3.64057, respectively.

Key Management Ratios

	Notes	1997	1998	1999
		€	€	€
Gearing	a	87.0%	60.0%	77.0%
FFO / Net Debt	b	19.4%	19.6%	21.0%
Fixed Charge Cover	c	4.3	4.6	5.2
Return On Capital Employed	d	10.2%	11.2%	11.2%
Economic Value Added (in millions)	e	141.0	214.0	224.0

Note a : Gearing is the ratio used by the Group to assess its Indebtedness. It is the ratio of Net Debt to Shareholders' Equity including Minority Interests.

Note b : Funds From Operations / Net Debt. Pursuant to the methodology applied by major rating agencies, the ratio of Funds From Operations to Net Debt is established as follows:

- Consolidated Cash Flow from Operations (see Consolidated Statement of Sources and Uses of Funds) are adjusted to reflect 2/3 of rents paid during the year;
- Net Debt is restated to take into account Investments and Divestitures, prorated on the basis of their impact in the Income Statement. For example, proceeds generated by a divestiture occurring on December 31 of year N will be fully restated under 'Net Debt'. In addition, Restated Net Debt is adjusted to include five times rents paid during the current year.

Note c : Fixed Charge Cover Ratio is the ratio of EBITDA to Net Financial Expense, adjusted to reflect 1/3 of rents paid during the year.

Note d : Return On Capital Employed, or ROCE, is defined in Note 17.2.

Note e : Economic Value Added (EVA)
Weighted Average Cost of Capital (WACC) used for the calculation of Economic Value Added in 1997, 1998 and 1999 was 6.39%, 6.26% and 6.39%, respectively.

Notes
to the Consolidated Financial Statements

note 1 Accounting Principles

The Consolidated Financial Statements of the Accor Group are established in accordance with French regulations presently in force (former methodology).
Due to the international nature of the Accor Group's activities, it adopts methods that are generally accepted internationally, whenever possible.
The Financial Statements of Consolidated Group companies, prepared in accordance with the rules of the individual countries in which they operate, are restated to conform to Group principles prior to consolidation.

A. Consolidation Methods

The companies over which the Group directly or indirectly exercises exclusive controlling influence are fully consolidated.
Companies controlled and operated jointly by Accor and a limited number of partners are consolidated through proportional integration.
Companies over which the Group exercises a significant influence and in which it controls, directly or indirectly, between 20% and 50% of voting rights, are accounted for by the equity method.

B. Goodwill

Within the first year following an acquisition, all assets and liabilities of an acquired business are reviewed and valued. Whenever possible, the difference between the purchase price and the fair value of the Group's share of the underlying net assets at the date of acquisition is posted to the corresponding balance sheet item. The balance is recorded as goodwill in the consolidated balance sheet and is amortized on a straight-line basis according to the nature of the activities involved, within the maximum following limits:

• Hotels	40 years
• Onboard Train Services	40 years
• Services	40 years
• Travel Agencies	40 years
• Restaurants	20 years
• Casinos	20 years
• Car Rental	20 years
• Other	10 years

C. Translation of Financial Statements Prepared in Foreign Currencies

Foreign-currency denominated balance sheet items are translated into French Francs at year-end exchange rates. Income statement items are translated at average annual rates. The resulting difference is posted to Shareholders' Equity.
In the case of subsidiaries operating in exceptionally high-inflation countries, non-monetary balance sheet items and related Income Statement Items are translated at historical rates prevailing on the date of the transaction, while monetary balance sheet items are translated at year-end rates. Monetary Income Statement Items are translated at average monthly historical rates. The resulting difference is posted to the appropriate item of the Income Statement based on the integral adjustment method. The integral adjustment method used to present Revenues and Expenses provides maximum insight by allocating currency rate adjustments directly to the relevant Income Statement Items. As a result, Revenue and Expense Items are translated into French Francs, using exchange rates close to the appropriate historical rates.

D. Fixed Assets

D.1. Intangible Fixed Assets

Intangible Fixed Assets are recorded at cost.
Prior to initial consolidation, major intangible fixed assets are valued by outside appraisers on the basis of commonly accepted criteria which can be subsequently monitored. When these assets may not be amortized, their value is periodically reviewed and losses in value, if any, are provisioned for.
Start-up costs are written off over a maximum period of five years. Only networks and brand names are not subject to amortization, but may reflect a provision for risks.

D.2. Property, Plant and Equipment

Property, Plant and Equipment are valued at cost, including related financial charges.
Property, Plant and Equipment are depreciated on a straight-line basis over the following useful lives:

Formule 1 hotels / Motel 6 motels	40 years
Other hotels	60 years
Rail cars and other railway equipment	20 years
Other equipment	10 to 30 years
Fixtures and fittings	5 to 10 years
Rental cars	see hereafter

Vehicles leased out under long-term contracts (long-term operating fleet) are included under Property, Plant and Equipment and depreciated over their contractual useful life (whether or not the vehicles are subject to a buy-back contract from the manufacturer). Rental vehicles leased out under short-term contracts, which are typically held for less than six months, are not included under Property, Plant and Equipment (see Notes E and G).

D.3. Long-Term Leases, Financial Leases, Sale and Lease-Back

Pursuant to French legislation in force, the Group accounts for its long-term leases according to International Accounting Standards as defined in Standard N° 17. Capital Leases are distinguished from Operating Leases based on set criteria as defined in Standard N° 17 and in greater detail in US Accounting Standard SFAS 13.
Beyond the strict application of these quantifiable criteria, the Group systematically favors an economic analysis of risks and ownership benefits in the relationship between lessor and lessee.
Consequently, it classifies leases as operating from the standpoint of the lessee only when related Liabilities and Commitments are substantially weighted towards the lessor.
Capital Leases which substantially transfer the risks and rewards of ownership to the lessee are recognized in the Balance Sheet. The corresponding Assets are included under Fixed Assets as properties and depreciated according to the Group's accounting principles and the corresponding obligation is listed separately as a liability in the Balance Sheet.
Operating Leases are recognized as rental expenses of the period. Regardless of contractual payment terms, total Rental Expenses are annualized on a straight-line basis and expensed on an economic basis in equal annual installments over the life of the contract. Future rental charges are detailed in Note 4.2.
Sale and-Lease-Back transactions are recognized based on the classification of the underlying long-term leases:

• for Capital Leases, the Capital Gains or Losses are deferred and amortized over the life of the contract, except when it shows an impairment of the underlying asset value which is immediately recognized;
• in the case of Operating Lease contracts, assuming sales prices and rents are confirmed to reflect market values by independent experts, Capital Gains or Losses are immediatly recognized.

Sale and Lease-Back transactions are primarily related to Hotel and Car Rental activities.

D.4. Investments in Unconsolidated Companies

Investments in Unconsolidated Companies are recorded at cost.

D.5. Book Value of Fixed Assets

Fixed Assets are valued at cost. When cost exceeds the fair value of the asset, a provision is made to recognize the loss of value.
Fair value is based upon an evaluation of the asset's usefulness in enabling the company to achieve its strategic goals.

In particular, in the case of Hotel properties, fair value is estimated on the basis of a multiple of average Free Cash Flow over the duration of a Hotel industry business cycle. Depreciation, if any, is posted to income under Result from Management of Hotel Portfolio (see Notes 1.O.4 and 7).
In addition, in the case of unconsolidated investment securities, usefulness value is based, among other criteria, on the Company's share in revalued net worth and future profitability prospects.
Provisions for loss of value are written to reduce assets held for disposal to market value. As part of the Group's Resource Reallocation Program implemented in 1997, these provisions are included under Exceptional Items.

E. Inventories

Inventories are valued on the basis of weighted average prices. They are depreciated, as needed, on the basis of estimated realization value.
In Car Rental activities, vehicles leased out under short-term contracts (short-term operating fleet) which are not subject to a buy-back contract from the manufacturer are included under Inventories and their utilization cost (difference between purchase cost and estimated resale value) is expensed on a straight-line basis over the period for which they are held. Vehicles leased out under short-term contracts which are subject to a buy-back contract from the manufacturer are recorded as Financial Receivables (see paragraph G).

F. Special Reserved Funds

As a result of legal restrictions on the use of Ticket Restaurant operating funds in France, these are held in special escrow accounts.

G. Financial Receivables Related to Vehicle Buy-Back Contracts

These Financial Receivables correspond to the Buy-Back Value guaranteed by the vehicle manufacturers pursuant to Short-Term Buy-Back Contracts for vehicles leased out under Short-Term Rental Contracts.

H. Marketable Securities

Marketable Securities are recorded at the lower of cost or market.

I. Deferred Charges

Deferred Charges include:
• costs incurred prior to the opening of new Hotels and Restaurants, which are written off over three years in the case of Hotels and over one year in the case of Restaurants;
• costs related to the acquisition of fixed assets, which are written off over a maximum of five years;
• bond issuance costs, which are written off over the life of the issue;
• costs related to the development of data processing systems, which are written off over the useful life of the systems.

J. Prepaid Expenses

Prepaid Expenses correspond to expenses paid during a given period but related to the following period. In particular, prepaid expenses include the utilization cost of rental vehicles (difference between purchase cost and estimated resale value), which is expensed on a straight-line basis over the period for which these vehicles are held.

K. Provisions for Pension and Retirement Benefits

The Group's local Retirement, early Retirement and severance payment programs are established in accordance with the regulations and usage prevailing in the countries in which it operates.
In the case of fixed-premium policies, premiums are expensed as incurred. In the case of defined-benefit policies, provisions are based on actuarial calculations taking into account probable future liabilities in accordance with the regulations specific to each country.

L. Translation of Foreign Currency-Denominated Transactions

For each Group entity, transactions denominated in a currency other than its own functional currency are translated into that currency at the exchange rate prevailing at the time of the transaction. Corresponding assets and liabilities, with the exception of those covered by currency hedging transactions, converted into French francs, are translated at year-end rates. Exchange gains and losses resulting from year-end exchange rate conversions are posted to Net Financial Income.
In the case of Receivables and Debts denominated in currencies of the Euro zone ("in" currencies), the Group has used the conversion rates set irrevocably on December 31, 1998 between the "in" currencies and the Euro, and effective since January 1, 1999. The corresponding foreign exchange gains and losses have been posted to Net Financial Expense.

M. Deferred Taxes

Deferred Tax credits or Liabilities are based on the liability method, taking into account historical tax rates. The impact of changes in tax rates is posted to income for the corresponding year.
Deferred Taxes are recorded on all timing differences.
Deferred Tax Assets on Tax Losses carried forward are recognized only if they are likely to be used within a reasonable time frame.

N. Financial Instruments

Financial Instruments such as swaps and options contracts primarily used to manage interest rate and currency exposure are recorded as off-balance sheet commitments.
Income from hedging transactions is recognized using the same principle as that applied to the recognition of Income or Expense on the hedged asset or liability.

O. Income Statement and Statement of Sources and Uses of Funds

The presentation of the Consolidated Income Statement and Statement of Sources and Uses of Funds is matching closely the key indicators used internally for managing its activities and assessing management performance.

O.1. Consolidated Revenues

Consolidated Revenues include all revenues from sales of products and services by consolidated companies in the course of their normal activities.
They encompass:
• for Services : commissions paid by client companies, and participating restaurants, royalties and revenues from technical assistance;
• for Travel Agencies : commissions on travel tickets, car rental and hotel accommodations, fees related to service contracts, and revenues from the sale of travel packages. This definition of revenues corresponds to the evolution underway in the travel agency business;
• for Onboard Train Services : catering and lodging services charged to railway networks, as well as subsidies received and capital improvements performed by the Group;
• for Casinos : gross receipts from gaming activities (slot machines and traditional casino games).

O.2. Other Operating Revenues

Other Operating Revenues comprise Financial Income on the management of available funds generated by Services activities.
Together, Consolidated Revenues and other Operating Revenues make up the Consolidated Sales.

O.3. Total Income from Operations

The heading "Total Income from Operations" reflects results from operations and financing of the Group's activities. It combines EBIT, Net Financial Expense, and the Net Income from Associated Equity Companies, Group Share.

O.4. Result from Management of Hotel Portfolio

Result from Management of Hotel Portfolio encompasses realized Capital Gains and Losses on the sale of Hotel properties, as well as provisions on Hotel properties. These items of a recurring nature in the ongoing management of Hotel operations are not directly related to the management of the Company's operations.

O.5. Current Income Before Income Taxes
Current Income Before Income Taxes is the sum of Total Income from Operations and Result from Management of Hotel Portfolio (before Amortization of Goodwill).

O.6. Result from Management of Other Assets
Result from Management of Other Assets encompasses realized Capital Gains and Losses on the sale of other assets, excluding Hotel Portfolio, provisions, as well as non-operating losses and gains. These items are not directly related to the management of the Company's operations.

O.7. Exceptional Items (Net of Taxes and of Minority Interests)
Exceptional Items are essentially limited to extraordinary transactions -- such as disposal of Group core activities -- which are not part of the Group's current activities, and do not occur frequently.

O.8. Statement of Sources and Uses of Funds
The statement of Sources and Uses of Funds was reorganized to match the key indicators used internally in the management of Accor's activities and to differentiate Uses and Sources of Funds from Operations on the one hand, and financing activities on the other.
Sources and Uses of Funds from Operations include:
• Consolidated Cash Flow from Operations after changes in deferred taxes and before Capital Gains or Losses on asset sales;
• Capital Improvements, which cover maintenance and renovation of existing operating assets held on January 1 of the reporting year and required by their ongoing operations;
• New Capital Investments, including fixed assets of newly consolidated subsidiaries and the constitution of new assets;
• Capital Gain or Losses on Asset Sales;
• Net Change in Working Capital.

note 2 Changes in the Scope of Consolidation

Reallocation of Resources

Pursuant to information provided at the Shareholders' Meetings of January 7 and June 4, 1997, the Group has completed in the first half of 1997 an extensive strategic review of its activities and operating procedures. This review led to the identification of certain non-strategic assets, whose disposal has been initiated in 1997 and pursued during the past two years.
The impact of the Group's Resource Reallocation Program since 1997 has been as follows:

A. Disposals Conducted as Part of the Resource Reallocation Program

A.1. Disposal of Hotel Activities

A.1.1. Disposal of Hotel properties
As part of its Resource Reallocation Program, the Group has identified Hotel properties as a low profitability activity and has initiated a program to dispose of these activities, which has resulted in 1997 in the sale of:
• 35 Motel 6 units for USD 130 million (€ 118 million or FRF 773 million);
• 29 Business and Leisure Hotels (13 Novotel and 16 Mercure units) for € 113 million (FRF 741 million);
• 5 Ibis Hotels for € 29 million (FRF 188 million).
In 1998, in the sale of:
• 261 Motel 6 Units (30,339 rooms) for a gross value of USD 1,005 million (€ 853 million or FRF 5,594 million, net value);
• 5 Novotel Units (572 rooms), 3 Mercure units (709 rooms), 1 Sofitel (109 rooms) and 30 Economy and Budget hotels (Ibis/Etap/Formule 1) for € 114 million (FRF 751 million), all located in France.
In addition, the Group has decided to expand the Hotel property disposal plan of its Resource Reallocation Program to an additional lot of 44 Motel 6 units, with an estimated value of USD 150 million or € 137 million (FRF 900 million). The accounting treatment of this decision led the Group to reduce the valuation of these assets from usefulness value

to fair market value. Consequently, a € 13.9 million (FRF 91 million) provision, included in exceptional items, was written at December 31, 1998 (see Note 10). The Group sold these assets, after the closing date of December 31, 1998. This disposal had no material impact on the Group's income statement in 1999.
Finally, in 1999, the Group completed the following hotel property disposals:

- 36 Economy Hotels (Ibis, Etap and Formule 1) for a total consideration of € 240 million (FRF 1,577 million) in France, Germany and Great-Britain;
- 56 Motel 6 Units (of which 12 including real estate component and ongoing business and 44 including real estate component alone) for a total consideration of € 135 million (FRF 885 million);
- 142 Red Roof Inns (real estate component alone) for a total consideration of € 446 million (FRF 2,926 million);
- 27 Business and Leisure Hotels (real estate component alone; 1 Sofitel, 16 Mercure and 10 Novotel units), chiefly in the UK (10 Novotel units) and The Netherlands (14 Mercure units), for a total consideration of € 242 million (FRF 1,585 million).

