FINANCIAL STATEMENTS 2002

SUMMARY

MANAGEMENT BOARD REPORT

CONSOLIDATED RESULTS PRESENTED TO THE SHAREHOLDERS' MEETING

BUSINESS REVIEW

With 157,000 employees in 140 countries, Accor is the European leader and a global operator in its two core businesses, **Hotels** and **Services.** It also operates in travel agencies, casinos, restaurants and onboard train services.

Hotels

Accor is the world's fourth largest hospitality group, with 3,829 hotels and 440,807 rooms in 84 countries at December 31, 2002. Our unique position in the global hospitality industry is based on a presence across all market segments, from economy lodging to luxury hotels. We are a leading operator in the economy segment, with the Ibis, Etap Hotel, Formule 1, Red Roof Inns and Motel 6 chains, as well as in upscale hotels (Sofitel) and in the midscale segment (Novotel and Mercure). Among our other hospitality brands are Coralia (resorts), Atria (conference centers) and Thalassa (spas), along with the Parthenon flat hotels in Brazil.

RANKING OF ACCOR AMONG HOTEL CHAINS IN 2002

Worldwide ranking

No	Company	Number of hotels	Number of rooms
1	Cendant	6,400	540,000
2	Six Continents	3,300	515,000
3	Marriott international	2,600	463,400
4	**Accor**	**3,829**	**440,807**
5	Choice	4,622	413,666

Source: Accor, Company data.

European ranking

No	Company	Number of hotels	Number of rooms
1	**Accor**	**2,092**	**225,284**
2	Best Western	1,120	70,570
3	Six Continents	418	64,848
4	Louvre / Envergure	869	60,535
5	Hilton International	243	51,514

Source: Accor, MKG Consulting (February 2003).

GEOGRAPHICAL BREAKDOWN OF THE HOTEL PORTFOLIO AT DECEMBER 31, 2002

	France		Europe (excl. France)		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***	Number of countries
Sofitel	38	*6,741*	31	*5,759*	11	*3,542*	20	*2,704*	31	*6,134*	28	*6,780*	**159**	***31,660***	54
Novotel	121	*15,269*	125	*21,480*	6	*1,835*	21	*3,796*	20	*3,662*	61	*14,042*	**354**	***60,084***	57
Mercure	287	*26,611*	228	*29,839*			80	*9,870*	39	*5,819*	55	*7,492*	**689**	***79,631***	45
Ibis	334	*29,570*	228	*27,437*			24	*3,522*	14	*1,626*	22	*3,636*	**622**	***65,791***	33
Etap Hotel	196	*14,901*	69	*5,740*					1	*119*			**266**	***20,760***	9
Formule 1	285	*21,182*	43	*3,101*			1	*300*	24	*1,667*	15	*1,247*	**368**	***27,497***	12
Red Roof Inns					354	*38,326*							**354**	***38,326***	2
Motel 6					863	*90,890*							**863**	***90,890***	2
Other	15	*1,844*	92	*15,810*			3	*662*	24	*3,756*	20	*4,096*	**154**	***26,168***	27
Total	**1,276**	***116,118***	**816**	***109,166***	**1,234**	***134,593***	**149**	***20,854***	**153**	***22,783***	**201**	***37,293***	**3,829**	***440,807***	**84**
Total in %	34%	*26%*	21%	*25%*	32%	*31%*	4%	*5%*	4%	*5%*	5%	*8%*	100%	*100%*	

Our unique positioning is also derived from the global presence of our brands. The largest hospitality group in Europe, with a network of 225,284 rooms accounting for 51% of the room base at December 31, 2002, Accor deploys its expertise everywhere around the world, with 31% of the room base located in North America, 5% in Latin America, 5% in Africa and the Middle East, and 8% in Asia and the Pacific.

BREAKDOWN OF THE HOTEL PORTFOLIO BY TYPE OF OPERATION AT DECEMBER 31, 2002

	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***	Breakdown in % of number of rooms
Sofitel	28	*4,456*	43	*9,656*	79	*15,381*	9	*2,167*	**159**	***31,660***	7%
Novotel	67	*9,837*	150	*22,860*	94	*20,346*	43	*7,041*	**354**	***60,084***	14%
Mercure	63	*7,418*	202	*26,597*	198	*24,409*	226	*21,207*	**689**	***79,631***	18%
Ibis	135	*14,233*	240	*30,378*	56	*7,621*	191	*13,559*	**622**	***65,791***	15%
Etap Hotel	77	*5,645*	90	*7,540*	9	*825*	90	*6,750*	**266**	***20,760***	5%
Formule 1	218	*15,901*	135	*10,559*	2	*167*	13	*870*	**368**	***27,497***	6%
Red Roof Inns	103	*12,148*	156	*17,476*			95	*8,702*	**354**	***38,326***	9%
Motel 6	232	*25,540*	490	*55,848*	1	*59*	140	*9,443*	**863**	***90,890***	20%
Other	5	*729*	14	*2,027*	45	*7,913*	90	*15,499*	**154**	***26,168***	6%
Total	**928**	***95,907***	**1,520**	***182,941***	**484**	***76,721***	**897**	***85,238***	**3,829**	***440,807***	**100%**
Total in %	24%	*22%*	40%	*42%*	13%	*17%*	23%	*19%*	**100%**	***100%***	

A third feature of our unique positioning concerns the diversity of our hotel operating structures. Most properties are operated directly, with 64% of rooms being owned or leased, while another 17% are operated under management contracts and 19% are franchised.

GEOGRAPHICAL BREAKDOWN OF THE HOTEL PORTFOLIO BY TYPE OF OPERATION AT DECEMBER 31, 2002

	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***	Breakdown in % of number of rooms
France	398	*33,275*	358	*42,208*	93	*8,834*	427	*31,801*	1,276	*116,118*	26%
Europe (excl. France)	136	*16,249*	414	*52,556*	55	*8,225*	211	*32,136*	816	*109,166*	25%
North America	340	*39,405*	653	*75,656*	6	*1,387*	235	*18,145*	1,234	*134,593*	31%
Latin America	23	*3,403*	16	*2,780*	102	*13,807*	8	*864*	149	*20,854*	5%
Other countries	31	*3,575*	79	*9,741*	228	*44,468*	16	*2,292*	354	*60,076*	13%
Total	**928**	***95,907***	**1,520**	***182,941***	**484**	***76,721***	**897**	***85,238***	**3,829**	***440,807***	**100%**
Total in %	24%	*22%*	40%	*42%*	13%	*17%*	23%	*19%*	100%	*100%*	

We believe that supporting our global brand presence across all market segments, with appropriate operating structures for each product and country risk profile, is critical to maintaining a balanced hotel portfolio capable of mitigating cyclical exposure.

Services

Accor is a leading worldwide issuer of service vouchers with our flagship Ticket Restaurant brand. Present in 32 countries with 13 million users, Accor Services counted 280,000 corporate and institutional customers and 750,000 affiliates at December 31, 2002. Accor Services' innovative solutions are designed to support new lifestyles with products that meet legitimate employee aspirations for greater comfort and well-being, while enhancing the productivity of their organizations. They are built on the Ticket Restaurant meal voucher model, which was created in the late sixties to enable employers who did not have a staff restaurant to offer employees a subsidized lunch. This principle has since been extended to a broad array of services, which are structured to meet three key objectives:

- **Facilitate life's essentials**, with a line of products covering basic employee needs, which enable companies and institutions to meet their social responsibilities in the following areas:
  - **Employee benefits,** with meal and grocery vouchers and cards (Ticket Restaurant, Ticket Alimentaçaõ) and transportation vouchers (Ticket Transporte).
  - **Expense management,** primarily for management of car fleet (Ticket Car) and uniform cleaning (Clean Way).
  - **Compliance services** to support workplace health, safety and medical programs (Eyecare Voucher).
  - **The management of social programs** for local authorities (Ticket Service, Service Card).

- **Enhance well-being**, with services that help employees align personal fulfillment and professional performance, by supporting their well-being and improving their productivity:
  - **Family assistance** services to take care of children or dependent relatives (Childcare Vouchers, WorkLife Benefits).
  - **Practical assistance** services to make employees' lives easier, such as dry cleaning, domestic work, taking care of administrative formalities and legal advice (Bien-Etre à la Carte, Ticket Emploi Domicile).
  - **Personal assistance,** services to provide employees with advice and psychological support (EAR, Davidson Trahaire).

- **Increase performance**, with a variety of services designed to stimulate organizational performance by motivating and retaining employees, distributors and customers:
  - **Relationship marketing** with the design and management of loyalty programs (microchip and magnetic strip cards), reward programs (gift vouchers and catalogues) and incentive events (Accentiv', Suprême Award, Compliments).
  - **Employee savings plans,** that enable small and medium-sized companies to offer employees a corporate savings plan (Tesorus).
  - **Employee training solutions,** comprising training program consulting, purchase and management services (Foragora).

The service voucher principle works as follows. Companies or institutions purchase vouchers from Accor at face value plus a service commission. They then sell the vouchers on to their employees at a price lower than face value and, in many countries, benefit from a tax rebate, whose amount varies according to local legislation (€4.60 in France at December 31, 2002). The employee spends the vouchers at face value at affiliated restaurants or merchants, which redeem the vouchers for the face value less a refund commission. Between the time Accor is paid the value of the vouchers sold and the time it repays the affiliate, the funds are invested and generate interest income, which, in addition to the service and refund fees, constitutes the business' revenue.

Service vouchers have demonstrated their economic and social usefulness in both developed and emerging markets.

Since 1995, Accor Services has been transitioning the vouchers from paper to magnetic strip or microchip cards, which are easier to use, more secure and less costly to manage. At year-end 2002, there were more than one million users of Accor Services cards in around ten countries, including Brazil, Argentina, France, Sweden and Italy.

Other Businesses

Travel Agencies

Through its 50% interest in Carlson Wagonlit Travel, Accor is one of the world's leading providers of business travel services. The joint venture was created in January 1997 by the merger of our travel services business and US-based Carlson Companies, following on from the business agreement signed in 1994. A front-ranked travel management specialist in all its strategic markets, Carlson Wagonlit Travel enables companies of all sizes to optimize and control their travel expenses by offering expertise at every step in the travel chain. Today, the company's growth is being driven by:

– High value-added services delivered by the Solutions Group, which provides consulting services to help companies develop strategies for managing their travel expenses.
– New technologies, with a B2B portal offering managers and travelers easy access to a full range of online services, including electronic booking, hotel solutions, travel expense reporting and graphics display, and traveler profile management.

Market leadership is enabling Carlson Wagonlit Travel to anticipate emerging corporate needs, while leveraging the corporate travel market's potential for growth over the medium term.

Casinos

Accor's objective is to become a European leader in the casino business through Accor Casinos, an Accor-managed subsidiary 50/50 owned with partner Colony Capital.

In 2002, Accor Casinos continued to expand operations, opening two new units in Carnac, France and Delémont-Courrendlin, Switzerland, inaugurating the Bordeaux Casino and acquiring the Grand Casino du Palais in Touquet. However, its friendly offer for Compagnie Européenne de Casinos, launched in December 2001, was not completed due to a higher bid from a competitor.

As of December 31, 2002, Accor managed 19 casinos in four countries, including 16 in France.

Restaurants

Accor is active in all segments of the gourmet food industry through the Lenôtre subsidiary. As our world famous luxury brand, Lenôtre provides premium catering services and manages a chain of 40 gourmet boutiques in eight countries, including Germany, the United States, Japan, South Korea and Kuwait. In France, it manages nine gourmet boutiques, the prestigious Pré Catalan restaurant, the Panoramique restaurant at the Stade de France sports stadium, and the Pavillon de l'Elysée (which in 2003 will be transformed into a cooking school for amateurs), a Café Lenôtre and a culinary arts boutique. In addition, the company trains nearly 3,000 food service professionals in its school every year and currently boasts ten employees awarded Meilleur Ouvrier de France status, an executive wine steward who was elected the World's Best Sommelier in 2000, and a portfolio of more than 30,000 recipes.

In 2002, synergies between Lenôtre and our hotel restaurants were actively developed throughout the year. In particular, Café Lenôtre units are now scheduled for installation in a number of Novotels, including the Novotel Paris Tour Eiffel.

The Restaurants business also includes managed food services in Italy through the Gemeaz Cusin subsidiary and in Brazil as part of a joint venture with Britain's Compass.

Onboard Train Services

Accor is a leading European provider of onboard train services, via the Compagnie des Wagons-Lits subsidiary. Present in seven countries (Austria, Belgium, France, Italy, the Netherlands, Portugal and Spain) and on board France's TGV Med and TGV Atlantique high-speed trains, the company cares for customers around the clock throughout their journey, with onboard hotel and food services, snack bar, in-seat and dining car services, refreshment trolleys and vending machines. It also provides reception and escort services for sleeping and couchette cars on national and international overnight trains.

MILESTONES

1967

- **Paul Dubrule** and **Gérard Pélisson** create SIEH.
- First **Novotel** hotel opens in Lille.

1974

- First **Ibis** hotel opens in Bordeaux.
- Acquisition of Courtepaille.

1975

- Acquisition of **Mercure**.

1976

- Hotel operations are launched in Brazil.

1980

- Acquisition of **Sofitel** (43 hotels and two seawater spas).

1981

- Initial public offering of SIEH shares on the Paris Bourse.

1982

- Acquisition of Jacques Borel International, European leader in managed food services (Générale de Restauration) and concession restaurants (Café Route, L'Arche), and world leader in the issuance of meal vouchers (**Ticket Restaurant**), with 165 million vouchers a year distributed in 8 countries.

1983

- Creation of **Accor** following the merger of Novotel SIEH Group and Jacques Borel International.

1985

- Creation of **Formule 1**, a new hospitality concept based on particularly innovative construction and management techniques.
- Creation of **Accor Academy**, France's first corporate university for service activities.
- Acquisition of **Lenôtre**, which owns and manages deluxe caterer boutiques, gourmet restaurants and a cooking school.

1988

- 100 new hotels and 250 restaurants are opened during the year, for an average of one opening a day.

1989

- Formule 1 expands outside France, with two properties in Belgium.
- Alliance formed with Groupe Lucien Barrière to develop hotel-casino complexes.
- Launch of the Atria business center concept.

1990

- Acquisition of the **Motel 6** chain in the United States, comprising 550 properties. With its global brands, Accor becomes the world's leading hospitality group, in terms of hotels directly-owned or managed (excluding franchises).

1991

- Successful public offer for **Compagnie Internationale des Wagons-Lits et du Tourisme**, which is active in hotels (Pullman, Etap, PLM, Altea, Arcade), car rental (Europcar), onboard train services (Wagons-Lits), travel agencies (Wagonlit Travel), managed food services (Eurest) and highway restaurants (Relais Autoroute).

1993

- Accor Asia Pacific Corp. is created by the merger of Accor's Asia-Pacific businesses with Quality Pacific Corp.
- Interest acquired in the Pannonia chain (24 hotels), as part of Hungary's privatization program.

1994

- Partnership between **Carlson** and **Wagonlit Travel** in business travel services.

1995

- Eurest is sold to Compass, making Accor the largest shareholder in the world's leading food services company.
- Expansion of the service vouchers business helps to double the market in three years, to 10 million users a day.
- Disposal of 80% of the concession restaurants business.
- Introduction of an extensive training and communication program to improve **environmental protection**.

1996

- Accor becomes the market leader in the Asia-Pacific region, with 144 hotels in 16 countries and 56 projects under construction.
- Management of the Ibis, Etap Hotel and Formule 1 chains is consolidated within Sphere International.
- Launch of the **Compliment Card** in partnership with American Express.

1997

- Accor changes its corporate governance system. Paul Dubrule and Gérard Pélisson become Co-Chairmen of the Supervisory Board, while **Jean-Marc Espalioux** is appointed Chairman of the Management Board.
- The **"Accor 2000"** project is launched in a commitment to revitalizing growth and deploying breakthrough technology.
- Carlson and Wagonlit Travel merge to form **Carlson Wagonlit Travel**, owned equally by Accor and Carlson Companies.
- Public offer made for all outstanding shares of Accor Asia Pacific Corp.
- Acquisition of a majority interest in SPIC, renamed **Accor Casinos**.

1998

- Bid for Accor Asia Pacific Corp. successfully completed, making the company a wholly-owned Accor subsidiary.
- Launch of the **Corporate Card** in partnership with Air France, American Express and Crédit Lyonnais.
- Development of new partnerships, with Air France, French National Railways, American Express, Crédit Lyonnais, Danone, France Telecom and others.

1999

- The hotel network grows by 22% with 639 new properties, led by the acquisition of **Red Roof Inns** in the United States.
- Deployment of the Internet strategy.
- The 50% interest in Europcar International is sold.

2000

- Accor, official partner of France's National Olympics Committee, is present at the **Olympic Games in Sydney**.
- 254 new hotels, including 12 Sofitels, are opened during the year.
- Launch of **accorhotels.com**.
- Brand logos are redesigned to highlight the Accor name, raising international visibility and public awareness.
- The Meal Service Card is introduced in China.
- 38.5% interest in Go Voyages acquired.
- Courtepaille is sold.

2001

- Faster development of global brand awareness and visibility through the launch of an advertising campaign based on a consistent visual identity and advertising architecture.
- Broader presence in the Chinese hospitality market in partnership with Zenith Hotel International and Beijing Tourism Group.
- Sustained development of the Services business in the fast growing market for employee assistance programs, with the acquisition of Employee Advisory Resource Ltd. in the United Kingdom.
- **Suitehotel** launched in Europe.
- Accor improves its rating with **Arese**, a European social and environmental rating agency, while its stock is included in the **ASPI Eurozone** and **FTSE4Good** socially responsible indexes.

2002

- 14 **Sofitel** properties are opened in some of the world's largest cities (including Chicago, Washington, Buenos Aires, London, Marseilles, Marrakech and Sydney).
- Acquisition of a 30% interest in German hotel group **Dorint AG** (87 hotels, 15,257 rooms).
- **Accor Services** continues to expand in the global market for employee assistance services with the acquisition of Davidson Trahaire, **Australia**'s leading provider of human resources consulting and assistance services.
- **Accor Casinos** is now equally owned with the **Colony Capital** investment fund, with Accor continuing to manage the company.
- Stake in **Go Voyages** is raised to 60%.
- As an official partner of the French National Olympics Committee, Accor is present at the **Winter Olympics in Salt Lake City**.
- Issuance in April of €570-million worth of OCEANE bonds convertible or exchangeable into Accor shares between the third and fifth years of issue, and in December of €400-million worth of four-year ordinary bonds.
- The Accor share is included in the **Dow Jones Sustainability Index.**

ANALYSIS OF 2002 RESULTS

In 2002, Accor's financial results demonstrated firm resilience in a challenging market environment, illustrating the effectiveness of the strategy implemented in recent years.