A.1.2. Sale of Hotelia (Medotels)

In 1998, Accor sold the entire share capital of Medotels to the US group Holiday Retirement Inc. This transaction, based on an enterprise value of € 82 million (FRF 540 million) generated capital gains after taxes of € 18.8 million (FRF 123 million), posted under exceptional items (see Note 10).

A.2. Disposal of Non-Strategic Assets

A.2.1. Sale of Part Interest in Compass PLC

At December 31, 1996, the Accor Group held 68,300,201 shares of Compass Plc. These shares had been received in 1995 as partial remuneration of the sale of Eurest France and Eurest International to Compass Plc.
As part of Accor's resource reallocation strategy, the Group sold 36,500,000 Compass Plc shares in the first half of 1997, corresponding to 11.5% of Compass's share capital, at a price of GBP 7 per share, thereby realizing a net capital gain of € 202 million or FRF 1,323 million (see Note10). Following this transaction, the Group's interest in Compass Plc was reduced to 10%. Since January 1, 1997, Compass Plc is no longer accounted for by the equity method. Accor's remaining interest in Compass Plc has been transferred to Investment in unconsolidated companies as of January 1, 1997, on the basis of their equity method valuation (after translation adjustments).
In 1998, the Group sold 16,446,760 Compass shares (32,893,520 new shares), generating net proceeds of € 200 million (FRF 1,313 million), thereby realizing a net capital gain of € 130 million or FRF 851 million.
In March 1999, the Group has issued bonds exchangeable into Compass shares. Holders of these bonds, with a par value of € 1,000 and a three-year maturity (to March 29, 2002), bearing interest at 1%, and for a total value of € 434 million (FRF 2,843 million), may at anytime convert their bonds into Compass shares or, at the option of Accor, receive their equivalent in cash, or be reimbursed at par in cash at maturity. The number of Compass shares concerned by this issue is 30,699,987. The bond issue price represented a 28% premium over the equivalent Compass share price at the time of the issuance of the bonds (£ 7.45 or € 11.03), taking into account a conversion ratio of 70.8215 Compass shares per Accor bond. This transaction has formalized the Group's intention to dispose of its entire interest in Compass in the future. Consequently, the Compass shares held by the Group have been reclassified as marketable securities in Accor's consolidated balance sheet at January 1, 1999.
Finally, in the first half of 1999, Accor has sold and purchased Compass shares in the open market (cf. Note 8). Compass shares held as of December 31, 1999 amounted £ 261 million (€ 162 million).

A.2.2. Sale of Spanish Public Restaurant Activities

In the second half of 1998, the Accor Group has sold all of the shares it owned in Geresa, a Spanish public restaurant company (roadside, airport concessions…). This transaction, based on an enterprise value of € 30 million (FRF 194 million), generated capital gains after taxes of € 13.4 million (FRF 88 million), recorded in exceptional items (see Note 10).

A.2.3. Sale of 50% of Brazilian Public Restaurant and Institutional Catering Activities

In December 1998, in order to establish a strategic alliance with Compass in Brazilian Public Restaurant and Institutional Catering activities, Accor Brasil, a 50%-owned Accor subsidiary, has transferred all of its Brazilian assets in these two activities to an equally owned joint-venture with Compass. Since December 1, 1998, these activities, jointly controlled by Accor Brasil and Compass, are consolidated through proportional integration in the Group's Balance Sheet and Income Statement. This transaction generated a Capital Gain, Group share, of € 19.4 million (FRF 127 million), recorded in Exceptional Items (see Note 10). Taking into account the devaluation of the Brazilian real in January 1999 as well as the Group's financial strategy, pursuant to which the Capital Gain on this Sale should be distributed in the form of a Dividend, a Provision for Exchange Rate Loss has been deducted from the above-mentioned Capital Gain, Group share.

A.3. Sale of 50% Interest in Europcar

In November 1999, Accor sold its 50% interest in Europcar International. This transaction, based on a consideration of € 204.5 million (FRF 1.34 billion) generated a Capital Gain, excluding Minority Interests, of € 82 million (FRF 538 million), recorded under Exceptional Items in the Income Statement for the year ended December 31, 1999 (see Note 10). Concurrently, Europcar and Accor have signed a partnership agreement aimed at preserving and expanding the marketing synergies developed by the two groups.

Europcar's results have been included on a proportional basis for the period December 31, 1997 through October 30, 1999. The following Income Statement reflects the contribution of the Europcar group to Accor's Consolidated Results in 1998 and 1999:

in millions	1998 €	1999 (10 months) €	1999 (10 months) FRF
Consolidated Revenues	**402**	**395**	**2,593**
Operating Expenses	(328)	(335)	(2,197)
Gross Operating Profit	**74**	**60**	**396**
Rental Expense	(19)	(16)	(106)
EBDIT	**55**	**44**	**290**
Depreciation and Operating Provision Expense	(21)	(23)	(149)
EBIT	**35**	**21**	**141**
Net Financial Expense	(27)	(23)	(156)
Net Income from Associated Equity Companies, Group Share	–	0	1
Current Income Before Tax	**8**	**(2)**	**(14)**
Result from Management of Other Assets	–	(1)	(6)
Goodwill Amortization	–	(1)	(6)
Income Taxes	(4)	(7)	(49)
Consolidated Net Income, Group Share	**4**	**(11)**	**(75)**

The impact of the sale of Europcar on the Group's Consolidated Balance Sheet may be summarized as follows:

in millions	1999 €	1999 FRF
Fixed Assets	96	628
Working Capital	165	1,084
Provisions	(25)	(165)
Change in Net Debt	**236**	**1,547**
Cash and Equivalents	204	1,341
Impact on Group Net Debt	**440**	**2,888**

B. Investment Program

B.1. AAPC Public Exchange Offer

On December 4, 1997, Accor launched a Public Exchange Offer for all outstanding shares of AAPC, a company listed on the Sydney Stock Exchange, in which the Group previously held a 25.89% interest accounted for by the equity method. The offering price (AUD 0.65 per share) valued the company at € 237 million (FRF 1,557 million). Upon expiration of the offer, on February 23, 1998, Accor held 99.5% of all outstanding shares of AAPC. Following a squeeze-out offer pursuant to Australian securities regulation launched subsequently, Accor held, directly or indirectly, 100% of AAPC, at the end of March 1998. During 1997, Accor exercised a significant influence over the management of AAPC, thereby accounting for the company by the equity method on the basis of its ownership interest (25.89%) during the period. To reflect the takeover of AAPC by Accor at 1997 year end, completed in early 1998, AAPC's Balance Sheet was fully consolidated in Accor's Consolidated Financial Statements at December 31, 1997.
The total acquisition cost of the 74.11% interest in AAPC purchased by Accor amounted to € 184 million (FRF 1,208 million). At December 31, 1997, Accor conducted a preliminary estimate of the fair value of the assets and liabilities acquired, net of assets and liabilities related to Accor's relationship with AAPC (particularly, rights to use the Accor Hotel brand names and management contracts in the Asia-Pacific region, which had been sold to AAPC in 1993 and 1996, in exchange for cash and shares). On the basis of this estimate, total Goodwill resulting from this transaction amounted to €196 million (FRF 1,287 million).

At December 31, 1997, the impact of the full consolidation of AAPC's Balance Sheet on the Accor Consolidated Financial Statements was as follows :

in millions	€	FRF
Property, Plant and Equipment	42	274
Goodwill, Net of Amortization	196	1,287
Securities Accounted for by the Equity Method and Non-Group Securities	93	611
Other Fixed Assets	19	122
Change in Securities Accounted for by the Equity Method and AAPC Bonds Held by Accor	(103)	(673)
Change in Fixed Assets	**247**	**1,621**
Other Assets	29	192
Change in Total Assets	**276**	**1,813**
Minority Interests	9	59
Provisions	15	99
Translation Adjustments	(6)	(37)
Net Debt	258	1,692
Change in Total Liabilities and Shareholders' Equity	**276**	**1,813**
Acquisition Debt	184	1,208
AAPC Debt (after Elimination of Convertible Bonds)	74	484
Change in Net debt on Accor Balance Sheet	**258**	**1,692**

In 1998, Accor completed the estimation of the fair value of the acquired assets and liabilities, and allocated the goodwill generated thereby between the Asia and Pacific zones, in proportion to their expected profit contribution in coming years. At December 31, 1998, this operation generated final Goodwill of € 172 million (FRF 1,131 million) on the Australian activities, amortized over 40 years, and total Goodwill of € 77 million (FRF 508 million) on the Asian activities, amortized over 20 years.

B.2. Frantour

In February 1999, Accor acquired 100% of the Frantour group on the basis of an enterprise value of € 142.2 million (FRF 933 million) representing a multiple of 8.6 times 1999 EBITDA. Pursuant to this transaction, the following activities have been integrated, effective March 1, 1999:

• 31 Hotels (4,217 rooms) primarily located in France (including 5 in the Paris region), including 14 owned or leased units and 17 franchised units;
• 86 Travel Agencies, operated under the Frantour or Sud Ouest Voyages brands;
• 1 Tour Operating company, active in France and 6 other European countries, representing a total of 620,000 clients in 1998.

In the first 10 months of activities under Accor ownership, the Frantour group contributed € 12.6 million (FRF 82.8 million) to Accor 1999 EBIT.
The integration of Frantour SA resulted in an increase in Group Fixed Assets of € 154 million (FRF 1,010 million).

B.3. Red Roof Inns

On July 12, 1999, Accor launched a tender offer for all of the outstanding shares of the Red Roof Inc. group on the basis of an estimated enterprise value, before transaction costs, of € 1,050 million (USD 1,120 million), based on a price per Red Roof Inns share of USD 22.75 (representing a 27.5% premium over the average Red Roof share price during the 30 trading days preceding the offer).
This represents a multiple of 7.64 times 1998 EBITDA.
Red Roof operates a network of 324 units (37,208 rooms, including 29,907 fully owned rooms and the balance operated under franchise).
Following the close of the offer on August 13, 1999, Accor held over 99% of all outstanding shares of Red Roof Inns, Inc. Red Roof Inns is fully consolidated since July 1, 1999. The contribution of Red Roof Inns to Accor's 1999 Total Income From Operations may be summarized as follows:

in millions	July-December 1999 USD	€	FRF
Consolidated Revenues	**198**	**186**	**1 219**
Operating Expenses	(116)	(109)	(713)
Gross Operating Profit	**82**	**77**	**506**
Rental Expense	(5)	(5)	(31)
EBDIT	**77**	**72**	**475**
Depreciation and Operating Provision Expense	(9)	(9)	(57)
EBIT	**68**	**63**	**418**
Net Financial Expense	(26)	(24)	(159)
Total Income from Operations	**42**	**39**	**259**

The integration of Red Roof Inns resulted in an increase in Group fixed assets of € 1,206 million (FRF 7,913 million).

B.4. Purchase of SEIH / Merger with Participations SA

On December 15, 1999, an Extraordinary General Meeting of Shareholders approved the merger of Participations SA within Accor and the transfer to Accor of the Hotel assets of Société d'Exploitation et d'Investissement Hôtelier (SEIH). The assets included in this transaction comprise 35 hotels located in France, including 22 three- and four-star hotels and 13 economy hotels.
The merger with Participations SA was approved by the Extraordinary General Meeting of Shareholders on the basis of the following exchange ratio: 4 Accor shares (former par value, corresponding to 20 new Accor shares) for 41 Participations SA shares, leading to the issuance of 241,200 new Accor shares of € 15 par value each.
Assets transferred from SEIH were remunerated through issuance of 301,272 Accor shares of € 15 par value; separately, the transfer of a 10% interest in SHMD was remunerated through issuance of 8,931 Accor shares of € 15 par value.
The merger and transfers were valued on the basis of the net book value of the assets transferred.
On this occasion, a capital increase of € 54 million (FRF 354 million) was recorded. In the 1999 Consolidated Financial Statements, no income from this transaction was recorded. The assets transferred, conversely, were fully consolidated in the Balance Sheet at December 31, 1999.

B.5. Other Investments (External and Internal Growth)

In addition, in 1999, the Group completed the following acquisitions:

Chains Acquired	Segment	Number of Hotels	Incl. Owned/ Leased	Incl. Managed/ Franchised	Number of Rooms
Good Morning (Sweden)	Economy	22	11	11	1,877
Demeure & Libertel (France)	Business & Leisure	48		48	3,124
Plaza (Denmark)	Economy / Business & Leisure	6	6		666

Including external growth initiatives detailed above, the Group opened 639 hotels, representing 69,030 rooms in 1999, in the following segments: 179 Business and Leisure hotels (19,862 rooms); 87 Economy and Budget hotels (8,116 rooms); 373 Accor Economy Lodging units (41,052 rooms) in the US.

note 3 Breakdown of Consolidated Sales by Geographical Area and by Activity

At December 31, 1999, Sales of Group units whose revenues (royalties) are not attributable to a specific geographical region have been included under “Worldwide structures”. To facilitate comparison with the year 1999, 1998 data were restated accordingly and are presented below on a pro forma basis.

in € millions	France	Europe (excl. France)	North America	Latin America	Other	Worldwide structures	1999	1998	1997
HOTELS	**1,330**	**1,026**	**1,047**	**43**	**171**	**130**	**3,747**	**3,174**	**2,831**
Business and Leisure	905	714	142	39	155	97	2,052	1,829	1,578
Economy	425	312	3	4	16	33	793	691	625
Economy Lodging	–	–	902	–	–	–	902	654	628
Travel Agencies	53	169	178	18	11	5	434	390	621
Car Rental	63	325	–	–	–	8	396	402	–
Casinos	185	–	–	–	–	–	185	129	57
Institutional Catering and Public Restaurants	155	158	–	164	12	–	489	676	617
Onboard Train Services	187	135	–	–	–	8	330	343	271
SERVICES	**50**	**121**	**9**	**181**	**–**	**–**	**361**	**365**	**331**
Holdings and Other	56	91	–	10	1	5	163	144	115
1999 Total	**2,079**	**2,025**	**1,234**	**416**	**195**	**156**	**6,105**	**–**	**–**
1998 Pro Forma Total	**1,932**	**1,873**	**936**	**628**	**113**	**141**	**–**	**5,623**	**–**
1998 Published Total	**2,057**	**1,880**	**940**	**630**	**116**	**–**	**–**	**5,623**	**–**
1997 Published Total	**1,639**	**1,565**	**995**	**571**	**73**	**–**	**–**	**–**	**4,843**

in FRF millions	France	Europe (excl. France)	North America	Latin America	Other	Worldwide structure	1999
HOTELS	**8,720**	**6,727**	**6,868**	**279**	**1,126**	**855**	**24,575**
Business and Leisure	5,934	4,683	932	256	1,017	636	13,458
Economy	2,786	2,044	18	23	109	219	5,199
Economy Lodging	–	–	5,918	–	–	–	5,918
Travel Agencies	349	1,111	1,166	118	70	33	2,847
Car Rental	411	2,131	–	–	–	54	2,596
Casinos	1,211	–	–	–	–	–	1,211
Institutional Catering and Public Restaurants	1,016	1,041	–	1,075	76	–	3,208
Onboard Train Services	1,225	885	–	–	–	55	2,165
SERVICES	**330**	**787**	**60**	**1,187**	**1**	**–**	**2,365**
Holdings and Other	365	600	–	63	7	32	1,067
1999 Total	**13,627**	**13,282**	**8,094**	**2,722**	**1,280**	**1,029**	**40,034**

In 1999, Consolidated Sales totaled € 6,105 million (FRF 40,034 million), as compared to € 5,623 million (FRF 36,881 million) at December 31, 1998. This represents an increase of € 482 million (FRF 3,153 million) or + 8.5% (or + FRF 1,153 million).

Using comparable accounting methods, the 1999 Revenues increased by 8.5% over the 1998 level, including:

- + 4.6% from like-for-like growth;
- + 10.9% from business development;
- – 4.9% due to activity closure;
- – 2.1% from currency impact.

note 4 Breakdown of EBIT

At December 31, 1999, EBIT of Group units whose costs and revenues (royalties) are not attributable to a specific geographical region have been included under “Worldwide structures”. To facilitate comparison with the year 1999, 1998 data were restated accordingly and are presented below on a pro forma basis.

Note 4.1. EBIT by Activity and Geographical Area

in € millions	France	Europe (excl. France)	North America	Latin America	Other	Worldwide structures	1999
HOTELS	**144**	**140**	**223**	**1**	**13**	**18**	**539**
Business and Leisure	62	89	30	2	9	–	192
Economy	82	51	–	(1)	4	18	154
Economy Lodging	–	–	193	–	–	–	193
Travel Agencies	2	–	(5)	–	(2)	1	(4)
Car Rental	5	15	–	–	–	2	22
Casinos	28	–	–	–	–	–	28
Institutional Catering and Public Restaurants	12	7	–	(2)	2	–	19
Onboard Train Services	(6)	9	–	–	–	(2)	1
SERVICES	**20**	**46**	**–**	**55**	**–**	**(5)**	**116**
Holdings and Other	7	3	–	2	–	(10)	2
1999 Total	**212**	**220**	**218**	**56**	**13**	**4**	**723**

in € millions	France	Europe (excl. France)	North America	Latin America	Other	Worldwide structures	1998 pro forma	1998 published
HOTELS	**132**	**118**	**171**	**1**	**14**	**21**	**457**	**462**
Business and Leisure	57	75	26	1	11	6	176	183
Economy	75	43	–	–	3	15	136	134
Economy Lodging	–	–	145	–	–	–	145	145
Travel Agencies	2	2	5	2	(1)	(1)	9	9
Car Rental	2	25	–	–	–	8	35	35
Casinos	19	–	–	–	–	–	19	19
Institutional Catering and Public Restaurants	11	7	–	10	–	–	28	28
Onboard Train Services	1	4	–	–	–	–	5	5
SERVICES	**17**	**38**	**(4)**	**54**	**–**	**(1)**	**104**	**104**
Holdings and Other	–	2	–	–	–	(17)	(15)	(20)
1998 Pro Forma Total	**184**	**196**	**172**	**67**	**13**	**10**	**642**	**–**
1998 Published Total	**224**	**196**	**166**	**67**	**9**	**(20)**	**–**	**642**

in FRF millions	France	Europe (excl. France)	North America	Latin America	Other	Worldwide structures	1999
HOTELS	**953**	**919**	**1,459**	**7**	**90**	**119**	**3,457**
Business and Leisure	411	583	196	12	60	–	1,262
Economy	542	336	3	(5)	30	119	1,025
Economy Lodging	–	–	1,260	–	–	–	1,260
Travel Agencies	12	(1)	(34)	(3)	(16)	7	(35)
Car Rental	32	99	–	–	–	10	141
Casinos	182	–	–	–	–	–	182
Institutional Catering and Public Restaurants	76	49	–	(16)	12	–	121
Onboard Train Services	(39)	57	–	–	_	(13)	5
SERVICES	**133**	**299**	**2**	**363**	**(1)**	**(32)**	**764**
Holdings and Other	43	19	(1)	15	–	(66)	10
1999 Total	**1,392**	**1,441**	**1,426**	**366**	**85**	**25**	**4,735**

Note 4.2. Operating Rental Expenses

EBIT is calculated after Operating Rental Expenses of € 402 million (FRF 2,639 million) in 1998 and € 478 million (FRF 3,138 million) in 1999, respectively. The actual increase in Rental Expenses in 1999 reflects the impact of the sale and leaseback of Hotel real estate properties, now rented under Operating Lease contracts (see Notes 7 and 2.A.1).

Pursuant to international principles (see Note 1.D.3), these Rental Expenses are exclusively related to Operating Leases. Regardless of actual payment profiles, total rental expenses related to these leases are accounted for on a straight-line basis and indexed (e.g., on the basis of the French INSEE new construction index) in order to record a constant expense stream on an economic basis. Certain leases have been signed for periods exceeding the traditional French nine-year term, primarily to protect Accor against the absence of commercial property rights in certain countries.

As from January 1, 2000, annualized expenses related to **non-discounted rental leases** break down as follows:

in € millions	1999	2000	2001	2002	2003	2004	> 2004	Total
Business and Leisure hotels	(225)	(230)	(231)	(232)	(232)	(234)	(2,934)	(4,093)
Economy hotels	(69)	(83)	(82)	(81)	(79)	(77)	(1,088)	(1,490)
Economy Lodging	(120)	(167)	(171)	(145)	(143)	(146)	(2,780)	(3,552)
Other	(64)	(31)	(27)	(25)	(23)	(19)	(130)	(255)
Total	**(478)**	**(511)**	**(511)**	**(483)**	**(477)**	**(476)**	**(6,932)**	**(9,390)**

in FRF millions	1999	2000	2001	2002	2003	2004	> 2004	Total
Business and Leisure hotels	(1,473)	(1,507)	(1,518)	(1,523)	(1,521)	(1,533)	(19,245)	(26,847)
Economy hotels	(453)	(542)	(536)	(530)	(520)	(507)	(7,135)	(9,770)
Economy Lodging	(785)	(1,098)	(1,124)	(952)	(939)	(956)	(18,236)	(23,305)
Other	(427)	(201)	(174)	(163)	(149)	(125)	(851)	(1,663)
Total	**(3,138)**	**(3,348)**	**(3,352)**	**(3,168)**	**(3,129)**	**(3,121)**	**(45,467)**	**(61,585)**

Operating Leases contracts relate to hotel real estate property and equipment operated by the Group. Some contracts include renewal clauses and/or options to purchase based on market conditions.

note 5 Net Financial Expense

in millions	1997	1998	1999	
	€	€	€	FRF
Net Interest Income / Expense	(168)	(150)	(180)	(1,181)
Other Financial Revenues and Expenses	5	(8)	37	244
Net Financial Expense	**(163)**	**(158)**	**(143)**	**(937)**

Other financial revenues and expenses primarily comprise foreign exchange gains and dividends received from unconsolidated companies.

note 6 Income (Loss) of Associated Equity Companies, Group Share

Major contributions break down as follows:

in millions	1997	1998	1999	
	€	€	€	FRF
TAHL	–	2	3	22
Société Hôtelière des Casinos de Deauville	3	5	5	34
Other	10	5	7	42
Group Share in Income Before Tax	**13**	**12**	**15**	**98**

note 7 Result from Management of Hotel Portfolio

in millions	1997	1998	1999	
	€	€	€	FRF
Capital Gains or Losses on Sale of Assets	54	9	69	451
Provisions on Hotel Properties (see Note 1. D. 5.)	(53)	(24)	(51)	(331)
Total	**1**	**(15)**	**18**	**120**

In 1998, Result from Management of Hotel Portfolio primarily encompasses the capital gain realized on the sale of 5 Novotel, 1 Sofitel and 3 Mercure hotels, as well as 30 Economy hotels (all located in France and representing a combined total of 3,632 rooms), for a total of € 20 million (FRF 128 million), as well as lease renegotiation payments in Germany for € 7.6 million (FRF 49 million). Provisions for loss of value related among other to 37 units in France, 3 units in the UK, 3 units in Germany and 1 unit in Brazil, for a total of € 21.2 million (FRF 139 million).
In 1999, result from management of hotel portfolio notably included € 69.5 million (FRF 456 million) in capital gains on the sale of economy and budget hotels (28 Ibis hotels, 6 Etap hotel and 2 Formule 1 hotels) in France, Germany and Great-Britain, capital gains of € 11.4 million (FRF 74.6 million) on the sale of 14 Mercure in The Netherlands and of € 5.6 million (FRF 36.9 million) on the sale of 10 Novotel in Great-Britain and a capital loss of € 9.1 million (FRF 60 million) on the sale of 12 Motel 6 units (property and business).
In 1999, provisions on hotel assets include a € 23 million provision related to 23 Motel 6 units earmarked for disposal. These assets were written down, in the consolidated financial statements, on the basis of their estimated disposal value.
In addition, the value of 5 hotel units in Brazil and the Caribbean were written down to reflect their usefulness value, leading to the creation of a € 6 million provision.

note 8 Result from Management of Other Assets

in millions	1997	1998	1999	
	€	€	€	FRF
Capital Gains or Losses on Sale of Assets	45	139	62	407
Provisions	(20)	(84)	(19)	(126)
Non-Operating Gains (Losses)	(14)	(34)	(72)	(475)
Total	**11**	**21**	**(29)**	**(194)**

In 1998, Capital Gains and Losses from asset disposals primarily encompassed a € 130 million (FRF 851 million) non-taxable gain on the sale of 16.4 million Compass shares (see Note 2.A.2.1.), and a € 8.1 million (FRF 53 million) gain from a financial swap.
In 1998, Result from Management of Other Assets includes costs related to the year 2000 transition and the Group's adaptation to the Euro for € 39.3 million (FRF 258 million), including € 34 million (FRF 223 million) corresponding to estimated costs not yet disbursed.
Provisions also include € 16.4 million (FRF 108 million) related to potential risks from loss of contracts in Europe in onboard train services.
In addition, non-operating gains and losses encompass costs related to the Accor 2000 Hotel activity reengineering program for a total of € 4.6 million (FRF 30 million).

In 1999, Capital Gains of € 62 million are primarily related to the sale of Compass shares.
In 1999, Provisions on other assets are primarily related to additional reengineering costs in Hotel activities and Travel Agencies, for € 31 million (FRF 205 million), and to Onboard Train Services in France, in relation with potential liabilities upon termination of contracts, for € 13 million (FRF 87 million). Pursuant to the 6-year French railway catering contract signed with SNCF in 1998, Accor is currently renegotiating under contractual terms the economic conditions of operations conducted under this contract.
Separately, in 1999, non-operating losses include costs related to the transition to the year 2000 (€ 17 million), provisioned in 1998, as well as costs related to Employee Profit-Sharing plans (€ 16 million).

note 9 Income Taxes

Note 9.1. Tax Expenses of the Fiscal Year (Excluding Exceptional Items)

in millions	1997	1998	1999	
	€	€	€	FRF
Current Taxes and Provisions	102	120	206	1,349
Deferred Taxes	12	28	10	68
Group Share in Current and Deferred Taxes of Associated Equity Companies	7	5	6	37
Total	**121**	**153**	**222**	**1,454**
Current Income Before Tax	374	481	613	4,016
Total Consolidated Income Tax	(121)	(153)	(222)	(1,454)
Group Apparent Tax Rate on Current Income	**32.5%**	**31.8%**	**36.2%**	**36.2%**

The increase in the tax rate reflects the tax situation of Europcar as well as higher Group income in France (€ 75 million in 1999, as compared to € 39 million in 1998).
Excluding Europcar, the Group's effective tax rate would be 34.5%.

Note 9.2. Effective Tax Rate

in millions	1997	1998	1999	
	€	€	€	FRF
Current Income Before Tax	374	481	613	4,016
Result of the Management of Other Assets	11	21	(29)	(194)
Goodwill Amortization	(45)	(60)	(68)	(443)
Income Before Tax	**340**	**442**	**516**	**3,379**
Goodwill Amortization	45	60	68	443
Elimination of Intra-Group Capital Gains	–	–	–	–
Asset Depreciation	18	72	65	425
Other	7	9	44	293
Total of Permanent Differences (Non-Deductible Expenses)	**70**	**141**	**177**	**1,161**
Income Subject to Lower Tax Rates or not Subject to Taxes [1]	**(19)**	**(176)**	**(196)**	**(1,280)**
Income Taxable at Current Rates	**391**	**407**	**497**	**3,260**
Current Tax Rate in France	41.7%	41.7%	40.0%	40.0%
Theoretical Income Tax at Current French Tax Rate	**(163)**	**(170)**	**(199)**	**(1,304)**
Impact of Theoretical Income Tax of:				
· Differences in Tax Rate in Countries Other than France	17	23	21	137
· Unutilized Tax Losses for the Year	(23)	(25)	(39)	(257)
· Utilization of Tax Losses from Prior Years	29	17	14	92
· Tax Credit Resulting from Timing Differences not Recognized in Prior Years	29	10	7	43
· Losses Carried Forward Unrecognized in Prior Years [2]	12	10	–	–
· Other	(13)	(8)	(29)	(188)
Total	**51**	**27**	**(26)**	**(173)**
Income Tax at Current Tax Rate	**(112)**	**(143)**	**(225)**	**(1,477)**
Income Tax at Lower Rates	**(9)**	**(10)**	**3**	**23**
Total Consolidated Income Tax	**(121)**	**(153)**	**(222)**	**(1,454)**
Apparent Tax Rate on Net Income before Exceptional Items and Minority Interests	**37.5 %**	**34.6 %**	**43.0 %**	**43.0 %**
Current Income before Tax	374	481	613	4,016
Total Consolidated Income Tax	(121)	(153)	(222)	(1,454)
Group Apparent Tax Rate on Current Income	**32.5%**	**31.8%**	**36.2%**	**36.2%**

(1) Primarily Capital Gains on Asset Sales.
(2) Tax Losses Carried Forward Result in Deferred Tax Assets only when they are likely to be recovered within a reasonable time frame.