Business volume

Business volume corresponds to revenues from all businesses managed by Accor. The total includes revenues generated by subsidiaries, revenues of hotels managed under contract, the total face value of service vouchers issued by the Group, the total face value of tickets issued by the travel agencies (50% in the case of Carlson Wagonlit Travel) and managed food services revenues. Business volume amounted to €19,672 million in 2002, down 5.3% from the previous year's €20,775 million.

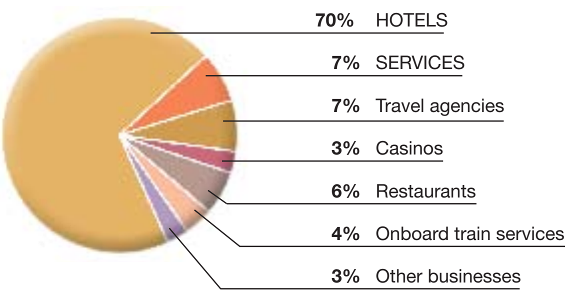
BUSINESS VOLUME BY BUSINESS

in € millions	2000	2001	2002	Change 02/01
HOTELS	**6,156**	**6,341**	**6,507**	**+ 2.6%**
Business and Leisure	3,926	3,978	4,129	+ 3.8%
Economy	938	1,045	1,164	+ 11.4%
Economy US	1,292	1,318	1,214	– 7.9%
SERVICES	**6,956**	**7,477**	**6,813**	**– 8.9%**
Other businesses				
Travel agencies	5,950	5,346	4,813	– 10.0%
Casinos	243	302	242	– 19.9%
Restaurants	542	482	425	– 11.8%
Onboard train services	333	267	277	+ 3.7%
Other	587	560	595	+ 6.3%
Total business volume	**20,767**	**20,775**	**19,672**	**– 5.3%**

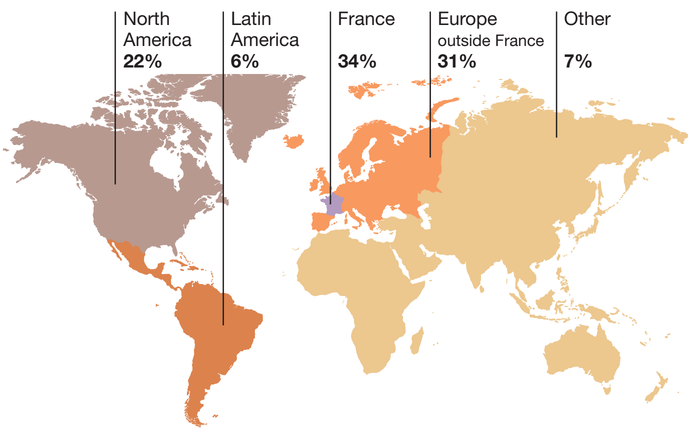
Consolidated revenues

Consolidated revenues totaled €7,139 million in 2002, down 2.1% on a reported basis from €7,290 million the year before.

2002 REVENUES BY BUSINESS



2002 REVENUES BY REGION



The 2.1% decline in revenues broke down as follows:

• Like-for-like:	+ 0.9%	• Currency effect:	– 3.6%
• Business expansion:	+ 4.2%	• Disposals:	– 3.6%

REVENUES BY BUSINESS

in € millions	2000	2001	2002	Change 02/01
HOTELS	**4,739**	**5,052**	**5,033**	**– 0.3%**
Business and Leisure	2,525	2,704	2,720	+ 0.8%
Economy	922	1,022	1,100	+ 7.4%
Economy US	1,292	1,326	1,213	– 8.5%
SERVICES	**437**	**498**	**469**	**– 5.7%**
Other businesses				
Travel agencies	531	499	452	– 9.3%
Casinos	243	302	242	– 20.1%
Restaurants	542	472	424	– 10.3%
Onboard train services	333	277	284	+ 2.3%
Other	182	190	235	+ 21.2%
Total revenues	**7,007**	**7,290**	**7,139**	**– 2.1%**

Hotels

Hotel division revenues were nearly unchanged in 2002, easing 0.3% for the full year but showing signs of improvement in the final quarter.
RevPAR, defined as occupancy times average room rate, rose sharply in the Economy segment in Europe, reflecting an increase in average room rates.

In the **Business and Leisure Hotels** segment (Sofitel, Novotel and Mercure), RevPAR edged down 0.4% in Europe, while the division's total revenues increased 0.8% to €2,720 million. Like-for-like growth stood at 0.6%, with business expansion adding 4.0% and changes in exchange rates reducing revenues by 1.1%.

RevPAR held up well in the **Economy Hotels Europe** segment (Ibis, Etap Hotel and Formule 1), gaining 2.8%. Revenues totaled €1,100 million, an increase of 7.4%. Like-for-like growth came to 3.5%, with business expansion adding 5.2%.

In the **Economy Hotels US** segment, which includes the Motel 6 and Red Roof Inns chains, RevPAR contracted by 3.3%, reflecting the impact of an especially difficult economic environment. Revenues declined 8.5% to €1,213 million, with a 4.2% decrease like-for-like, a 1.0% increase from expansion and a 4.9% negative currency effect from the dollar's weakness against the euro.

CUMULATIVE REVPAR AT DECEMBER 31, 2002, BY SEGMENT

Segment (owned, leased and managed rooms)	Occupancy rate (%)	Occupancy rate (chg in points)	Average room rate (chg in %)	RevPAR (chg in %)
Business and Leisure Europe	63.5%	– 1.7	+ 2.2%	– 0.4%
Economy Europe	73.9%	– 1.3	+ 4.7%	+ 2.8%
Economy US	65.2%	– 1.2	– 1.5%	– 3.3%

CUMULATIVE REVPAR AT DECEMBER 31, 2002, BY COUNTRY

in local currency	Number of rooms (owned, leased and managed)	Occupancy rate (%)	Occupancy rate (chg in points)	Average room rate (Chg in %)	RevPAR (Chg in %)
France	84,317	70.9%	– 1.1	+ 3.9%	+ 2.3%
Germany	29,487	63.0%	– 2.8	+ 1.6%	– 2.7%(1)
United Kingdom	8,820	75.0%	+ 1.9	– 0.8%	+ 1.8%(2)
Netherlands	5,206	74.7%	– 0.7	+ 3.6%	+ 2.6%
Belgium	5,046	70.8%	– 0.2	– 1.3%	– 1.5%
Italy	3,210	62.9%	– 4.0	+ 4.0%	– 2.2%
Hungary	3,278	59.8%	– 0.6	– 4.0%	– 5.1%
United States (Business and Leisure)	3,481	62.6%	+ 0.7	– 3.2%	– 2.2%

(1) Excluding business expansion: -3.1%

(2) Excluding business expansion: +2.4%

Services

Services revenues totaled €469 million in 2002, down 5.7% for the year on a reported basis. Like-for-like growth was 16.9%, dampened by the 20.9% negative impact of the devaluation of Latin-American currencies.

Performance was very good in several countries, such as France and Italy, where higher volumes drove like-for-like revenue growth of, respectively 8.1% and 12.2%.

Revenues declined a reported 14.6% in Brazil, but rose 12.7% like-for-like, led by higher volumes in the traditional voucher business and an increase in the fee rate.

Other businesses

Travel agencies

The travel agencies issued €9,619 million worth of tickets in 2002, down 10.0% on 2001. Revenues, corresponding to commissions on ticket sales, car rentals and hotel bookings, service fees and margins on vacation package sales, amounted to €452 million, a decline of 9.3% on a reported basis and 6.2% like-for-like.

Casinos

Casinos revenues fell a reported 20.1% to €242 million following the sale of 50% of Accor Casinos. Like-for-like revenues were up 1.6% for the year.

Restaurants

Restaurant revenues declined a reported 10.3% to €424 million, but rose 4.8% like-for-like.

Onboard train services

Onboard train services revenues increased 2.3% to €284 million on a reported basis, and 0.2% like-for-like.

Ebitdar

Ebitdar (earnings before interest, tax, depreciation, amortization and rental expense) represents a key performance indicator. In 2002, it declined by 1.8% to €1,936 million from €1,971 million the previous year.

The decrease broke down as follows:

- Like-for-like: + 1.7%
- Business expansion: + 2.8%
- Currency effect: – 4.7%
- Disposals: – 1.6%

EBITDAR BY BUSINESS

in € millions	2000	2001	2002	Change 02/01
HOTELS	**1,557**	**1,631**	**1,583**	**– 2.9%**
Business and Leisure	677	727	719	– 1.1%
Economy	346	387	400	+ 3.4%
Economy US	534	517	464	– 10.3%
SERVICES	**146**	**206**	**202**	**– 1.9%**
Other businesses				
Travel agencies	50	36	59	+ 63.9%
Casinos	50	58	41	– 29.3%
Restaurants	50	31	31	–
Onboard train services	32	13	15	+ 15.4%
Other businesses and headquarters	6	– 4	5	N/S
Ebitdar	**1,891**	**1,971**	**1,936**	**– 1.8%**

Strict cost control measures implemented in early 2002 held the decline in Business and Leisure Ebitdar margin to just 0.8 points, to 26.4%.

Economy Europe lost 1.5 points of margin due to higher payroll costs in France and the weaker German economy.

In the Economy US segment, lower labor costs and corporate overheads limited the margin decline to 0.6 points, to 38.3%, despite a 3.3% decrease in RevPAR for the year.