Note 9.3. Deferred Tax Assets and Liabilities

in millions	1997	1998	1999	
	€	€	€	FRF
Deferred Tax Assets	124	110	112	734
Deferred Tax Liabilities	(105)	(118)	(172)	(1,127)
Net Deferred Taxes	**19**	**(8)**	**(60)**	**(393)**

note 10 Exceptional Items (Net of Taxes and Minority Interests)

in millions	1997	1998	1999	
	€	€	€	FRF
Exceptional Items	**41**	**37**	**82**	**538**

In 1998, Exceptional Items comprise:

• the Capital Gain on the sale of the Group's total interest in Medotels (Hotelia, hotels for senior citizens) for a total of € 18.8 million (FRF 123 million) (see Note 2.A.1.2.);

• the Capital Gain on the sale of Spanish catering activities for € 13.4 million (FRF 88 million) (see Note 2.A.2.2.);

• the € 19.4 million (FRF 127 million) Capital Gain on the transfer of Brazilian Public Restaurant and Institutional Catering activities to a 50/50 joint-venture with Compass Plc (see Note 2.A.2.1.).

In addition, in the first half of 1998, the Group has decided to expand the Hotel real estate property disposal plan of its Resource Reallocation Program to an additional lot of 44 Motel 6 units, for an estimated value of USD 150 million (approximately € 137 million or FRF 900 million). Consequently, a € 13.9 million (FRF 91 million) Provision was posted at December 31, 1998 to reduce the valuation of these assets to their fair market value (see Note 2.A.1.1.).

In 1999, Exceptional Items include a net Capital Gain, excluding Minority Interests, of € 82 million (FRF 538 million) on the Disposal of Europcar (see Note 2.A.3).

note 11 Intangible Fixed Assets

in millions	1997	1998	1999	
	€	€	€	FRF
Brand Name, Motel 6 (1)	183	171	196	1,287
Brand Name, Red Roof	–	–	119	784
Market Share, Onboard Train Services	75	75	75	490
Brand Name, Europcar	61	61	0	0
Other Networks and Brand Names	11	11	12	77
Business Rights	68	63	18	117
Start-Up Costs	29	27	20	129
Other Intangible Fixed Assets	116	142	184	1,206
Total (Gross) (2)	**543**	**550**	**624**	**4,090**
Amortization	(84)	(93)	(94)	(613)
Total (Net)	**459**	**457**	**530**	**3,477**

(1) Changes in the valuation of the Motel 6 brand is primarily due to fluctuations in the exchange rate at the closing date of the US Dollar against the French Franc (December 31, 1998: 5.6221, December 31, 1999: 6.52953).
(2) Provision for Risks are written in the case of intangible fixed assets held for disposal whenever their estimated market value is lower than book value.

note 12 Goodwill

in millions	1997	1998	1999	
	€	€	€	FRF
Goodwill (Gross)	1,391	1,481	2,003	13,138
Amortization	(203)	(234)	(319)	(2,093)
Total Net Goodwill	**1,188**	**1,247**	**1,684**	**11,045**

in millions		1997	1998	1999	
		€	€	€	FRF
Motel 6	(40 years)	323	298	326	2,139
Travel Agencies	(20 years)	257	257	243	1,595
Red Roof Inns	(40 years)	–	–	222	1,455
Hotels, Australia	(40 years)	200	176	206	1,349
Casinos (Accor Casinos and Subsidiaries)	(20 years)	48	68	113	742
Economy Hotels (excluding Motel 6)	(40 years)	59	74	109	715
Hotels, Asia	(20 years)	–	73	68	444
Société Hôtelière des Casinos de Deauville	(40 years)	32	31	30	199
Frantour & Subsidiaries		–	–	29	190
Hotels, Hungary (Pannonia)	(40 years)	19	24	21	135
Lenôtre	(20 years)	20	18	16	108
French Railway Catering Contract	(6 years)	–	16	12	79
Apetik (Brazilian Luncheon Vouchers)	(40 years)	17	14	11	71
Embral (Brazilian Institutional Catering)	(20 years)	21	9	6	42
Other (under € 15 million each)		192	189	272	1,782
Total Net Goodwill		**1,188**	**1,247**	**1,684**	**11,045**

Changes in Net Goodwill:

in millions	1998	1999	
	€	€	FRF
Total Net Goodwill at Beginning of Period	**1,188**	**1,247**	**8,177**
Increase in Gross Value and Impact of Changes in the Scope of Consolidation:	**182**	**427**	**2,805**
Red Roof Inns	–	211	1,387
Casinos (St-Raphaël, Ste Maxime, Perros Guirec, Bénodet)	24	53	345
Frantour & Subsidiaries	–	38	248
Australian Institutional Catering (Compass Australia)	–	11	74
Hotels, France	–	46	301
All Seasons (Hotels, Australia)	–	19	128
Good Morning (Ibis Hotels Sweden)	–	3	18
Brazilian Institutional Catering (Atta/Sillus/Art)	16	–	–
Onboard Train Services	19	–	–
Europcar	14	–	–
Brazilian Luncheon Vouchers	9	–	–
Postiljon (Hotels, The Netherlands)	7	–	–
Other	93	46	304
Exclusions from the Scope of Consolidation	**(28)**	**(16)**	**(105)**
Europcar	–	(16)	(105)
Transfer of 50% of Brazil Restaurant Activities to Compass	(19)	–	–
Geresa	(5)	–	–
Hotelia	(4)	–	–
Line-By-Line Restatement	**–**	**48**	**314**
Translation Adjustments	**(24)**	**47**	**306**
Amortization	**(60)**	**(68)**	**(443)**
Other Changes	**(11)**	**(1)**	**(9)**
Total Net Goodwill at End of Period	**1,247**	**1,684**	**11,045**

note 13 Property, Plant and Equipment

in millions	1997	1998	1999	
	€	€	€	FRF
Land	761	410	543	3,563
Buildings	3,269	2,576	3,230	21,190
Fittings	640	702	829	5,436
Equipment and Furniture	1,241	1,276	1,463	9,594
Construction in Process	72	325	603	3,954
Total Gross	**5,983**	**5,289**	**6,668**	**43,737**
Depreciation and Amortization	(1,868)	(1,831)	(2,150)	(14,098)
Total Net	**4,115**	**3,458**	**4,518**	**29,639**

The change in Total Gross Value of Property, Plant and Equipment between December 31, 1998 and December 31, 1999 incorporates a € 255 million (FRF 1,671 million) positive translation adjustment.
The increase in the net value of this item primarily reflects the acquisition of Red Roof Inns (see Note 2.B.3.) and Frantour (see Note 2.B.2.).
At 1999 year end, Property, Plant and Equipment held under capital leases totaled € 651 million or FRF 4,273 million (gross value), as against € 564 million (FRF 3,699 million) at 1998 year end.

note 14 Long-Term Loans

in millions	1997	1998	1999	
	€	€	€	FRF
Hotels, Asia/Pacific (1)	19	33	45	297
Vaturi Group (2)	9	49	51	332
Hotels, The Netherlands (3)	14	14	28	183
Le Duff Group (4)	24	13	–	–
Hotels, US/Canada (5)	46	13	1	9
Hotels, UK (6)	28	–	25	164
Cruise Lines	5	3	–	–
ABC Company (Demeure/Libertel hotels)	–	–	47	308
Other	69	118	83	547
Total	**214**	**243**	**280**	**1,840**

(1) At December 31, 1999, this item primarily included a loan to the Australian land company Tahl, for € 17 million (FRF 115 million) related to the financing of the construction of the Homebush Novotel/Ibis (Olympic village) and the financing of 6 other hotels in Australia.
(2) See Note 16.
(3) As part of hotel leasing transactions in The Netherlands, Accor granted additional loans of € 14 million in 1999.
(4) In 1998, € 11.3 million (FRF 74 million) of this loan were reimbursed. The balance was due December 31, 1999.
(5) The change in 1999 reflects the redemption of receivables (Novotel Montreal and Sofitel Chicago).
(6) In 1998, loans granted as part of the financing of hotels leased by the Group in 1994, totaling € 28 million, were reimbursed. As part of new hotel leasing transactions in the UK, new loans totaling € 25 million were granted in 1999.

note 15 Investments in Companies Accounted for by the Equity Method

in millions	1997	1998	1999	
	€	€	€	FRF
TAHL (Australia) [1]	56	53	66	433
Société Hôtelière des Casinos de Deauville	20	22	24	155
Australian Institutional Catering (Compass Australia)	–	–	18	115
Other Associated Equity Companies (Asia)	9	11	15	97
ABC Company (Demeure/Libertel hotels)	–	–	15	97
CNIT	13	13	12	78
Ambassador/Ambatel (hotels, Korea)	6	8	11	74
Indotel (Hotels, Vietnam)	8	7	8	52
Sofitel St-Honoré	–	8	8	52
Quadro Rodas (Hotels, Brazil)	3	2	1	9
Mahindra (Hotels, India)	–	1	–	–
Other	24	27	26	176
Total	**139**	**152**	**204**	**1,338**

(1) Following the full consolidation of the Balance Sheet of AAPC as of December 31, 1997, Accor accounts for by the Equity Method the Subsidiaries over 20% owned by AAPC. These primarily comprise TAHL, a company operating hotels in Australia which are managed by AAPC.

note 16 Other Financial Fixed Assets

in millions	1997	1998	1999	
	€	€	€	FRF
Investment in Unconsolidated Companies and Convertible Bonds [1]	328	207	116	759
Deposits and Securities [2]	130	178	91	594
Total (Gross)	**458**	**385**	**207**	**1,353**
Provision for Loss in Value	(40)	(52)	(44)	(286)
Total (Net)	**418**	**333**	**163**	**1,067**

(1) At December 31, 1997, following the sale of 36,500,000 Compass shares during the year, the Accor Group held 31,800,201 Compass shares with a value of € 159 million (FRF 1,040 million), corresponding to their equity method valuation at January 1, 1997 (see Note 2.A.2.1). Following the sale of 16,446,760 Compass shares in February 1998, the Accor Group holds only 15,353,541 Compass shares (30,706,882 new shares) with a value of € 77 million (FRF 502 million), corresponding to their valuation at December 31, 1998.
At December 31, 1999, reflecting the issuance of bonds exchangeable into Compass shares, the Compass shares held by the Group have been reclassified as marketable securities (see Note 2.A.2.1).
At December 31, 1997, Accor held 477,888 bonds convertible into Crédicom (Vaturi Group) shares with a nominal value of BEF 5,000 each, bearing an interest rate of 6.5% and valued at € 61 million (FRF 397 million). In early 1998, the entire Crédicom convertible bond position (with coupons attached) was exchanged for interests of 5% and 2.28%, respectively, of the share capital of Financière Saresco and Saresco (duty-free sales/fragrance and cosmetics distribution), plus a € 42 million (FRF 273 million) loan to Immtel guaranteed by a hotel lease promise, and a cash payment of € 9.1 million (FRF 60 million). This transaction was conducted without capital gains (see Note 14).
(2) At December 31, 1999, deposit related to the Repackaged Perpetual Subordinated Floating Rate Notes (Titres Subordonnés à Durée Indéterminée, or TSDI) totaled € 93 million (FRF 612 million) was classified as short-term loan to account for its maturity (February 2000).

note 17 Breakdown of Fixed Assets by Activity

Note 17.1. Net Fixed Assets by Activity

in € millions	HOTELS Business and Leisure	HOTELS Economy	HOTELS Economy Lodging	Travel Agencies	Car Rental	Casinos	Institutional Catering/ Publ. Rest.	Onboard Train Services	SERVICES	Holdings and other	1999	1998	1997
Intangible Assets	19	16	333	25	–	2	4	27	44	60	530	457	459
Goodwill	390	112	548	246	–	113	49	12	59	155	1,684	1,247	1,188
Property, Plant and Equipment	1,692	1,031	1,454	35	–	57	65	47	32	105	4,518	3,458	4,115
Sub-Total	**2,101**	**1,159**	**2,335**	**306**	**0**	**172**	**118**	**86**	**135**	**320**	**6,732**	**5,162**	**5,762**
Long-Term Loans	126	13	5	–	–	–	2	–	–	135	281	243	214
Investment in Associated Equity Companies	134	12	–	1	–	–	0	–	–	56	203	152	139
Other Financial Assets	64	6	46	2	–	2	1	1	1	40	163	333	418
1999 Total	**2,425**	**1,190**	**2,386**	**309**	**0**	**174**	**121**	**87**	**136**	**551**	**7,379**	**–**	**–**
1998 Total	**1,929**	**1,001**	**1,434**	**311**	**195**	**166**	**102**	**139**	**122**	**491**	**–**	**5,890**	**–**
1997 Total	**1,777**	**969**	**2,312**	**307**	**160**	**70**	**131**	**113**	**122**	**572**	**–**	**–**	**6,533**

in FRF millions	HOTELS Business and Leisure	HOTELS Economy	HOTELS Economy Lodging	Travel Agencies	Car Rental	Casinos	Institutional Catering/ Publ. Rest.	Onboard Train Services	SERVICES	Holdings and other	1999
Intangible Assets	127	108	2,182	163	–	11	24	179	289	394	3,477
Goodwill	2,559	736	3,594	1,614	–	742	319	79	386	1,016	11,045
Property, Plant and Equipment	11,100	6,766	9,540	228	–	377	424	311	211	682	29,639
Sub-Total	**13,786**	**7,610**	**15,316**	**2,005**	**0**	**1,130**	**767**	**569**	**886**	**2,092**	**44,161**
Long-Term Loans	824	83	31	1	–	–	13	–	1	887	1,840
Investment in Associated Equity Companies	881	80	–	9	–	–	1	2	–	365	1,338
Other Financial Assets	418	40	301	13	–	14	5	7	9	260	1,067
1999 Total	**15,909**	**7,813**	**15,648**	**2,028**	**0**	**1,144**	**786**	**578**	**896**	**3,604**	**48,406**

At December 31, 1999, fixed assets include € 3,066 billion in hotel real estate, as compared to € 2,430 billion at December 31, 1998.

Note 17.2. Return On Capital Employed (ROCE)

Return On Capital Employed (ROCE) is a key management tool used internally by the Group to measure the performance of the various activities it controls. It is also a key indicator of the profitability of assets which are either non-consolidated or accounted for by the equity method.
It is calculated on the basis of aggregate amounts derived from the consolidated financial statements:

– return: for each activity, total of EBITDA and financial revenues (dividends and financial income) generated by unconsolidated assets, plus share in net income of associated equity companies;
– capital employed: for each activity, total value of fixed assets, based on their average gross value during the year, plus working capital requirements.