Accor Services' Ebitdar margin widened by 1.7 points, to 43.1%.

An extensive cost cutting program enabled the Travel Agencies business to improve its margin by a strong 5.9 points to 13.1%, while higher gambling taxes reduced the Casinos margin by 1.8 points to 17.4%.

Ebit

Ebit, corresponding to Ebitdar less depreciation, amortization of intangible assets other than goodwill and rental expenses, amounted to €755 million in 2002 versus €830 million the previous year.

in € millions	2000	2001	2002	Change 02/01
Ebitdar	**1,891**	**1,971**	**1,936**	**– 1.8%**
Rental expense	(616)	(698)	(726)	
Depreciation, amortization and provisions	(428)	(443)	(455)	
Ebit	**847**	**830**	**755**	**– 9.0%**

Profit before tax

Profit before tax, corresponding to Ebit less net interest expense plus income from companies accounted for by the equity method, declined by a reported 7.3% to €703 million, in line with Group objectives.

in € millions	2000	2001	2002	Change 02/01
Ebit	**847**	**830**	**755**	**– 9.0%**
Net interest expense	(121)	(92)	(66)	
Income from companies accounted for by the equity method	25	20	14	
Profit before tax	**751**	**758**	**703**	**– 7.3%**

The decline in profit before tax broke down as follows:
- Like-for-like: + 1.2%
- Business expansion: – 2.1%
- Currency effect: – 0.7%
- Disposals: – 6.1%

Net interest expense improved by €26 million to €66 million during the year, primarily due to lower interest rates. The improvement also reflects €40 million in non-interest revenues, including €44 million worth of exchange gains, primarily realized on capital reduction in the United States.

Income from companies accounted for by the equity method totalled €14 million versus €20 million in 2001. This item corresponds mainly to the contribution of 35%-owned SHCD (Société des Hôtels et Casino de Deauville) and 27%-owned Orbis in Poland.

Net income, Group share

in € millions	2000	2001	2002	Change 02/01
Profit before tax	**751**	**758**	**703**	**– 7.3%**
Gains and losses on management of hotel portfolio	19	29	54	
Gains and losses on management of other assets	23	66	(30)	
Amortization of goodwill	(96)	(102)	(109)	
Income taxes	(256)	(246)	(234)	
Exceptional items (net of tax)	35	–	68	
Minority interests	(28)	(31)	(22)	
Net income, Group share	**447**	**474**	**430**	**– 9.3%**

Gains and losses on management of hotel portfolio, corresponding to sales carried out in the normal course of managing the hotel portfolio, totaled €54 million in 2002 compared with €29 million the previous year. Sales of hotel buildings in Europe netted gains of €84 million, offset by a €30 million provision on hotel assets.

Gains and losses on management of other assets, in the amount of €30 million, include a €12 million gain on the sale of three tour operators in Europe, an €18 million provision on the Granada shares and a €6 million loss on the withdrawal from the Cesta Ticket business in Brazil.

Income taxes came to €234 million. The effective tax rate (expressed as a percentage of profit before tax) was 31.0% versus 31.3% in 2001.

Exceptional items include a €68 million after-tax capital gain on the sale of a 44% interest in Accor Casinos to Colony Capital.

After deducting minority interests of €22 million, **net income, Group share** came to €430 million, a decline of 9.3% on 2001.

Earnings per share amounted to €2.18, versus €2.40 the year before, based on the weighted average 197,572,583 shares outstanding in 2002.

Cash flow

in € millions	2000	2001	2002	Change 02/01
Operating cash flow	984	1,005	961	– 4.4%
Renovation and maintenance expenditures	(422)	(405)	(316)	– 21.9%
Free cash flow	562	600	645	+ 7.5%

Free cash flow increased 7.5% to €645 million. Development expenditures and investments in technology totaled €802 million, compared with €923 million the year before. Proceeds from asset disposals amounted to €660 million, versus €535 million in 2001.

Development expenditures and investments in technology
(in € millions)

Hotels	693
Casinos	41
Services	18
Other investments	50
Total	**802**

Disposals (in € millions)

Hotel properties	413
Casinos	148
Other assets	99
Total	**660**

Financial ratios

Gearing

One of the year's major projects was to improve the amount and structure of our debt. This commitment led in April to the issue of €570 million worth of OCEANE convertible/exchangeable bonds, which may be converted or exchanged between the third and fifth years of issue, and in December to the issue of €400 million worth of four-year ordinary bonds. These two issues enabled us to significantly diversify our funding, which at year-end consisted of 57% bonds and 43% bank loans, considerably lengthen our maturity profile, with only 13% of debt at end-2002 due before 2005, and maintain the cost of financing at a very low 3.8% overall. With shareholders' equity of €3,984 million and net debt of €2,802 million at December 31, 2002, the gearing ratio came to 70%, versus 67% at year-end 2001.

Interest cover

Adjusted interest cover (corresponding to Ebitdar expressed as a multiple of interest expense plus one-third of rental expense) improved to 5.6 from 5.4 in 2001.

Adjusted operating cash flow/adjusted net debt

Adjusted operating cash flow corresponds to operating cash flow after adding back two-thirds of rental expense. Based on the method used by the main rating agencies, the ratio of adjusted operating cash flow to adjusted net debt (net debt plus eight times annual rental expense) stood at 16.5% in 2002 compared with 17.3% in 2001.

Return on capital employed

Return on capital employed (ROCE), corresponding to adjusted Ebitda expressed as a percentage of fixed assets at cost plus working capital, stood at 10.7% in 2002 versus 11.5% the previous year. Excluding hotels under construction, ROCE stood at 11.0% versus 11.9%.

ROCE BY BUSINESS

	2000	2001	2002
HOTELS	**11.9%**	**11.3%**	**10.2%**
Business and Leisure	11.0%	10.5%	9.2%
Economy	14.6%	15.3%	14.8%
Economy US	11.4%	10.0%	8.8%
SERVICES	**19.7%**	**25.8%**	**26.7%**
Other businesses			
Travel Agencies	5.0%	3.0%	9.0%
Casinos	16.9%	16.6%	14.5%
Restaurants	14.7%	11.9%	11.0%
Onboard train services	13.6%	7.5%	8.9%
ROCE	**11.7%**	**11.5%**	**10.7%**

Economic value added

Economic value added is calculated as follows:
(ROCE after tax – weighted average cost of capital) x capital employed.
Based on an ROCE after tax of 8.6%, a weighted average cost of capital of 6.2% and capital employed of €11.9 billion, the economic value added (EVA®) created by Accor totaled €278 million in 2002 versus €291 million in 2001.

STRATEGIC VISION, INVESTMENT STRATEGY AND OUTLOOK

The 2002 results have demonstrated Accor's managerial capabilities, in terms of maintaining margins and improving free cash flow through a constant focus on controlling operations. The current environment is encouraging us to pursue these initiatives, while maintaining our long-term strategic vision. To do so, we are committed to leveraging our competitive strengths to increase market share, streamline our organization, and maintain the pace of expansion while exercising greater control over our investments.

Capitalizing on Accor and its brands

Five years ago, we decided to capitalize on Accor's growing brand recognition as a benchmark for our businesses and brands. Today, Accor has become a benchmark for our customers as well, in terms of service, innovation and value for money.
Our brands enjoy an excellent reputation in their home markets, where Accor's endorsement enhances their visibility and credibility, thereby helping to federate existing customers and attract new ones.
Accor Hotels, which consolidates our hotel brands, offers customers a one-click portal into the Accor universe. It is expressed most effectively through our accorhotels.com website.

In the leisure segment, Accor Vacances, Accor Thalassa and Accor Casinos deliver all our expertise to their customers. In the Services business, Accor Services offers customers a full range of solutions to make their lives easier, while improving employee well-being and performance on the job.
The strength of our brands is relayed by a proactive marketing strategy, whose effectiveness has recently been enhanced with powerful new tools.
Our new central booking system, which links all our hotels, provides shared, real-time access to our entire hotel inventory. Supported by the quality of our sales teams, yield managers and operations managers, this technology drove a 23% increase in the number of centralized bookings in 2002, with 11 million room nights sold.
Our "Compliments from Accor Hotels" multi-brand loyalty program and our partnerships with prestigious companies like Air France, Delta Airlines, French National Railways SNCF and Europcar are also among the critical tools we have developed to drive sales growth and win new market share.
Lastly, the accorhotels.com website is as promising as ever, with a 155% increase in bookings in Europe in 2002. Internet sales currently account for 3.6% of room nights sold, with close to 3.5 million overnight stays in Europe.

CAPITALIZING ON ACCOR AND ITS BRANDS

Organization

Optimizing and streamlining

The successful implementation of the Accor 2000 program between 1997 and 2002 means that today we enjoy a competitive advantage in terms of marketing and technology, with, in particular, our central booking system, a number of Internet and intranet sites, a yield management system, international multibrand sales teams and a centralized purchasing platform.

Now we're working on streamlining our organization, both geographically and among our multiple brands. This reorganization will generate additional synergies, in particular by shortening decision-making cycles and thereby helping to reduce costs.

2003 investment strategy

Sustained, controlled expansion in our core businesses

In the Hotels business, 2002 once again saw sustained expansion, with the opening of 291 hotels, or more than 41,000 new rooms marketed under one of our brands. In particular, Sofitel opened 14 new properties during the year, in such prestigious destinations as Chicago and Washington, Buenos Aires, London, Marseilles, Marrakech and Sydney. The year also saw the acquisition of a 30% interest in Germany's Dorint hotel chain, which has enabled the integration of more than 15,000 co-branded rooms in one of Europe's biggest markets.