At 1999 year end, ROCE was calculated on the basis of return (EBITDA plus revenues on financial assets), from January 1, 1999 to December 31, 1999, over the average of capital employed for the same period.
Return On Capital Employed, by activity :

Activities	1997	1998	1999
HOTELS			
Business and Leisure	11.4%	11.5% *	10.3% **
Economy	13.1%	14.2%	14.3%
Economy Lodging***	9.3%	9.7%	10.9%
Travel Agencies	7.7%	5.4%	3.8%
Casinos	16.3%	17.0%	16.9%
Institutional Catering and Public Restaurants	14.8%	15.8%	13.7%
Onboard Train Services	2.4%	4.9%	4.6%
SERVICES	21.2%	21.3%	23.5%
Other and Associated Equity Companies	1.0%	6.0%	6.5%
Total Group	**10.2%**	**11.2%**	**11.2%**

* 12.8% excluding Asia Pacific, consolidated in 1998.
** 11.5% excluding organic growth.
*** including Red Roof Inns since July 1, 1999.

note 18 Other Receivables

in millions	1997	1998	1999	
	€	€	€	FRF
Deferred Tax Credit	124	110	112	734
Other Receivables [(1)]	321	389	472	3,095
Net Other Receivables	**445**	**499**	**584**	**3,829**
Deferred Tax Liability	105	118	172	1,127
Other Payables [(2)]	600	672	859	5,635
Net Other Payables	**705**	**790**	**1,031**	**6,762**

(1) At December 31, 1999, it included:
- VAT receivables for € 142 million (FRF 929 million);
- tax receivables for € 48 million (FRF 317 million);
- employee organization receivables for € 9.5 million (FRF 62 million).

(2) At December 31, 1999, it included:
- personnel and employee organization payables for € 301 million (FRF 1,976 million);
- tax payables for € 85 million (FRF 556 million);
- VAT payables for € 82 million (FRF 539 million);
- corporate tax payables for € 69 million (FRF 455 million).

note 19 Fully Diluted Share Capital

At December 31, 1999, a total of 185,481,980 Accor shares were outstanding. In addition to convertible bonds issued in 1991 (see Note 23), the following stock options issued to employees were outstanding at December 31, 1999:

- 142,500 stock options exercisable from August 1997 through August 2001 at € 19 per share;
- 685,540 stock options exercisable from October 2000 through October 2001 at € 13 per share;
- 650,000 stock options exercisable from January 1999 through January 2005 at € 15 per share;
- 1,387,500 stock options exercisable from January 2003 through January 2006 at € 32 per share;
- 600,000 stock options exercisable from January 2004 through January 2007 at € 34 per share.

note 20 Changes in Minority Interests

in millions	€	FRF
December 31, 1997	**191**	**1,255**
Net Income for the Period	29	192
Dividends Paid to Minority Interests	(35)	(232)
Translation Adjustments	(17)	(112)
Other Changes	7	46
December 31, 1998	**175**	**1,149**
Net Income for the Period	24	157
Dividends Paid to Minority Interests	(33)	(214)
Translation Adjustments	(12)	(78)
Other Changes	31	202
December 31, 1999	**185**	**1,216**

note 21 Provisions for Risks

in millions	€	FRF
December 31, 1997	**402**	**2,635**
Additions to Scope of Consolidation	(14)	(93)
Allocation to/(Reversal of) Current Provisions*	115	754
Translation Adjustments	(10)	(62)
Other Changes	26	170
December 31, 1998	**519**	**3,404**
Additions to Scope of Consolidation	9	56
Allocation to/(Reversal of) Current Provisions*	48	318
Translation Adjustments	6	40
Other Changes	22	146
December 31, 1999	**604**	**3,964**

* Detail of Allocation to/(Reversal of) Current Provisions:
1998 : Allocation: € 169 million (FRF 1,109 million)
Reversal: € (54) million (FRF (355) million)
1999 : Allocation: € 148 million (FRF 970 million)
Reversal: € (100) million (FRF (652) million)

At December 31, 1999, Net Provisions for Risks comprise € 25 million (FRF 164 million) in Provisions for Retirement benefits and pension funds, € 29 million (FRF 191 million) in redemption premium on bonds issued by Accor in 1991 (see Note 23), Provisions for Self-Insurance (€ 26 million or FRF 169 million), Provisions for Expenses related to reorganization and reengineering of the Group's various activities including costs related to Year 2000 compliance and the transition to the single European currency (Euro) for € 105 million (FRF 693 million), € 216 million (FRF 1,419 million) in Provisions for identifiable commercial, tax and social risks in excess of € 0.76 million (FRF 5 million) each, and € 43 million (FRF 280 million) in Provisions for Miscellaneous Risks and Expenses less than € 0.76 million (FRF 5 million) each. In addition, Provisions for Risks include € 160 million (FRF 1,048 million) in Provisions on Asset Realization Premiums.

note 22 Repackaged Perpetual Surbordinated Floating Rate Notes (TSDI)

In December 1990, Accor issued € 762 million (FRF 5 billion) in Repackaged Perpetual Subordinated Floating Rate Notes (Titres Subordonnés à Durée Indéterminée).
Concurrently, Accor paid a third-party special-vehicle company the sum of € 170 million (FRF 1,118 million) in return for that company's agreement to repurchase the notes from their holders 15 years after their issuance, and to relinquish all rights to principal or interest on these notes from that time onwards.
The notes issue generated net proceeds of € 592 million (FRF 3,882 million), recorded as a liability as of the issue date.
Since the notes are subordinated, Accor may temporarily suspend semi-annual payments of interest and principal in the event of exceptional financial difficulties. In this case, accrued interest would be capitalized.
The notes carry a market-based variable interest rate for a 15-year period. The swap transaction enabling principal repayment to be fixed while leaving the after-tax interest rate variable (based on market rates) was the object of an investment reimbursed in February 2000 (see Note 16).
Taxes are spread over the life of the issue, in proportion to financial expense incurred.
The validity of the accounting treatment of this issue was confirmed by the French tax authorities in early 1993.

note 23 Convertible and Exchangeable Bonds

Convertible Bonds

In May 1991, Accor issued € 307 million (FRF 2,015 million) in the form of 2,100,000 convertible bonds with par value of FRF 960 (€ 146.35) and annual yield of 6.75%, convertible into 1.15 Accor share each and redeemable with a premium of FRF 96 (€ 14.64) each in January 2000. The repayment premium is accounted for as a financial expense taken over the life of the issue. At December 31, 1999, following conversion of bonds into shares, the remaining portion of the borrowing was € 291 million (FRF 1,911 million). Holders are entitled to convert their bonds into shares until March 22, 2000. The total amount of the conversion will not be known until April 4, 2000.

Exchangeable Bonds

In March 1999, Accor has issued convertible bonds exchangeable into Compass shares for an amount of €434 million (FRF 2,843 million) in the form of 433,484 bonds of €1,000 (FRF 6,560) par value, bearing interest at 1%, and exchangeable into Compass shares on the basis of 70.8 Compass shares per bond beginning in May 1999. Holders of the bonds may convert their bonds into Compass shares or, at the option of Accor, receive their equivalent in cash, or be reimbursed at par in cash at maturity.

note 24 Total Long-Term Debt (Excluding TSDI)

in millions	1997	Actual interest rate	1998	Actual interest rate	1999	Actual interest rate	1999
	€	%	€	%	€	%	FRF
French Franc	1,199	5.15	–	–	–	–	–
Belgian Franc	61	5.83	–	–	–	–	–
Deutsche Mark	51	5.42	–	–	–	–	–
Spanish Peseta	–	NS	–	–	–	–	–
Dutch Guilder	13	6.28	–	–	–	–	–
Portuguese Escudo	9	5.37	–	–	–	–	–
Ecu	4	7.86	–	–	–	–	–
Euro	**1,337**	**5.21**	**1,097**	**5.21**	**904**	**4.23**	**5,930**
US Dollar	860	6.10	312	6.21	1,203	6.23	7,890
Swiss Franc	13	5.50	12	5.13	11	5.12	72
Pound Sterling	27	7.92	–	–	–	–	–
Canadian Dollar	19	4.45	17	5.48	–	–	–
Australian Dollar	74	5.53	1	8.38	199	5.46	1,305
Japanese Yen	–	–	–	–	20	0.42	131
Swedish Crown	–	–	–	_	9	4.81	59
Other Currencies	3	N/A	7	N/A	10	N/A	66
Sub-Total, all Currencies	**2,333**		**1,446**		**2,356**		**15,453**
Repackaged Perpetual Subordinated Floating Rate Notes	437		402		363		2,382
Capital Leases	189		205		242		1 590
Special Reserve Fund (Italy)	34		36		35		229
Deposits and Guarantees	2		1		1		7
Total Long-Term Debt	**2,995**		**2,090**		**2,997**		**19,661**
Short-Term Financial Debt	711		867		831		5,454
Due to Banks	186		308		347		2,277
Total Short-Term Debt	**897**		**1,175**		**1,178**		**7,731**
Total Debt	**3,892**		**3,265**		**4,175**		**27,392**

Data are given after interest rate and currency swaps.

in millions	1997	1998	1999	
	€	€	€	FRF
Year N+1	897	1,175	1,178	7,731
Year N+2	128	146	224	1,470
Year N+3	307	101	543	3,561
Year N+4	150	321	58	378
Year N+5	352	46	57	375
Year N+6	98	42	203	1,332
Beyond	490	554	391	2,560
Convertible Bonds	307	307	291	1,911
Exchangeable Bonds	–	–	433	2,843
Short-Term Debt Reclassified as Long-Term Debt	726	171	434	2,849
Repackaged Perpetual Subordinated Floating Rate Notes	437	402	363	2,382
Total Long-Term Debt	**3,892**	**3,265**	**4,175**	**27,392**

As of December 31, 1999, Accor could draw on several unutilized confirmed credit lines with maturities of over one year, for a total of € 434 million (FRF 2,849 million), expiring between February 2001 and December 2003. Short-term financing (Commercial Paper programs), which the Group expects to renew, have been reclassified as long-term debt for a total of € 434 million (FRF 2,849 million), within the limit of available confirmed long-term credit lines used to back up these programs.

note 25 Net Indebtedness

in millions	1997	1998	1999	
	€	€	€	FRF
Repackaged Perpetual Subordinated				
Floating Rate Notes	437	402	363	2 382
Convertible Bonds	307	307	291	1 911
Exchangeable Bonds	–	–	433	2 843
Other Long-Term Debt	2,062	1,176	1,667	10,935
Capital Leases	189	205	242	1,590
Short-Term Financial Debt	711	867	831	5,454
Due to Banks	186	308	348	2,277
Total Financial Debt	**3,892**	**3,265**	**4,175**	**27,392**
Financial Receivables Related to Europcar (Note 1. G.)	(299)	(415)	–	–
Short-Term Loans	(101)	(58)	(138)	(904)
Marketable Securities	(423)	(491)	(619)	(4,062)
Cash and Equivalents	(317)	(445)	(488)	(3,204)
Net Financial Debt	**2,752**	**1,856**	**2,930**	**19,222**
Receivables Related to Assets Sales	(112)	(22)	(265)	(1,740)
Net Indebtedness	**2,640**	**1,834**	**2,665**	**17,482**
Net Indebtedness at Beginning of the Period	**2,674**	**2,640**	**1,834**	**12,027**
Changes in Long-Term Debt	(177)	(898)	617	4,049
Changes in Short-Term Net Financial Debt	(52)	9	(247)	(1,622)
Other Structural and Currency Changes (1)	280	(7)	289	1,897
Change in Receivables Related to Assets Sales	(85)	90	172	1,131
Total Changes for the Period	**(34)**	**(806)**	**831**	**5,455**
Net Indebtedness at End of the Period	**2,640**	**1,834**	**2,665**	**17,482**

(1) Long-Term Debt.

	Fixed rate		Variable rate		Average rate
	Fixed portion	Rate	Variable portion	Rate	
December 1997	39%	6.08%	61%	5.13%	5.50%
December 1998	47%	5.92%	53%	4.68%	5.27%
December 1999	46%	4.37%	54%	5.73%	5.11%

At December 31, 1999, fixed-rate debt included:
• € 668 million in 4.95% borrowings, capped at 5.50%, reflecting hedging transactions (including margins and premiums);
• € 433 million in bonds issued in February 1999 and exchangeable into Compass shares, bearing a fixed interest rate of 1%;
• € 291 million in bonds issued in 1991, bearing an interest rate of 6.75%, and convertible into Accor shares in the first half of 2000.
Excluding convertible bond borrowing and taking into account the 5.50% capped rate, fixed-rate debt would show an average rate of 4.11%.
At December 31, 1999, two-thirds of variable debt is denominated in US dollars and bearing an interest rate of 6.24%.

note 26 Payroll

Total payroll amounted to € 1,909 million (FRF 12,520 million) in 1998 and to € 2,058 million (FRF 13,502 million) at December 31, 1999.
Fees paid by various Group companies to Members of the Supervisory Board and to the Members of the Audit Committee and Remunerations Committee amounted to € 0,835 million (FRF 5,476 million).

note 27 Litigation

As part of the ongoing management of its activities, the Group is party to various litigation or arbitration. In the view of management, no such litigation or arbitration is susceptible to result in a material cost to the Company or have a material impact on the Group's financial situation, activity and results.

note 28 Off-Balance Sheet Commitments and Contingencies as of December 31, 1999

• Guarantees on loans and overdrafts totaled € 8 million (FRF 51 million).
• Accor and IFIL have amended their agreement of December 5, 1991 regarding their joint subsidiary Sifalberghi and concerning Accor's commitment to purchase from IFIL 25% of Sifalberghi. IFIL now benefits from the following commitments :
IFL may exercise an option between July 1, 1999 and December 31, 2002. The price of this option will be based on a formula taking into account net book value, unrealized capital gains on the real estate portfolio, and goodwill.
This commitment was valued at € 17 million (FRF 110 million) at December 31, 1999.
• The minority shareholder in Accor Casinos has been granted by the Accor Group a put option, exercisable from November 1, 1997 through December 31, 2000, for its remaining 35% interest in Accor Casinos. The strike price of this put option is based on future profits (EBITDA multiple minus indebtedness). For confidentiality reasons, this commitment is not individually quantified, but is included under other commitments given.
• As part of a rental contract related to approximately 70 motels for a period of 5 years, the Group is committed – if it decides to exercise neither its option to renew the lease nor its option to purchase the motels, and if the landlord decides to sell the properties – to reimburse the landlord the difference between the selling price and the initial price of the properties. This guarantee is limited to 80% of the difference between these prices, or a maximum of USD 340 million (€ 306 million or FRF 2,006 million).
• As part of a 10-year management contract relative to the Mercure Sydney Railway Square hotel, opened at the fourth quarter of 1998, Accor has granted the owner of the property a put option, exercisable after March 31, 2000, to acquire the hotel property for € 40 million (FRF 262 million). Construction costs borne by the owner will total approximately € 63 million (FRF 412 million).
• Other commitments given total € 159 million (FRF 1,042 million) and include the commitment relative to Accor Casinos. No other individual commitment exceeds € 7.6 million (FRF 50 million).

note 29 Main Subsidiaries and Consolidated Financial Investments at December 31, 1999

France

	%
☐ SOFITEL INT.	100.00
☐ SIHN	100.00
☐ PIH	100.00
☐ MIH	100.00
☐ S.E.H.S.	100.00
● SERARE	100.00
● LENOTRE	98.59
▲ S.E.A.V.T [2]	49.74
✲ Accor Casinos SA	65.00
✲ SFPTH SA	99.48
✲ DEVIMCO	99.97
✲ Accor Réservation Service	99.84
✲ S.H.C.D. [1]	34.90
✲ Académie Accor	100.00
☐✲ Frantour SA	100.00