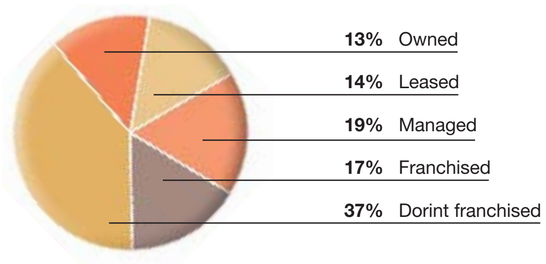
EXPANSION IN THE HOTEL BUSINESS: SUSTAINED PACE OF OPENINGS IN 2002

(as a % of total new rooms)

2002 openings by segment

Sofitel	8%
Novotel, Mercure	29%
Ibis, Etap, Formule 1	20%
Red Roof Inns, Motel 6	6%
Dorint	37%
Total	**100%**

2002 openings by type of operation

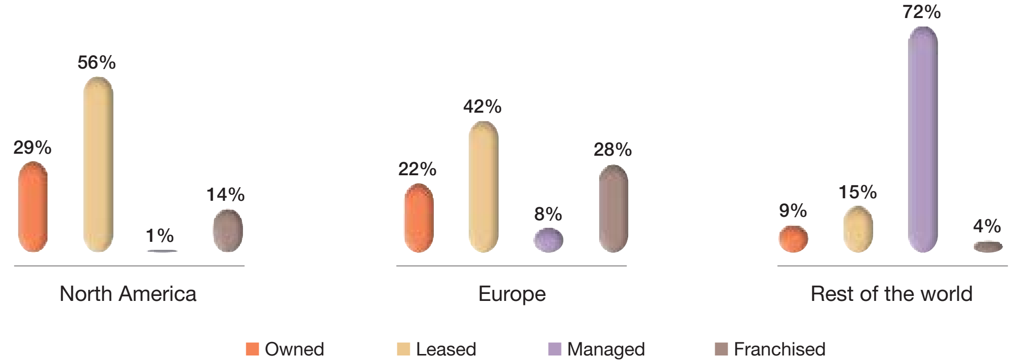


Openings 2002
+291 hotels (41,227 rooms)

To manage country and product risks while maximizing profitability, capital expenditure is selectively committed by region and market segment. In stable regions like North America and Europe, we invest directly, owning or leasing properties, while in emerging markets, we prefer to use financing arrangements that require little or no investment, like management contracts and joint ventures.

HOTEL PORTFOLIO BY TYPE OF OPERATION AND REGION

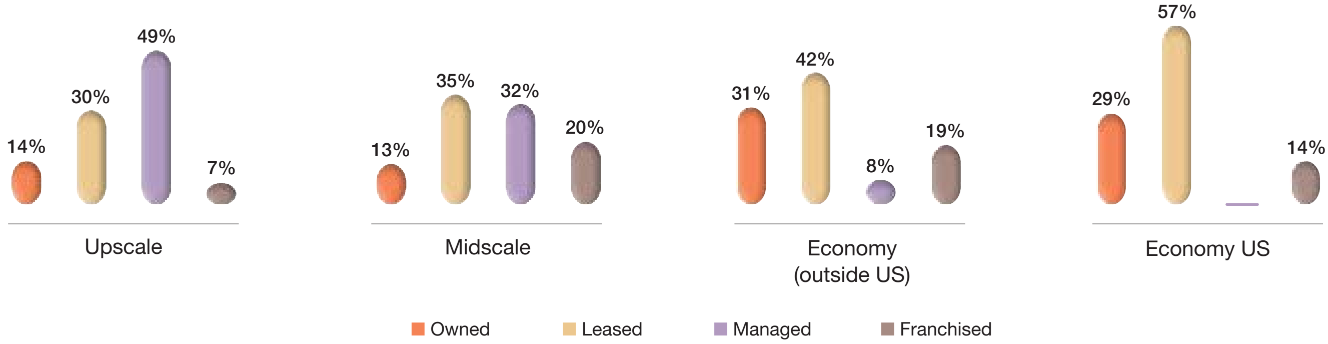
(as a % of total rooms at December 31, 2002)



In market segments offering high return in capital employed, such as midscale and economy hotels, Accor invests directly, owning or leasing properties. In the upscale segment, on the other hand, we prefer financing arrangements that are low capital intensive, such as management contracts, which represent more than half of all rooms managed and franchised by Sofitel.

HOTEL PORTFOLIO BY TYPE OF OPERATION AND MARKET SEGMENT

(as a % of total rooms at December 31, 2002, excluding Dorint)



Perspectives

In line with our investment strategy based on financing arrangements adapted to each product and country risk profile, this assertive growth strategy will be pursued in 2003, even as we continue to reduce direct investments to around €700-750 million from €802 million in 2002. This decline in direct investment does not preclude sustained expansion, which will continue at a firm pace in 2003, with the scheduled opening of 20,000 rooms. This spending will be focused on economy and midscale hotels in Europe, while the network outside Europe and in other segments will be expanded through management contracts, franchises or joint-ventures. Note that this reduction in investments still leaves room to take advantage of any regional opportunities similar to the acquisition of an equity interest in Dorint.

Expansion in the Services business is being led by a three-pronged strategy:

- Entering new geographic markets, with around fifteen opportunities under study.
- Developing new products, which currently account for 24% of consolidated revenues.
- Acquiring new customers in all our country markets, led by the dedication of Accor Services' sales teams.

In 2003, Accor's objective is to leverage its balanced portfolio of businesses and assertive marketing strategy to increase market share in its two major international businesses, hotels and services.

HIGHLIGHTS OF EARLY 2003

Appointments to the Accor Management Board

In accordance with the by-laws, the Supervisory Board has appointed the members of the Management Board for a term of three years. Except for Sven Boinet, who indicated that he planned to resign at the end of his term, all members of the preceding Board were reappointed.

Jean-Marc Espalioux, Chairman, leads the Management Board and coordinates its activity. He is also directly responsible for those businesses and duties not expressly assigned to other Board members.

On Mr. Espalioux's recommendation, the Supervisory Board made the following appointments:

– Benjamin Cohen was appointed Executive Vice-Chairman of the Management Board, in charge of Finance and Hotel Expansion, Tourism and Leisure, Casinos, Brazil and Hotels in Latin America.
– John Du Monceau was appointed Senior Vice-Chairman of the Management Board, in charge of Services, Human Resources and Sustainable Development. His responsibilities also include the onboard train services provided by Compagnie des Wagons-Lits.
– André Martinez was appointed to the Management Board, in charge of Economy Hotels Europe. In the course of 2003, his duties will be extended to all of Accor's hotel operations in Europe, Africa and the Middle East.

Initial business indicators

As of February-end, the initial indicators of 2003 RevPAR in the **Hotels business** were as follows:

HOTEL INDICATORS AT FEBRUARY 28, 2003 (CUMULATIVE)

Segment (owned, leased and managed rooms)	Occupancy rate (%)	 (chg in points)	Average room rate (chg in %)	RevPAR (chg in %)
Business and Leisure Europe	53.8%	+ 0.3	– 1.1%	– 0.7%
Economy Europe	62.2%	– 2.9	+ 3.7%	– 0.9%
Economy US	57.8%	+ 0.7	– 2.5%	– 1.2%

Services revenues were down a reported 13.1% at February 28, but up 14.3% like-for-like.

Business expansion

In the Hotels business, Accor and Groupe Michel Pastor were selected in early 2003 to build a hotel complex in Monaco. A 75-year construction lease has been signed for the project, which will comprise a 232-room Novotel designed to serve clients visiting Monaco for business, conventions or leisure.
The beginning of the year also saw the opening of two Ibis units in Spain (including one in Barcelona), an Ibis in Andorra and a Novotel in Euston, in central London.

In the Services business, the beginning of the year was shaped by Accor Services' sustained expansion in the human resources segment, with the launch of Foragora in the employee training market. Foragora makes it easier for companies to select and implement their training plans, by providing support in purchasing programs, in organizing training logistics and managing administrative procedures, and in assessing program quality and efficiency.

SENSITIVITY ASSUMPTIONS AND ANALYSIS FOR 2003

The 2003 budget is based on assumptions concerning future interest rates and exchange rates. These assumptions have been tested by performing sensitivity analyses to measure the impact of a change in assumptions on profit before tax.

Interest rate assumptions, for 3-month floating rates, are 3.25% for borrowings in euros and 1.90% for borrowings in dollars. The impact on profit before tax of a 50 basis-point increase or decrease in these rates would be €3 million for both euro- and dollar-denominated borrowings.

The budget has also been prepared on the basis of a euro/dollar exchange rate of $0.98. The impact on profit before tax of a five-cent increase or decrease in the exchange rate would be €4 million.

2003 BUDGET ASSUMPTIONS		IMPACT ON PBT
Interest rates (3-month floating rate)		**of a 50 basis-point change in interest rates**
Europe	3.25%	€3.0 million
US	1.90%	€3.0 million
Exchange rate		**of a 5 cents change in currency**
EUR / USD	$0.98	€4.0 million

In the hotel business, sensitivity analysis shows that the impact on profit before tax of a one point increase or decrease in RevPAR would be €14 million in the Business and Leisure Europe division, €9 million in the Economy Europe division and €11 million in the Economy US division.