Europe

	%
Austria	
☐ Accor GmbH	100.00
Belgium	
☐ Accor Hôtels Belgium	98.36
☐ Pullman Belgium	98.54
☐ Accoordination	99.10
■ Accor T.R.B.	100.00
▲ W.L. Tourisme [2]	49.74
✲ CIWLT	99.48
Denmark	
▲ World Tourist [2]	49.74
☐ Accor Hotels Denmark	100.00
Germany	
☐ Mercure Hotels	100.00
☐ Novotel DTCMBH	100.00
☐ Eurorheinische [1]	49.74
■ ACS Deutschland	95.00
Greece	
☐ SH Athènes Centre [1]	41.82
Hungary	
☐ Pannonia	60.16
Italy	
☐ Sagar	99.48
● ■ Gemeaz	94.64
☐ Sifalberghi	72.62
✲ Scapa Italia	97.00
The Netherlands	
☐ Novotel Nederland	100.00
☐ Nhere BV	100.00
☐ MMH	100.00
☐ Postiljon	100.00
Portugal	
■ ESA	94.50
Spain	
☐ Novotel Espagne	100.00
▲ Viajes Ecuador [2]	49.74
Sweden	
■ Rikskuponger	99.86
Switzerland	
☐ Novotel International	100.00
United Kingdom	
☐ Accor UK Business & Leisure	100.00
▲ WLT Travel UK [2]	49.74
■ Luncheon Vouchers	99.98

Latin America

	%
Argentina	
■ Servicios Ticket	83.99
Brazil	
☐ H.A.B. SA	70.90
● ■ T.S. do Brasil	49.97
Mexico	
▲ WLT Mexicana	99.48
■ Accor Servicios Emp.	93.00

Asia-Pacific

	%
☐ AAPC: Accor Asia Pacific Corp.	100.00
☐ TAHL (foncière Australie)	36.80

North America

	%
Canada	
☐ Group Accor of Canada	99.97
▲ Carlson Canada [2]	49.74
United States	
☐ Accor North America	100.00
☐ IBL Ltd	99.91
☐ Miotel	100.00
☐ Red Roof Inns	100.00
☐ Accor USA Holding	100.00
▲ Carlson USA [2]	49.74

Africa

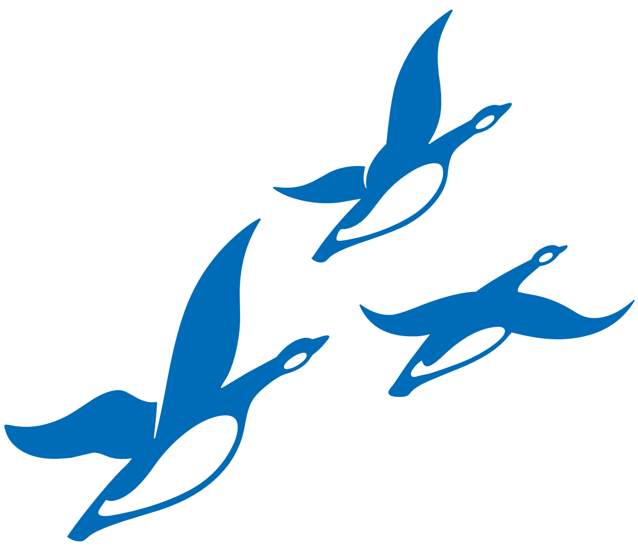
	%
Ivory coast	
☐ Société Abidjanaise	74.92
Senegal	
☐ SPHU	92.89

(1) Associated Equity Company
(2) Company Consolidated through Proportional Integration

NB 1 : Percentage Indicates Group Interest
NB 2 : A Comprehensive List of Consolidated Subsidiaries and Equity Holdings is Available to Company Shareholders upon request.

☐ HOTELS	▲ Travel Agencies	◆ Onboard Train Services
■ SERVICES	● Public Restaurants and Instutional Catering	✲ Other Services

Parent Company



Draft Resolutions

for the Combined Ordinary and Extraordinary Shareholders' Meeting

Business Items for the Ordinary and Extraordinary Meeting of the Shareholders

Voting on these resolutions shall be conducted in accordance with the quorum and majority requirements for Ordinary Meetings of the Shareholders.

First Resolution

Approval of 1999 Reports and Financial Statements

In consideration of the Management Board's report on operations, the recommendations of the Supervisory Board, the Statutory Auditors' report and the oral explanations provided, the Meeting of the Shareholders hereby approves each and every section of the Management Board's report, together with the financial statements for the fiscal year ended December 31, 1999, as submitted.

The Meeting hereby approves the transactions reflected in such financial statements, along with the acts of management performed by the Management Board in the course of the aforesaid fiscal year.

Second Resolution

Approval of Regulated Agreements

In consideration of the special report prepared by the Statutory Auditors on the agreements governed by Article 143 of the French Business Corporations Act (Law 66-537 of July 24, 1966), the Meeting of the Shareholders hereby approves said agreements and the performance of previously approved agreements.

Third Resolution

Allocation of 1999 Annual Surplus

On the recommendation of the Management Board, the Meeting of the Shareholders hereby resolves to allocate the net earnings for the 1999 fiscal year, in the amount of:

	€	FRF
in the amount of:	243,982,908.00	1,600,422,963.81
Plus Retained Earnings Carried Forward:	325,893,963.25	2,137,724,264.52
For Total Distributable Earnings of:	**569,876,871.25**	**3,738,147,228.33**
in the following manner:		
- To Dividend	166,933,783.80	1,095,013,840.20
- To Dividend Withholding Tax	57,074,811.15	374,386,219.00
- Retained Earnings	345,868,276.29	2,268,747,169.13

The dividend distributed to the 185,481,982 shares entitled to dividends as of January 1, 1999 shall be € 0.90 (FRF 5.9036) per share, plus a dividend tax credit of € 0.45 (FRF 2.9518), for total income of € 1.35 (FRF 8.8554) per share. The dividend shall be paid on Wednesday, June 14, 2000.

For the record, the Meeting of the Shareholders hereby states that the dividends distributed for the past three fiscal years were as follows (after restatement for the decrease in share par value from € 15 to € 3):

	1996		1997		1998	
	FRF	€	FRF	€	FRF	€
Net dividend	4.00	0.60	4.60	0.70	5.25	0.80
Tax paid	2.00	0.30	2.30	0.35	2.62	0.40
Total income	6.00	0.90	6.90	1.05	7.87	1.20

Fourth Resolution

Authorization to Management Board to Trade Company Stock

In consideration of the report by the Management Board, having reviewed the prospectus approved by the French Securities and Exchange Commission, and in accordance with Article 217-2 of the French Business Corporations Act of July 24, 1966, the Meeting of the Shareholders hereby authorizes the Management Board to instruct its agents to redeem Company stock.

Any instrument may be used to buy, sell or transfer Company stock on the market or over-the-counter. Such means shall include any derivative product traded on regulated or over-the-counter markets, including but not limited to the sale of options.

The purchase price shall be no higher than € 60, and the selling price shall be no lower than € 25.

For increases of capital by capitalization of retained earnings and issue of bonus shares, or for stock splits or reverse splits, the aforesaid prices shall be adjusted by a factor equal to the ratio of the number of shares comprising the capital stock before the transaction, to the number after the transaction.

Pursuant to Article 179-1 of the Decree on Business Corporations of March 23, 1967, the Meeting of the Shareholders hereby limits the number of shares of stock that can be acquired under this authorization to 12 million, for a total amount of € 720 million based on a maximum purchase price per share of € 60, as authorized hereinabove.

Regardless of the terms involved, stock may be acquired for any of the following purposes, without limitation:

- Optimize Company financial and asset management,
- Smooth out share price movement of Company stock,
- Cancel shares of stock up to the maximum number of new shares under Group stock option programs or capital increases restricted to employee members of an Employee Stock Ownership Plan,
- Grant stock options to Company and/or Group employees, directors and officers,
- Allot shares of stock as part of an Employee Profit Sharing Program,
- Put up shares in payment or exchange, especially as part of deals to fuel growth by acquisition,
- Allot shares in exercise of rights conferred by securities entitling the holder to outstanding Company stock through redemption, conversion, exchange, presentation of a warrant or any other means,
- Promote reciprocal shareholdings.

Stock acquired in this manner may be held, sold or transferred. It may also be cancelled pursuant to the authorization granted by the fifth resolution.

This authorization shall remain in effect for up to eighteen months. It rescinds and supersedes the authorization previously given to the Management Board under the tenth resolution of the Combined Ordinary and Extraordinary Meeting of the Shareholders of May 27, 1999.

The Management Board shall have full authority, which may be sub-delegated, to act on this authorization.

Business Items for the Extraordinary Meeting of the Shareholders

Voting on these resolutions shall be conducted in accordance with the quorum and majority requirements for Extraordinary Meetings of the Shareholders.

Fifth Resolution

Authorization to Management Board to Decrease Capital Stock by Cancellation of Shares

Having reviewed the report prepared by the Management Board and the special report prepared by the Statutory Auditors, the Meeting of the Shareholders hereby authorizes the Management Board to:

- Cancel the shares acquired pursuant to the authorization given under the fourth resolution, not to exceed 10% of the capital stock per twenty-four-month period, and decrease the capital stock by a corresponding amount, charging the difference between the redemption price of the cancelled shares and their par value to the available capital surplus and retained earnings,

• Effectuate the capital decrease, settle any disputes, record the capital decrease(s) subsequent to the cancellations authorized by this resolution, amend the Company Bylaws accordingly and, generally, perform all necessary procedural formalities.

This authorization shall remain in effect for up to eighteen months, and rescinds and supercedes the authorization previously given to the Management Board under the sixteenth resolution of the Combined Ordinary and Extraordinary Meeting of the Shareholders of May 27, 1999. Pursuant to Article 15 of the Bylaws, prior approval by the Supervisory Board shall be required for the Management Board to act on this authorization.

Sixth Resolution

Authorization to Management Board to Use Capital Increase Authorizations Not Restricted to Named Beneficial Owners, in the Event of a Takeover Bid

Having reviewed the report prepared by the Management Board, the Meeting of the Shareholders expressly authorizes the Management Board to make use of the capital increase authorizations pursuant to the eleventh, twelfth, thirteenth and fourteenth resolutions of the Combined Ordinary and Extraordinary Meeting of the Shareholders of May 27, 1999, as provided by law, if the Company stock becomes the target of a takeover bid, provided that such capital increases are not restricted to named beneficial owners. This authorization shall be effective from the date of this resolution until the Meeting of the Shareholders called to consider the financial statements for the current fiscal year. Pursuant to Article 15 of the Bylaws, prior approval by the Supervisory Board shall be required for the Management Board to act on this authorization.

Seventh Resolution

Authorization to Complete Procedural Formalities

The Meeting of the Shareholders hereby grants full authority to the bearer of an original, short-form certificate or copy of the minutes of this Meeting, to complete all necessary filings and procedural formalities.

General Information

Registered Name

ACCOR

Registered Office

2, rue de la Mare-Neuve - 91000 Evry - France.

Legal status

Public Limited Company governed by Articles 118 to 150 of Companies Act of July 24, 1966.

Legislation

Public Limited Company incorporated under the legislation of the Republic of France.

Incorporation and Expiration Date

The company was incorporated April 22, 1960, for 99 years, expiring April 22, 2059, except extension or early dissolution.

Objects (see Article 3 of the by-laws)

The Company was established to enter in the following activities for its own account, on behalf of third parties, or jointly with third parties:

• the ownership, financing, and management, directly, indirectly, or within specified mandates of restaurants, bars, hotels of all nature and categories and, more generally, any establishment related to restauration, lodging, tourism, leisure, and services;

• the economic, financial, and technical review of projects and, generally, all services related to the development, organization and management of above-mentioned establishments, including all actions related to their construction or consulting services thereupon;

• the review and provision of services aimed at facilitating the supply of meals to employees at corporations and other organizations;

• the creation of any new company and acquisition of interests operating in any business and by any means;

• all civilian, commercial, industrial, financial, securities, and real estate transactions related to the above and all similar or related activities in France and other countries.

Trade Register Identification

602 036 444 RCS Evry
Code APE: 551A.

Place Where the Legal Documents Regarding the Company May Be Consulted

The legal documents regarding the Company, including by-laws, balance sheets, statements of income, Management Board's report to the Shareholders' Meetings, Statutory Auditors' report, and inventories, may be consulted upon request at Tour Maine-Montparnasse - 33, avenue du Maine, 75755 Paris Cedex 15 - France.

Fiscal Year

The company's fiscal year begins on January 1 and ends on December 31.

Statutory Appropriation of Profits

Profits available for distribution consist of net income for the year, minus net losses from prior years and transfers to reserves for the year, in accordance with French law, plus retained earnings from prior years.
Profits available for distribution are appropriated upon decision of the Annual General Shareholders' Meeting, which may also decide to deduct/allocate funds from/to reserves.

General Shareholders' Meetings

Participation to General Shareholders' Meetings
(see Article 21 of the by-laws)
General Shareholders' Meetings are called pursuant to regulation in force.

In accordance with Article 136 or the decree of March 23, 1967, the right to participate or be represented at the Meetings requires shareholders to register their shares with the Company five days prior to the Meeting or the deposit, within five days of the Meeting, of certificates of deposit issued by their bank, financial institution, or brokerage house holding the shares, at a location indicated on the invitation.
The Meetings are held at the Company's registered offices or any other location indicated on the invitations.

Proceedings of the Shareholders' Meetings
(see Article 22 of the by-laws)
All shareholders have the right to participate or be represented at the General Shareholders' Meetings, within the conditions set by law. They may vote by proxy in accordance with Article 161-1 of the law on commercial companies. Each share equals one vote, except when otherwise dictated by regulation in force.
Double voting rights are granted to fully-paid shares registered for at least two years by the same shareholder.
In the case of share capital increases by incorporation of reserves, profits, or paid-in surplus, bonus registered shares distributed to registered shareholders enjoying double voting rights are similarly granted double voting rights.
Registered shares transformed into bearer shares or sold to a different holder lose their double voting rights. However, transfer through inheritance, liquidation of marital assets or transfers to a spouse or direct parent do not result in the loss of rights or registered status. The merger of the Company has no impact on double voting-rights, provided that the by-laws of the acquiring company allow for their exercise.
When shares are held in usufruct, voting rights are granted to the usufructuary in Ordinary and Extraordinary Shareholders' Meetings.
Meetings are chaired by the Chairman of the Supervisory Board, the Vice Chairman, or in their absence, a member of the Supervisory Board mandated by the Board. Otherwise, the Board elects its own Chairman.
The function of Scrutineer of the Meeting is fulfilled by the two shareholders present at the Meeting and representing the largest number of voting rights.
The Bureau thus formed names a Secretary which does not need to be a shareholder.
A participant list is maintained pursuant to regulation in force.
Copies or extracts from the Meeting minutes are certified by the Chairman of the Supervisory Board, the Vice Chairman, or the Meeting Secretary.
The Ordinary and Extraordinary Shareholders' Meetings meeting quorum and majority requirements exercise the powers granted by law.