HOTELS BY SEGMENT	IMPACT ON PBT
	of a 1 point change in RevPAR
• Business and Leisure Europe	€14.0 million
• Economy Europe	€9.0 million
• Economy US	€11.0 million

AVERAGE NUMBER OF EMPLOYEES

Employees of managed businesses

At December 31, 2002, there were 157,412 people working in the Group, broken down as follows:

BREAKDOWN BY BUSINESS AND REGION

	France	Europe (excl. France)	North America	Latin America	Africa Middle East Asia Pacific	**Total 2002**	Total 2001	Total 2000
HOTELS	**18,906**	**21,403**	**20,603**	**9,009**	**42,505**	**112,426**	**102,067**	**101,317**
Business and Leisure	15,552	16,639	3,507	8,260	40,324	84,282	73,534	73,893
Economy	3,354	4,764	0	749	2,181	11,048	9,949	8,036
Economy US	0	0	17,096	0	0	17,096	18,584	19,388
SERVICES	**334**	**984**	**135**	**1,998**	**207**	**3,658**	**3,449**	**3,933**
Other businesses								
Travel agencies	1,514	5,857	0	0	133	7,504	8,083	7,702
Casinos	1,811	315	0	0	0	2,126	1,802	1,448
Restaurants	971	4,779	0	15,484	0	21,234	20,805	22,557
Onboard train services	3,091	2,519	0	0	0	5,610	5,115	5,130
Others	1,461	50	23	3,250	70	4,854	5,427	3,260
Total	**12,088**	**35,907**	**20,761**	**29,741**	**42,915**	**157,412**	**146,748**	**145,347**

Accor S.A. Corporate Report

In 1995, Accor signed an agreement with the International Union of Food, Agricultural, Hotel, Restaurant, Catering, Tobacco and Allied Workers' Associations (IUF) concerning the full and complete recognition of union rights, in line with the conventions and recommendations of the International Labour Organisation. Since then other initiatives have been undertaken to enhance social dialogue in all our operations.

– In France, a joint declaration against discrimination in the workplace was signed with the unions in 1997.

– In the European Union, a European Works Council was created in 1996.

In addition to agreements signed with hotel schools to develop, for example, joint training curricula, partnerships are being developed with the French National Employment Agency, the Salvation Army and other organizations to facilitate the entry into the workplace of people in between jobs or involved in retraining programs.

In our outsourcing arrangements, specifications governing contracts with subcontractors demand strict compliance with labor regulations and legislation. These requirements were reinforced in 2002. The new Cleaning Companies Charter precisely defines the working conditions for outside employees present in hotels directly managed by the Group, from the definition of working schedules to training and the calculation of the number of hours paid. The new system has been in effect since early 2003.

Accor S.A. Corporate Report

Average number of employees during the year	986
Average number of hirings under fixed-term contracts during the year	35
Average number of hirings under permanent contracts during the year	20
Problems in recruitment	Accor hires staff employees. Because the positions require a high level of expertise, it often takes a long time to find the right person.
Dismissals/reasons	Real and serious cause: 11 Professional misconduct: 2 Misdemeanor: 0 Negotiated settlement: 11
Overtime	Unusual. Salaries are fixed on an annual basis.
Outside labor	Temporary workers
Average number of full-time employees	942
Average number of part-time employees	44
Absenteeism	Illness: 6,313 days Occupational or work-related travel accidents: 159 days Maternity leave: 4,031 days Authorized leave (family leave, training): 1,427 days Other reasons (unjustified or unpaid leave): 454 days
Annual wage increase	4.0% in 2002
Social security and other payroll taxes	50% employer taxes 23% employee withholding
Equity in the workplace	Accor is committed to combating all forms of discrimination and makes no distinction between persons based on national origin, gender, family situation, health condition, handicap, lifestyle, political opinions, union activities, actual or perceived ethnic group, national affiliation, race or religion.
Union relations and results of collective agreements	Signature in 2002 of the Mandatory Annual Negotiation.
Heath and safety conditions	No major risks, since all employees work in head offices. Quarterly meetings with members of the Committee for Hygiene, Safety and Working Conditions. Occupational accident rate: 1%.
Training	Training budget including wages: 3% of payroll. Half of all employees attended a training course in 2002.
Jobs and training for the disabled	Ongoing search for qualified people to fill the quota.
Worker benefits	Provided by the Works Council. Implementation of an employee assistance program.
Outsourced employment	70 people with the Information Technology Department

THE ACCOR ENVIRONMENTAL REPORT

The scope of reference includes 849 owned, leased and managed hotels in France, totaling 84,317 rooms. Compared with this scope, this report covers:

- 88% of hotel rooms built by the Group, for water and energy statistics.
- 94% of the hotel portfolio, for data concerning application of the "Hotel Environment Charter".
- 100% of revenues from the seawater spas in France.
- 77% of Compagnie des Wagons-Lits' point-to-point journeys in France.
- 100% of casino revenues in France.
- 91% of Lenôtre's revenues in France.

Data from the scope covered by the report have not been extrapolated to the scope of reference.

The Services business is not included in the report because of its very low impact on the environment. Its only impact involves the 200 metric tons of paper used every year to print vouchers in France, which for security reasons cannot be printed on recycled or recyclable paper.

Use of water, raw materials and energy

Indicator	Hotels	Spas	Cie Wagons-Lits	Casinos	Restaurants (Lenôtre)
Drinking water consumption (thousands of cubic meters)	5,861	72	17	112	38
Energy consumption (MWh)	667,087	21,895	5,221	26,085	8,098

Solar power is increasingly used to produce hot water for hotel bathrooms. In 2002, for example, solar panels totalling 1,600 square meters were installed at 14 hotels in the world and are now generating 870 MWh of electricity a year.

Soil use

Accor's activities do not have any significant impact on soil use. Most hotels are located in urban or suburban areas, and do not in any way harm a region's biodiversity.

Soil contamination

Accor's activities do not contaminate the soil.

Atmospheric emissions

Accor's activities generate very few airborne emissions, other than the direct or indirect emission of greenhouse gases, related to the consumption of energy, and the emission of ozone-depleting substances, related to the use of coolants.

Indicator	Hotels	Spas Thalassa	Cie Wagons-Lits	Casinos	Restaurants (Lenôtre)
Direct greenhouse gas emissions (tons of CO2 equivalent)	33,989	2,918	878	756	954
Indirect greenhouse gas emissions (tons of CO2 equivalent)	40,008	615	414	1,818	336
Ozone-depleting gas emissions (kilograms of CFC11 equivalent)	ND	ND	23.2	ND	3

Wastewater and effluent

Accor's activities generate wastewater whose content is similar to household wastewater. Most of this wastewater is treated by municipal sewage plants, without any special treatment process. The sorting of used cooking oil before collection has reduced the amount of effluent discharged in wastewater and thereby limited the amount of water pollution.

Noise pollution

Accor's activities can occasionally produce noise pollution in the case of 1) the exceptional malfunctioning of air conditioning equipment or other utilities; and 2) the truck delivery of hotel supplies. Malfunctions are prevented to the extent possible by regular maintenance programs, while deliveries are organized so as to minimize disturbances. Noise pollution is not measured.

Odors

Accor's activities do not generate any unpleasant odors.

Waste

There is no data on the amount of waste generated by Group operations, except in the Restaurants business (Lenôtre) and for Compagnie des Wagons-Lits service facilities.

Indicator	Hotels	Spas	Cie Wagons-Lits	Casinos	Restaurants (Lenôtre)
Non-hazardous industrial waste (tons)	ND	ND	835	ND	960

Preventive measures

Preventive measures are managed in the Hotels and Casinos businesses through actions defined in the "Hotel Environment Charter".

Indicator	Hotels	Casinos
Sorted glass collection	82%	73%
Sorted cardboard collection	73%	53%
Sorted wastepaper collection	67%	53%
Sorted used oil collection	87%	80%
Internal control of water use	95%	33%
Internal control of energy consumption	95%	33%
Local actions to protect the environment	42%	N/M

Assessment or certification processes

Compagnie des Wagons-Lits has initiated an ISO14001 certification process for its Paris headquarters and all its operating units. So far, certificates have been awarded to the headquarters (in October 2002) and to units in Italy, Austria and Spain. In Hotels, the "Hotel Environment Charter" is now applied by 94% of owned, leased and managed hotels in France, with an average of 11.57 out of the 15 actions implemented.

Compliance

Environmental legislation applicable to the Hotels business is presented on the corporate intranet, in the Hotel Legislation section. Environmental data sheets are regularly sent to hotel managing directors to inform them of the latest regulations and recommend compliance measures.

Environmental expenditure

The Environment Department's operating budget amounted to €580 million in 2002. Environmental investments and spending by individual units are not currently reported on a consolidated basis.

Environmental organization

The Environment Department comprises five people, supported by 53 Environment correspondents based in each host country. It is part of the Hotel Technical Department, itself a part of the Cross-Functional Services Division.

Raising the environmental awareness of employees

Under implementation of the "Hotel Environment Charter", 57% of our hotels conducted programs in 2002 to raise employee awareness of environmental issues. The Environment Department publishes a number of presentations and documents to train employees in good environmental practices.

Provisions and guarantees for environmental risks

No significant provisions have been set aside for environmental risks.

Amount of penalties paid following a legal ruling concerning the environment

Accor has not been the subject of any legal ruling concerning the environment.