Statutory thresholds (see By-laws – Article 9)
Any shareholder holding directly or indirectly, individually or as part of a group, a number of shares representing 1% of the capital must inform the Company by certified letter with return receipt, sent to the attention of the Head Office, within five business days after the date of trading or conclusion of any agreement that causes the threshold to be crossed.
With this 1% threshold, any increase of 0.5% or decrease of 1% in the number of shares held must be reported.
These rules also apply to securities giving potential access to capital, as well as to voting rights attached to the shares or other securities. Mutual fund management companies must conform to Article 9 of the By-laws for the entirety of shares or voting rights held through the funds they manage.
The posting requirements and penalties are regulated pursuant to French law (see article 356-4 of the law of July 24, 1966).
In addition, in the case of non-compliance with reporting requirements, and upon request of one or several shareholders holding 3% of voting rights, the voting rights exceeding the threshold which should have been reported, may not be exercised or delegated by the negligent shareholder to any shareholder meeting for a period of two years following the date of regularization of the notification.
The company may make use of legal conditions relative to the identification of holders of securities giving access to voting rights, either immediately or potentially.

Information
on Share Capital

Capital

At December 31, 1999, the Company's Share Capital amounted to € 556,445,946, comprised of 185,481,982 shares of € 3 par value each, fully paid-up and all of the same category.
The ninth resolution of the Shareholders' Meeting of December 15, 1999 (second call) voted the five-for-one split of Accor share par value (€ 3 versus € 15) effective on December 22, 1999.
Shareholders may elect to hold their shares in registered of bearer form.
Shares are freely transferable within legal and regulatory limits.
The transfer of shares, regardless of price and modalities, is made by transfer of accounts pursuant to regulation in force.

Authorization to Sell and Purchase Shares in the Open Market

The General Shareholders' Meeting of May 27, 1999 authorized the Management Board to buy of sell Accor shares in the Open Market for a period expiring at the following General Shareholders's Meeting, approving the 1999 Financial Statements.
The maximum purchase price may not exceed € 305 (FRF 2,000) and the minimum selling price may not be below € 125 (FRF 820) per share.
The maximum number of shares is at the most equal to the maximum fixed by the law, or 10%.
The Company used this authorization in 1999 (see page 22).

Securities Convertible into Equity

Convertibles Bonds

In May 1991, Accor raised € 307 million (FRF 2,016 million) through a bond issue, comprising 2.1 million Convertible Bonds of € 146.35 (FRF 960) par value, bearing 6.75% interest and convertible on the basis of one Accor share per bond. Bonds are listed on the Paris Stock Exchange (code 8519).
The conversion ratio was adjusted on December 1, 1996, the average share price in the 40 trading days preceding November 30, 1996 being under € 190.6 (FRF 1,250). The conversion ratio is now 1.15 Accor shares per bond, and could lead to the creation of a maximum of 2,413,883 shares.
The bond matured January 1, 2000 at a price of € 161 (FRF 1,056) per bond.
In 1999, 108,390 bonds were converted.
At December 31, 1999, 1,990,639 such convertible bonds remained outstanding, convertible or redeemable until March 31, 2000. At March 31, 2000, 1,964,670 bonds were converted into 11,296,983 Accor shares; 25,969 other bonds were redeemed.

Share Options Reserved to Group Employees

At December 31, 1999, 3,465,540 share options were outstanding. Should all these options be exercised, and taking into account the number of Accor shares created consequently to the conversion of 1991 convertible bonds, the total number of Accor shares outstanding would amount to 200,244,505.

Capital Increases Approved by the Shareholders' Meeting

The Shareholders' Meeting of May 27, 1999, authorized the Management Board, for a period of 26 months, to issue securities that give access immediately or potentially to shares in the Company under the following terms:

Nature of the transaction	Maximum amount of the issues (par value in euros)
• Capital increase through issue of shares and/or equity derivatives (warrants, shares with warrants, etc.):	
– With preferred subscription rights	150 million
– Without preferred subscription rights	100 million
• Issue of bonds convertible or exchangeable into shares:	
– With preferred subscription rights	2 billion (issuance value)
– Without preferred subscription rights	1 billion (issuance value)
• Capital increase through incorporation of reserves or premiums	150 million
• Maximum par value of capital increases authorized during this period	300 million

In addition, the Management Board has been granted the following authorizations, for a period of five years:

• Authorization granted by the Shareholders' Meeting of January 7, 1997 to issue stock options for the Group's employees, the number of un-exercised options granted being limited to 5% of share capital;

• Authorization granted by the Shareholders' Meeting of May 27, 1999 to issue shares reserved to employees participating in a Company Savings Plan within the limit of 2% of share capital.

Changes in Share Capital

	Capital Increase in the Past 5 Years	Amount of Changes in Capital (in €)		Share Capital	Total Number of Shares
		Nominal	Premium	(in €)	
1995	Conversion of 30 US Dollar-Denominated Bonds Issued in 1994	17,958	6,309	380,611,214	24,966,459
	Exercice of Share Options at FRF 508 (€ 77.44) Each	2,744	11,196	380,613,958	24,966,639
	Dividend Payment in Share Form at a Price of FRF 555 (€ 84.61) Each	9,447,449	42,985,891	390,061,406	25,586,351
	CIWLT Public Exchange Offer	50,757,900	191,189,819	440,819,307	28,915,851
1996	Conversion of 51 Bonds Issued in 1991	823	6,241	440,820,130	28,915,905
	Exercise of Share Options at FRF 617 (€ 94.06) Each	7,622	39,408	440,827,752	28,916,405
	Exercise of Share Options at FRF 508 (€ 77.44) Each	604,476	2,466,260	441,432,228	28,956,056
	Exercise of Share Options at FRF 590 (€ 89.94) Each	15,245	74,700	441,447,473	28,957,056
	Dividend Payment in Share Form at a price of FRF 633 (€ 96.50) Each	11,026,241	58,769,865	452,473,714	29,680,330
	Exchange of IBL Shares	52,394,501	130,446,220	504,868,215	33,117,184
1997	Conversion of 557 Bonds Issued in 1991	9,787	71,925	504,878,003	33,117,826
	Exercise of Share Options at FRF 617 (€ 94.06) Each	246,967	1,276,821	505,124,970	33,134,026
	Exercise of Share Options at FRF 508 (€ 77.44) Each	3,927,544	16,024,380	509,052,514	33,391,656
	Exercise of Share Options at FRF 590 (€ 89.94) Each	1,722,674	8,441,102	510,775,188	33,504,656
	Exchange of Sphere Shares	35,791,386	73,922,264	546,566,574	35,852,417
1998	Conversion of 320 Bonds Issued in 1991	5,671	42,012	546,572,245	35,852,789
	Exercise of Share Options at FRF 490 (€ 74.70) Each	261,603	1,020,250	546,833,847	35,869,949
	Exercise of Share Options at FRF 617 (€ 94.06) Each	684,496	3,538,845	547,518,343	35,914,849
	Exercise of Share Options at FRF 1,065 (€ 162.36) Each	38,112	367,783	547,556,456	35,917,349
	Exercise of Share Options at FRF 590 (€ 89.94) Each	3,409,522	16,706,659	550,965,978	36,140,999
1999	Conversion of Accor Share Capital into Euros	(8,850,993)	8,850,993	542,114,985	
	Conversion of 108,390 Bonds Issued in 1991	1,869,906	13,991,347	543,984,891	36,265,659
	Exercise of Share Options at FRF 490 (€ 74.70) Each	528,000	2,101,441	544,512,891	36,300,859
	Exercise of Share Options at FRF 507 (€ 77.29) Each	1,050,000	4,360,416	545,562,891	36,370,859
	Exercise of Share Options at FRF 617 (€ 94.06) Each	1,624,500	8,562,311	547,187,391	36,479,159
	Subscription Reserved to Employees at € 194	987,510	11,784,286	548,174,901	36,544,993
	Payment of Assets	8,271,045	294,258,604	556,445,946	37,096,396
	Five-for-One Split of Par Value (€ 15 from € 3)				185,481,982

N.B. There is no option to purchase. All the options are options to subscribe.

Breakdown of Share Capital and Voting Rights

Shareholders at February 29, 2000

	Number of Shares	Number of Voting Rights	% of Share Capital	% of Voting Rights
Caisse des Dépôts et Consignations Group	7,343,796	13,916,451	3.94%	6.81%
Founders	6,527,542	11,844,117	3.50%	5.79%
Worms & Cie (IFIL Group)	2,377,640	4,755,280	1.28%	2.32%
Société Générale Group	2,240,309	2,240,309	1.20%	1.10%
BNP Group	1,227,580	2,455,160	0.66%	1.20%
Total Supervisory Board	**19,716,867**	**35,211,317**	**10.58%**	**17.22%**
Other Shareholders	166,617,497	169,356,614	89.42%	82.78%
Total	**186,334,364**	**204,567,931**	**100.00%**	**100.00%**

Other Shareholders

• According to a survey conducted on February 29, 2000 by Sicovam with intermediaries holding over 200,000 shares on behalf of their clients, there are approximately 177,000 Accor shareholders. Other shareholders than Members of the Supervisory Board are as follows : Individual Shareholders 17%, French Institutional Investors 29% (including 16.6% for Mutual Funds), International Institutional Investors 43.4%.

• Members of the Management Board together own 619,265 Accor shares (ie 0.33% of Accor Share Capital) and 722,540 voting rights (ie 0.35% of total voting rights) at February 29, 2000.

• The number of shares directly or indirectly owned by members of management represents approximately 1% of Share Capital. Furthermore, they hold share options.

• Employees own 329,170 Accor shares (ie 0.17% of Accor Share Capital at December 31, 1999) in the scope of the 1999 Employee Ownership Program.

• To the best of the Company's knowledge, no single shareholder holds 1% or more of the share capital or voting rights, directly or undirectly.

• There are no alliances at shareholders acting jointly.

Changes in Shareholders

	1998(1)		1999(2)		2000(3)	
	% Share Capital	% Voting Rights	% Share Capital	% Voting Rights	% Share Capital	% Voting Rights
Caisse des Dépôts et Consignations Group	5.5%	9.6%	5.5%	9.6%	3.9%	6.8%
Société Générale Group	2.2%	2.0%	1.8%	1.7%	1.2%	1.1%
BNP Group	0.7%	1.3%	0.7%	1.3%	0.7%	1.2%
IFIL Group (and Worms & Cie)	1.3%	2.4%	1.3%	2.4%	1.3%	2.3%

(1) at November 12, 1998 (2) at March 31, 1999 (3) at February 29, 2000

Listed Securities

The Accor shares trade on the Monthly Settlement Market of the Paris Stock Exchange (code 12040).
ADR (American Depositary Receipts) are traded on the US OTC market (Code ACRFY, CUSIP 00435F 101).
The Accor exchangeable notes into Compass shares trade on the Luxembourg Stock Exchange
(codes : Sicovam 49227, ISIN FR 0000 492274, Euroclear/ Cedelbank 009544844).

Shareholder services, including transfers and dividend payments are provided by:
Société Générale - 32, rue du Champ de Tir - BP 81236 - 44312 Nantes cédex 3 - France.

Accor Share and Dividend

The figures were restated after the five-for-one split of the par value since December 22, 1999.

in €	Number of Shares	Dividend paid to the Year			Ex-Dividend	Paid	Share Price			Dividend Yield Based on Share Price at Dec. 31
		Net	Tax Credit	Gross			+ High	+ Low	At Dec. 31	
1994	124,826,405	0.55	0.28	0.83	June 21, 95	July 26, 95	23.36	15.36	17.68	4.66%
1995	144,579,255	0.60	0.30	0.90	June 14, 96	July 19, 96	20.74	15.88	19.34	4.73%
1996	165,585,920	0.60	0.30	0.90	June 13, 97	June 13, 97	24.46	18.48	20.04	4.57%
1997	179,262,085	0.70	0.35	1.05	June 15, 98	June 15, 98	36.38	19.24	34.12	3.08%
1998	180,704,995	0.80	0.40	1.20	June 14, 99	June 14, 99	54.42	27.48	36.90	3.25%
1999	**185,481,982**	**0.90**	**0.45**	**1.35** (1)	**June 14, 00**	**June 14, 00**	**50.36**	**34.40**	**47.97**	**2.81%**

(1) proposed.

in FRF	Number of Shares	Dividend paid to the Year			Ex-Dividend	Paid	Share Price			Dividend Yield Based on Share Price at Dec. 31
		Net	Tax Credit	Gross			+ High	+ Low	At Dec. 31	
1994	124,826,405	3.60	1.80	5.40	June 21, 95	July 26, 95	153.20	100.80	116.00	4.66%
1995	144,579,255	4.00	2.00	6.00	June 14, 96	July 19, 96	136.00	104.20	126.80	4.73%
1996	165,585,920	4.00	2.00	6.00	June 13, 97	June 13, 97	160.40	121.20	131.40	4.57%
1997	179,262,085	4.60	2.30	6.90	June 15, 98	June 15, 98	238.60	126.20	223.80	3.08%
1998	180,704,995	5.25	2.62	7.87	June 14, 99	June 14, 99	357.00	180.20	242.00	3.25%
1999	**185,481,982**	**5.90**	**2.95**	**8.85** (1)	**June 14, 00**	**June 14, 00**	**330.00**	**225.60**	**314.66**	**2.81%**

(1) proposed.

The Management Board proposes to pay a Dividend Per Share of € 0.90 (FRF 5.90) net and of € 1.35 (FRF 8.85) including “Avoir fiscal” tax credit, to each of the 185,481,982 shares eligible for the 1999 Dividend.
Dividend distributed over the past five years appear above, restated after the five-for-one split of the par value since December 22, 1999.
No interim dividend has been paid in 1999. Dividend payment is done by Sicovam.
Dividend payments which have not been claimed within five years are subject to prescription as defined by law.

Share Price and Exchanged Volumes

Share Price

Those figures are restated after the five-for-one split of the par value since December 22, 1999.