Objectives assigned to foreign subsidiaries

Environment correspondents facilitate implementation of the Group's environmental policy in all our host countries. The "Hotel Environment Charter" has been deployed in every hotel in Europe, whether directly-owned, leased, managed or franchised. Outside Europe, it has been implemented in New Zealand, Australia, Egypt, Indonesia, Laos, China, Cambodia, Malaysia, the Philippines, Singapore, South Korea, Thailand and Vietnam. Compagnie de Wagons-Lits' ISO14001 certification commitment applies to all its units in Europe.

Interest rate and currency risks

A variety of financial instruments, including swaps, caps and forward purchases and sales of foreign currencies, are used to manage interest rate and currency risks arising in the normal course of business. Risk management policies are based on three core principles: protection, liquidity and cost-effectiveness. Interest rate and currency risks are managed by the Group Treasury and Financing unit of the Group Finance and Investments department, reporting directly to the Management Board. Financial instruments are used to support Group investment, financing and hedging policies, to help manage debt and to minimize risks on commercial transactions.

Investment policy

When the Accor SA parent company invests directly or indirectly in a foreign subsidiary, the investment is generally made in the subsidiary's local currency. These are very long-term positions and consequently the currency risk is not hedged.

Short-term financing

An internationally-recognized signature allows Accor to raise various forms of short-term financing on the markets, through billets de trésorerie (commercial paper) programs in France, euro commercial paper programs on the London market and commercial paper programs in the United States.
From time to time, we also take advantage of market opportunities by raising short-term financing in a given currency and at a given rate of interest and then using a swap to convert the facility into the currency and interest rate required to finance our business needs (see note 27.C to the consolidated financial statements page 62). This use of swaps represents an effective method of reducing our borrowing costs.

Hedging of interest rate risks

Group borrowings include both fixed rate debt and floating rate debt indexed to the Libor, the Euribor or other benchmarks (see note 27.D to the consolidated financial statements page 62). Target breakdowns between fixed and floating rate debt are determined currency by currency, giving due regard to anticipated trends in interest rates and to changes in the composition of debt, due to new borrowings and the repayment of existing borrowings. The targets are reviewed at regular intervals and new targets are set for future periods by senior management. The related financing strategy is implemented by Group Treasury and Financing.
The most commonly-used instruments are interest rate swaps and caps, contracted with banks that have high-quality credit ratings. The contracts are based on the model recommended by the French Banking Association (AFB), which is consistent with the models used internationally.

Hedging of currency risks

Currency risk hedging primarily concerns the Travel Agencies business and is based on identified underlyings (outstanding invoices). Hedges generally consist of forward purchases and sales of foreign currencies. In the Services business, which has a major presence in Latin America, Accor was able to limit earnings erosion from the sharp devaluation in local currencies by hedging cumulative earnings in hard currencies. There is little need to hedge currency risks in our other businesses because the volume of intercompany transactions in foreign currencies is limited and revenues are denominated in the same currency as the related costs.

In summary, Accor does not conduct any trading transactions and has no plans to develop this type of activity. Neither the Company nor the Group has any open currency or interest rate positions that would be likely to expose the Group to significant risks.

Legal risks

Accor and its subsidiaries have operations in a large number of countries and are subject to local regulations governing their hotel, restaurant, service voucher, travel agency, tour operator and casino businesses. They are therefore required to comply with local standards and to obtain the necessary licenses and permits for their businesses. For example, in each country:

- The hotels are required to comply with the regulations applicable to establishments open to the public.
- The service offer has to be tailored to local tax and labor laws and other legal requirements governing the issue of service vouchers.
- Licenses and permits have to be obtained from the local authorities to operate travel agencies or casinos.

The breakdown of the Group's hotel base, among directly-owned, leased, managed or franchised properties, is provided on page 2 and 3.

Information concerning recent or current claims and litigation that might have a material impact on the Group's financial position or results is provided in note 34 to the consolidated financial statements (page 65).

Insurance – risk coverage

Accor's risks are spread over a very large number of locations throughout the world and the loss of one facility would not materially affect the Group's financial condition. Insurance policies amply cover any potential operating losses, rebuilding costs, liability or compensation claims that would be incurred by even the largest of the Group's hotels, with coverage of up to €610 million per claim.

Under the Group's global insurance program, routine risks are largely self-insured, with all Group units sharing the related costs. Risks that are not self-insured are covered by internationally-recognized insurance companies.

The Risk Management department performs regular audits and appraisals of insurable risks, to ensure that they are adequately covered on a cost-effective basis, taking into account conditions in the insurance market.

In 2002, a Risk Prevention Committee was created with the goal of:

- Regularly identifying the Group's major safety and security risks.
- Defining standards and procedures for the Group's worldwide security policy.
- Preparing action plans to improve prevention.
- If necessary, take any emergency measures warranted by circumstances.
- Organize the distribution and implementation of security policies across the Group.

The Committee is supported by several working groups comprising line and staff managers, as well as a number of outside experts on an as-needed basis.

The three-year insurance program implemented on January 1, 2001 has helped to limit the impact of rate increases applied in the global insurance market since that date.

Environmental risks

Potential environmental risks in the hotel business mainly concern the risk of explosion due to the storage of gas in or near the hotels, the malfunction of a PCB transformer, the risk of soil pollution by wastewater or by a ruptured evacuation pipe, contamination of the hot water system, and the risk of fire. However, the regular inspections performed by our management and technical teams mean that the probability of these risks occurring is very limited.

In addition, our businesses are more likely to be exposed to external environmental risks, such as oil spills, than to be the source of environmental risks themselves.

REPORT OF THE SUPERVISORY BOARD
TO THE ANNUAL SHAREHOLDERS' MEETING

The Supervisory Board reviewed the 2002 financial statements and the Management Board's report on March 4, 2003. For the first time in several years, the statements show a limited decline in the Group's financial results.

Last year's business environment was especially challenging, with a global economic slowdown, the persistence of deep uncertainty in the travel and tourism industry and a sharp depreciation in South American currencies. Accor nevertheless demonstrated firm resilience, supported by its well-balanced business portfolio, sustained growth in the Economy Hotels Europe division, tight control over operating costs and a transparent, conservative, diversified financing strategy. In particular, the Group was able to preserve its long-term objectives by pursuing its targeted, profitable expansion strategy.

We therefore consider that, under the circumstances, the 2002 results represented a good performance, and one that testifies to the validity of the strategy and actions undertaken by the Management Board under the guidance of its Chairman. We would also like to point out that in this environment, and for the second year in a row, Accor considerably outperformed its main international competitors.

The Management Board is recommending the payment of a dividend unchanged at €1.05 per share, representing a payout of €1.575 including the avoir fiscal tax credit.

We support this recommendation.

We also invite shareholders to approve the other resolutions submitted at the Annual Meeting.

CONSOLIDATED FINANCIAL STATEMENTS

AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2002

In accordance with the terms of our appointment by your Annual General Meeting, we have audited the accompanying consolidated financial statements of Accor for the year ended December 31, 2002.

The consolidated financial statements have been prepared by the Management Board. Our role is to express an opinion on these financial statements, based on our audit.

We conducted our audit in accordance with professional standards applicable in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements give a true and fair view of the financial position and the assets and liabilities of the Group as at December 31, 2002 and the results of its operations for the year then ended in accordance with rules and accounting principles generally accepted in France.

We have also performed the procedures required by law on the Group financial information given in the Management Board Report. We have no comment to make as to the fair presentation of this information or its consistency with the consolidated financial statements.

Neuilly-sur-Seine – March 5, 2003

The Statutory Auditors

Barbier Frinault & Autres
Réseau Ernst & Young

Deloitte Touche Tohmatsu Audit

Members of the Versailles Chamber of Auditors

Christian Chochon

Alain Pons

The Independent Auditors

Deloitte Touche Tohmatsu

CONSOLIDATED STATEMENT OF INCOME

In € millions (at 31 December)	Notes	2000	2001	2002
Revenues		**6,946**	**7,218**	**7,071**
Other operating revenues		62	72	68
Consolidated revenues	3	**7,007**	**7,290**	**7,139**
Operating expense		(5,117)	(5,319)	(5,203)
Ebitdar	4	**1,891**	**1,971**	**1,936**
Rental expense	5	(616)	(698)	(726)
Ebitda		**1,275**	**1,273**	**1,210**
Depreciation and operating provision expense	6	(428)	(443)	(455)
Ebit	7	**847**	**830**	**755**
Net interest expense	8	(121)	(92)	(66)
Income from companies accounted for by the equity method	9	25	20	14
Profit before tax		**751**	**758**	**703**
Gains and losses on management of hotel portfolio	10	19	29	54
Gains and losses on management of other assets	11	23	66	(30)
Amortization of goodwill	14	(96)	(102)	(109)
Income tax	12	(256)	(246)	(234)
Exceptional items (net of tax and minority interests)	13	35	–	68
Minority interests	23	(28)	(31)	(22)
Net income (Group share)		**447**	**474**	**430**
Weighted average number of shares outstanding (in thousands)	22	**196,002**	**197,042**	**197,573**
Basic earnings per share (in €)		**2.28**	**2.40**	**2.18**
Fully diluted earnings per share (in €)	22	**2.27**	**2.39**	**2.14**
Dividend per share (in €)		**1.00**	**1.05**	**1.05** (1)

(1) Recommended, subject to approval at the Annual Shareholders' Meeting.