	Average Price		+ High		+ Low		Number of Exchanged Shares
	€	FRF	€	FRF	€	FRF	
1998							
October	32.28	211.80	36.20	237.40	27.48	180.20	26,345,985
November	36.86	241.80	40.62	266.40	32.92	216.00	16,603,950
December	35.36	232.00	38.06	249.60	32.14	210.80	15,488,655
1999							
January	37.36	245.07	41.76	273.93	34.40	225.65	16,861,810
February	42.30	277.47	45.80	300.43	36.90	242.05	23,796,155
March	45.26	296.89	48.16	315.91	41.86	274.58	21,976,305
April	46.06	302.13	49.90	327.32	43.08	282.59	17,839,830
May	48.36	317.22	50.36	330.34	46.44	304.63	13,247,525
June	47.92	314.33	49.90	327.32	45.70	299.77	14,204,825
July	46.48	304.89	49.50	324.70	43.32	284.16	13,444,735
August	43.94	288.23	46.60	305.68	41.82	274.32	19,703,745
September	43.18	283.24	46.20	303.05	40.68	266.84	23,841,860
October	41.80	274.19	44.30	290.59	39.80	261.07	14,413,160
November	43.62	286.13	47.76	313.29	41.30	270.91	19,452,100
December	46.22	303.18	48.07	315.32	44.44	291.51	25,348,745
2000							
January	44.50	291.90	49.20	322.73	39.95	262.05	17,428,196
February	39.87	261.53	44.00	288.62	35.39	232.14	21,818,603
March	38.30	251.23	41.89	274.78	35.50	232.86	22,420,701

Convertible Bonds 6.75% 1991

	Average Price		+ High		+ Low		Number of Exchanged Bonds
	€	FRF	€	FRF	€	FRF	
1998							
October	228	1,496	243	1,594	207	1,358	68,930
November	245	1,607	256	1,679	234	1,535	24,321
December	238	1,561	256	1,679	218	1,430	10,185
1999							
January	241	1,581	256	1,679	228	1,496	15,820
February	258	1,692	268	1,758	245	1,607	34,672
March	267	1,751	277	1,817	260	1,705	136,802
April	268	1,758	298	1,955	240	1,574	236,713
May	283	1,856	295	1,935	263	1,725	100,771
June	278	1,824	295	1,935	261	1,712	68,587
July	274	1,797	292	1,915	250	1,640	26,521
August	261	1,712	270	1,771	235	1,541	38,991
September	255	1,673	270	1,771	235	1,541	163,480
October	247	1,620	262	1,719	230	1,509	23,702
November	258	1,692	277	1,817	236	1,548	54,449
December	269	1,764	286	1,876	245	1,607	136,130

Management

Corporate Governance

In line with corporate governance principles, Accor is administred by a five-member Management Board responsible for Group management, and a Supervisory Board responsible for overseeing Group management.
The Supervisory Board is comprised of eleven members, including six representatives of major shareholders, and five independant members.
Relationships between the Supervisory Board and Management Board are ruled through an internal charter.
A Compensation Committee and an Audit Committee complete this organization.

Co-Chairmen and Founders

Paul Dubrule - Gérard Pélisson

Management Board

Jean-Marc Espalioux, Chairman and C.E.O.

Sven Boinet
Benjamin Cohen
John Du Monceau

Paul Dubrule

Secretary of the Management Board

Pierre Todorov

Supervisory Board

- Chairman: Gérard Pélisson
- Vice-Chairman: Etienne Davignon*, Chairman of Société Générale de Belgique, Member of the Board since May 16, 1990; Etienne Davignon, 67-years old, is a Director of Pechiney, of ICL (Great Britain), and a Member of Supervisory Boards of Suez-Lyonnaise des Eaux and BASF (Germany). He holds 590 Accor shares.
- BNP, Member of the Board since May 16, 1990, represented by Baudouin Prot, C.E.O. of BNP; Baudouin Prot, 49-years old, is a Director of Pechiney and Member of the Supervisory Board of Pinault-Printemps-Redoute.
- Isabelle Bouillot, Deputy Chief Executive Officer of Caisse des Dépôts et Consignations, Member of the Board since February 14, 1996; Isabelle Bouillot, 51-years old, is a Director of Saint-Gobain and La Poste, and a Member of the Supervisory Board of Caisse Centrale des Caisses d'Epargne. She holds 500 Accor shares.
- CDC Participations, Member of the Board since June 28, 1983, represented by Willy Stricker, Chairman and C.E.O. of CDC Participations; Willy Stricker, 57-years old, is a Member of the Supervisory Board of Club Méditerranée and Permanent Representative of CDC Participations on the Board of Directors of Canal+.
- Renaud d'Elissagaray* is Member of the Board since January 7, 1997 (he was before a censor since January 27, 1988); Renaud d'Elissagaray, 67-years old, former Member of the Management Board of Banque Louis Dreyfus, is a Director of Arca-Banque du Pays Basque and various investment companies including Indocam France Europe. He holds 673 Accor shares.
- Jean-Marie Fourier*, 78-years old, Honorary C.E.O. of Thomson, Member of the Board since January 7, 1997 (he was before a censor since June 28, 1983); Jean-Marie Fourier has also responsabilities within associations and Ile de France Region Administration. He holds 540 Accor shares.
- IFIL Finanziaria di Participazioni SpA, Member of the Board since December 15, 1992, represented by Gabriele Galateri di Genola, Managing Director and C.E.O. of IFIL ; Gabriele Galateri di Genola, 52-years old, is a Member of the Supervisory Board of Worms & Cie, Director of Fiat (Italy), and Non-Executive Director of Arjo Wiggins Appleton Plc (Great-Britain).

- Jérôme Seydoux*, Chairman and C.E.O. of Pathé, Member of the Board since January 7, 1997; Jérôme Seydoux, 65-years old, is a Director of Chargeurs and Danone. He holds 1,000 Accor shares.
- Maurice Simond*, 68-years old, Former Group Director of IBM Europe, Member of the Board since January 7, 1997 (he was before a censor since June 28, 1983). He holds 35,610 Accor shares.
- Société Générale, Member of the Board since June 28, 1983, represented by Patrick Duverger, C.E.O. of Société Générale; Patrick Duverger, 61-years old, is a permanent representative of Société Générale on the Board of Directors of TF1.

* Independant Members.

Secretary of the Supervisory Board

Pierre Todorov

Meetings of the Supervisory Board and the Management Board

At Accor, an ongoing, balanced dialogue has been established between the Supervisory Board and the Management Board. Over the course of 1999, the Supervisory Board held six formal meetings, in January, March, May, July, September, and December. Underscoring the importance of Supervisory Board member attendance at meetings, 50% of Directors' fees granted by Accor SA will henceforth be based on attendance records.

Each quarter, the Management Board presents a detailed report on operations that allows the Supervisory Board to fully carry out its mission.

In addition, the Supervisory Board authorizes, on the basis detailed, comprehensive information, all significant investments and strategic operations.

An **Internal Regulation** complementing the By-laws specifies the rules of the Management Board's internal functioning and its relationship with the Supervisory Board as well as with the subsidiaries and operational entities of the Group. This internal regulation also defines the ethical standards that members of the Management Board are expected to respect and enforce.

Board Committees

In compliance with principles of Corporate Governance, Accor has, for several years, established permanent specialized Committees of the Supervisory Board.

The **Compensation Committee** comprises three members : the Chairman of the Supervisory Board, Mr. Gérard Pélisson, and two Independant Members, Messrs. Etienne Davignon and Jérôme Seydoux, who is the Chairman.

The Compensation Committee makes recommendations to the Supervisory Board regarding the Remuneration of the Group's Executive Officers, as well as management of Stock Option Plans.

The **Audit Committee** comprises four members : the Chairman of the Supervisory Board, Mr. Gérard Pélisson, Mrs. Isabelle Bouillot, and two Independant Members, Mr. Etienne Davignon, who is the Chairman, and Mr. Renaud d'Elissagaray.

The Audit Committee is responsible for overseeing the reliability and consistency of the accounting methods adopted to establish the Group's Consolidated and Parent Company Financial Statements, as well as the effectiveness of internal procedures set up to collect and control financial information.

The Audit Committee also review the validity of the accounting treatment of material transactions. Its members may meet with Group Officers, Executives and Managers in charge of the establishment and control of the Financial Statements, including the Chairman of the Management Board and the Management Board Member in charge of Finance, as well as the Company Statutory Auditors.

Furthermore, during the course of 1999, the Audit Committee has particularly concentrated its attention on procedures put in place by the internal Audit Department in order to understand and approve them.

The Committee reports its finding to the Supervisory Board, bringing to the Board's attention any material information likely to require specific deliberation and review, so as to facilitate the conduct of the Board's oversight and control functions.

Both Committees had two meetings in 1999.

Executive Remuneration and Director's Fees

The Remuneration of Accor's Management Team, comprising the Management Board Members, the heads of major Group Functional Departments and the heads of Group Operating Divisions, is tied to improvements in the Group's financial performance through variable elements based on precise qualitative and quantitative criteria.
For Management Board Members – whose remuneration is set by the Supervisory Board upon recommendation from the Compensation Committee -, the variable portion of the remuneration can amount to up to 80% of fixed remuneration. For other members of the Management Team, variable remuneration can reach 40% of fixed remuneration.
In 1999, the total remuneration paid to the four Management Board Members and the heads of major Group Fonctional Departments – Volker Büring, Director of Human Resources; Jacques Charbit, Director of Communications; Olivier Devys, Deputy Director of Human Resources; Thierry Gaches, General Controller; Christian Gary, Group Treasury Director; Jean-Paul Ribert, Legal Director; Eliane Rouyer, Director of Financial Communications; Pierre Todorov, Corporate Secretary – amounted to € 4,663,250 (FRF 30,588,915).
During the year, Supervisory Board Members received remuneration totaling € 2,114,590 (FRF 13,870,805), including € 834,863 (FRF 5,476,346) in Directors' fees paid by Accor SA and various Group companies.
No loan or guarantee have been granted to any of the Supervisory Board Member.

Stock Option Plans

Accor issues stock options to its Executive and Managers on a regular basis. In each year in which a stock option plan is launched, a specific group of beneficiaries is targeted: Executives, Top Management, Middle Operating Management. Depending on the specific targeted group, the number of beneficiaries for each plan may vary from a few dozen to several hundred managers. Stock options are not awarded systematically to a given category of managers, but reflect individual contribution, based on financial performance or personal achievement.
Since 1998, stock options have been issued for a period of eight years, and may not be exercised during the first five years of each plan. Options are issued at a 5% discount to the Accor share price at the time of the issue.
Whenever stock options are issued to the Management Board Members, the number of options attributed to each Member is set by the Supervisory Board upon recommendation from the Compensation Committee.
Plans issued in 1999 and 2000 are dedicated to Middle Operating Management, representing 650 and 900 Group's employees, respectively.

As of December 31, 1999, Paul Dubrule and Gérard Pélisson and Members of the Management Board held small stakes in companies franchised or managed by Accor.

Stock Options Granted to Group Employees and Executives

Board Meeting Date	Total Number of Exercisable Shares, Including those Granted to Management Board Members*	Number of Beneficiaries Including Management Board Members*	Issuance Date	Expiration Date	Exercise Price in €	Exercise Price in FRF	Number of Stock Options Exercised in 1999	Number of Stock Options Exercised at Dec. 31, 1999 Including Exercised Management Board Members
Stock Option Plans Issued by Accor								
01/08/1995	1,000,000	160	01/08/1997	01/08/2001	18.80	123.40	541,500	857,500
07/01/1997	1,000,000 (550,000)	25 (all)	07/01/1999	07/01/2005	15.50	101.40	350,000	350,000 (225,000)
07/01/1998	1,400,000 (395,000)	242 (all)	07/01/2003	07/01/2006	32.50	213.00	0	12,500
06/01/1999	600,000	650 (none)	06/01/2004	06/01/2007	33.95	222.70	0	0
30/03/2000	750,000	900 (none)	30/03/2005	30/03/2008	37.00	242.70	0	0
Stock Option Plans Taken over by Accor Following the Sphere International Merger								
31/10/1996	685,540	83	31/10/2000	31/10/2001	13.25	86.80	0	0
Stock Option Plans Issued by Subsidiaries								
Lenôtre								
29/12/1994	4,700	8	29/12/1994	15/01/2000	170.70	1,120	0	0
30/04/1996	2,700	3	30/04/1996	30/04/2001	170.70	1,120	0	0
25/10/1996	600	1	25/10/1996	25/10/2001	170.70	1,120	0	0
Accor Casinos								
30/07/1999	17,600	19	30/07/2004	30/07/2007	78.36	514	0	0

* Beginning from January 7, 1997.

Employee Profit-Sharing Plans

Mandatory profit-sharing is the object of a Group agreement between Accor and its French subsidiaries, on the one hand, and employee representatives, on the other. The special profit-sharing reserve amounted to:

€ 11.4 million (FRF 75 million) in 1999
€ 7.5 million (FRF 49 million) in 1998
€ 6.1 million (FRF 40 million) in 1997
€ 2.7 million (FRF 18 million) in 1996
€ 3.8 million (FRF 25 million) in 1995.

Reflecting the Group's organization and remunerations strategy, a number of profit-sharing agreements are in force at the parent company as well as the subsidiaries or operating units, with specific quantitative formulas adapted to each situation.

Officer Responsible for this Report

Jean-Marc Espalioux
Chairman of the Management Board and C.E.O.

Statutory Auditors and Independent Accountants

Statutory Auditors

Barbier Frinault & Autres - Arthur Andersen
Christian Chochon
41, rue Ybry - 92576 Neuilly-sur-Seine - France
Appointed for six years by the June 16, 1995 Shareholders' Meeting.
Date of first mandate: June 16, 1995.

Deloitte, Touche, Tohmatsu - Audit
Alain Pons
185, avenue Charles de Gaulle
92200 Neuilly-sur-Seine - France
Appointed for six years by the June 16, 1995 Shareholders' Meeting.
Date of first mandate: June 16, 1995.

Alternate Auditors

Olivier Azières
185, avenue Charles de Gaulle
92200 Neuilly-sur-Seine - France
Appointed for five years by the June 4, 1996 Shareholders' Meeting.

Christian Chiarasini
41, rue Ybry - 92576 Neuilly-sur-Seine - France
Appointed for five years by the June 4, 1996 Shareholders' Meeting.

Independent Accountants

Deloitte Touche Tohmatsu
185, avenue Charles-de-Gaulle
92200 Neuilly-sur-Seine - France

Information Contacts

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Eliane Rouyer
Director, Investor Relations and Financial Communications
Tel.: + 33 (0)1 45 38 86 26

Investor Relations

Eliane Rouyer
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Tel.: +33 (0)1 45 38 86 26 - Fax : +33 (0)1 45 38 85 95

Accor strives to improve the quality of financial information provided to all its shareholders.
Throughout the year, Accor organizes meeting with its shareholders: roadshows in Europe, North America and Asia, meetings with individual shareholders throughout France, etc. Accor's Investor Relations Personnel is available to answer and field questions on any topic related to the Group.
Accor's corporate information materials have been improved in the past years. The Group's annual report is now presented in two volumes. The first volume contains the review of operations as well as summarized financial data, while the second volume, approved by the French Securities Authority (Commission des Opérations de Bourse) contains detailed financial information and is available upon request. Accor also issues two Letters to Shareholders each year.
Financial press releases are published in French and International newspapers in case of important events in the Group's life.
The corporate Internet site, "www.accor.com" encompasses a detailed Financial Communications section for individual and institutional shareholders. Designed as an easy-to-use financial database, this site benefits from streamlined architecture and fast navigation. A couple clicks is all that is required to access shareholder information, result presentations to analysts, letter to shareholders, abridged or detailed financial statements, live stock quotes,…

Awards

Accor received the Award for the best 1999 Shareholders' Meeting issued by the French Association of Individual Shareholders (Association Nationale des Actionnaires de France) and the French magazine "Le Revenu Français".
The Group's was also awarded by Deminor for its Corporate Governance.

• Website: www.accor.com/finance

ACCOR