CONSOLIDATED BALANCE SHEET

Assets

In € millions (at 31 December)	Notes	2000	2001	2002
Goodwill	14	**1,911**	**1,879**	**1,679**
Intangible fixed assets	15	**581**	**533**	**479**
Property, plant and equipment	16	**4,696**	**5,026**	**4,521**
Long-term loans	17	294	334	429
Investments in companies accounted for by the equity method	18	303	266	249
Other investments	19	176	282	487
Total financial assets		**773**	**882**	**1,165**
Total fixed assets	20	**7,961**	**8,320**	**7,844**
Inventories		85	89	90
Trade accounts receivable		1,201	1,218	1,139
Other receivables and accruals	21	876	926	957
Service voucher reserved funds		259	305	345
Receivables on asset disposals	28	102	101	20
Short-term loans	28	79	47	160
Marketable securities	28	792	830	541
Cash and cash equivalents	28	599	264	179
Total current assets		**3,993**	**3,780**	**3,431**
Total assets		**11,954**	**12,100**	**11,275**

CONSOLIDATED BALANCE SHEET

Liabilities and shareholders' equity

In € millions (at 31 December)	Notes	2000	2001	2002
Share capital		591	592	593
Additional paid-in capital		1,894	1,892	1,903
Reserves (retained earnings)		724	926	1,102
Cumulative translation adjustment		187	255	(135)
Net income for the year		447	474	430
Shareholders' equity	22	**3,843**	**4,139**	**3,893**
Minority interests	23	141	140	91
Total shareholders' equity and minority interests		**3,984**	**4,279**	**3,984**
Provisions for contingencies and charges	24	609	537	528
Repackaged Perpetual Subordinated Floating Rate Notes (TSDI)	25 and 28	270	214	151
Convertible bonds (OCEANE)	26 and 28	434	–	570
Other long-term debt	28	2,477	3,007	2,493
Obligations under finance leases	28	216	220	158
Total long-term debt	27	**3,397**	**3,441**	**3,372**
Total non-current liabilities and shareholders' equity		**7,990**	**8,257**	**7,884**
Trade accounts payable		677	683	655
Other payables and accruals	21	1,241	1,064	1,101
Service vouchers in circulation		1,325	1,446	1,304
Short-term debt	27 and 28	251	537	234
Bank overdrafts	28	470	113	97
Total current liabilities		**3,964**	**3,843**	**3,391**
Total liabilities and shareholders' equity		**11,954**	**12,100**	**11,275**

CONSOLIDATED STATEMENT OF CASH FLOW

In € millions (at 31 December)	Notes	2000	2001	2002
Ebitda		1,275	1,273	1,210
Net interest expense (including provision movements)		(121)	(92)	(66)
Income tax (including provision movements)		(170)	(161)	(196)
Elimination of provision movements included in net interest expense and income tax		(6)	(21)	9
Dividends received from companies accounted for by the equity method		6	6	4
Funds from operations	29	**984**	**1,005**	**961**
Renovation and maintenance expenditures (1)	30	(422)	(405)	(316)
Free cash flow		**562**	**600**	**645**
Development expenditures and investments in technology (2)	31	(1,251)	(923)	(802)
Proceeds from disposals of assets (3)		843	535	660
Decrease/(increase) in working capital		116	(115)	(165)
Non-operating (gains) losses		(56)	(36)	(39)
Net cash provided (used) by operating and investing activities		**214**	**61**	**299**
Dividends paid (4)		(248)	(271)	(326)
Share issues/(reduction in capital) (5)		274	(1)	12
Effect of exchange rate changes on fixed assets and shareholders' equity (6)		(97)	(93)	263
Impact of changes in the scope of consolidation on provisions and minority interests (9)		(24)	2	3
Reclassification of Compass shares as long term investments		–	–	(204)
Decrease/(increase) in net debt	28	**119**	**(302)**	**47**
Net debt at beginning of period		(2,665)	(2,547)	(2,849)
Net debt at end of period		(2,547)	(2,849)	(2,802)
Decrease/(increase) in net debt	28	**119**	**(302)**	**47**
Net cash from operating activities		**1,044**	**854**	**553**
Net cash used by investing activities (1) + (2) + (3)		**(830)**	**(793)**	**(458)**
Net cash provided (used) by financing activities (4) + (5)		**26**	**(272)**	**(314)**
Other cash flows (6) + (7)		**(121)**	**(91)**	**266**
Decrease/(increase) in net debt (cf. note 28)		**119**	**(302)**	**47**

CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY
(BEFORE MINORITY INTERESTS)

in € millions	Number of shares outstanding	Capital stock	Additional paid-in capital	Cumulative translation adjustement(1)	Retained earnings and net income	Consolidated shareholders' equity
At December 31, 2000	**197,042,535**	**591**	**1,894**	**187**	**1,171**	**3,843**
Issuance of shares:						
• On conversion of bonds						
• On exercise of stock options	568,810	2	7			9
• Purchases of treasury stock	(246,661)	(1)	(9)			(10)
• Mergers						
• Employee share issue						
Gross dividends paid					(245)	(245)
Translation adjustments				68		68
Net income for the year					474	474
At December 31, 2001	**197,364,684**	**592**	**1,892**	**255**	**1,400**	**4,139**
Issuance of shares:						
• On conversion of bonds						
• On exercise of stock options	51,000					
• Purchases of treasury stock						
• Mergers						
• Employee share issue	314,135	1	11			12
Gross dividends paid					(298)	(298)
Translation adjustments				(390)		(390)
Net income for the year					430	430
At December 31, 2002	**197,729,819**	**593**	**1,903**	**(135)**	**1,532**	**3,893**

(1) Including a €17 million negative adjustment related to euro-zone countries at December 31, 2000,
Including a €14 million negative adjustment related to euro-zone countries at December 31, 2001,
Including a €15 million negative adjustment related to euro-zone countries at December 31, 2002.

The €390 million negative translation adjustment for 2002 primarily concerns the US dollar and Latin America currencies.
The euro's rise against the dollar resulted in a negative translation adjustment to the value of the Group's North American assets, mainly Motel 6 and Red Roof Inns, in the amount of €263 million in 2002.
The **US dollar / euro** exchange rates used were:

- at December 2000: 0.9305
- at December 2001: 0.8813
- at December 2002: 1.0487

Negative translation adjustments for Latin America amounted to €77 million for the year.

KEY MANAGEMENT RATIOS

	Notes	2000	2001	2002
Gearing	a	64%	67%	70%
Adjusted Funds From Operations / adjusted net debt	b	17.9%	17.3%	16.5%
Interest Cover	c	5.1	5.4	5.6
Return on Capital Employed	d	11.7%	11.5%	10.7%
Economic Value Added ® (in € millions)	e	265	291	278

Note a: Gearing corresponds to the ratio of net debt to shareholders' equity (including minority interests).

Note b: Based on the method used by the main rating agencies, the adjusted funds from operations / adjusted net debt ratio is calculated as follows:

- Funds from operations (see note 29) are adjusted by adding back two-thirds of rental expense.
- Net debt is adjusted to take into account business acquisitions and disposals, prorated on the basis of the impact on the income statement. For example, the proceeds from a disposal carried out on December 31 will be eliminated in full from the cash equivalents used to compute net debt. Adjusted net debt includes eight times annual rental expense in accordance with the methods recommended by the leading rating agencies. This principle was applied at June 30, 2002 without modification of the rating. In the table above, data for 2000 and 2001 have been restated to include eight times annual rental expense. Note that until December 31, 2001 net debt was adjusted to include five times annual rental expense.

Note c: Interest cover corresponds to Ebitdar expressed as multiple of net interest expense plus one-third of rental expense.

Note d: Return on Capital Employed (ROCE) is defined below.

Note e: Economic Value Added (EVA®) was calculated as follows for 2000, 2001 and 2002:

		2000	2001	2002
Cost of equity (1)		8.60%	9.05%	8.74%
Cost of debt (after tax)		3.68%	2.85%	2.62%
Equity / debt weighting	– Equity	61.01%	60.03%	58.13%
	– Debt	38.99%	39.97%	41.87%
Weighted average cost of capital (WACC) (2)		**6.68%**	**6.57%**	**6.18%**
ROCE after tax (3)		**9.04%**	**9.06%**	**8.56%**
Capital employed (see ROCE below) (in € millions)		**11,214**	**11,689**	**11,846**
Economic Value Added ® (in € millions) (4)		**265**	**291**	**278**

(1) The Beta used to calculate the cost of equity for 2000, 2001 and 2002 was respectively 0.9, 1.0 and 1.0.

(2) WACC is determined as follows:

$$\text{Cost of Equity} \times \frac{\text{Equity}}{\text{(Equity + debt)}} + \text{Cost of Debt} \times \frac{\text{Debt}}{\text{(Equity + debt)}}$$

(3) ROCE after tax is determined as follows:

$$\frac{\text{Adjusted Ebitda} - [(\text{Adjusted Ebitda} - \text{depreciation and operating provision expense}) \text{ X tax rate}]}{\text{Capital employed}}$$

For example, the data used at December 31, 2002 were as follows:

Adjusted Ebitda	: 1,264 M€ (see ROCE below)	Tax rate	: 31.00% (see Note 12.2)
Depreciation and operating provision expense	: 455 M€	Capital employed	: 11,846 M€ (see ROCE below)

(4) EVA® is determined as follows: (ROCE after tax – WACC) X Capital employed

The impact of a 0.1 increase or decrease in the Beta would have been €27 million in 2000, €28 million in 2001 and €28 million in 2002.

RETURN ON CAPITAL EMPLOYED (ROCE)

Return on Capital Employed (ROCE) is a key management indicator used internally to measure the performance of the Group's various businesses. It is also an indicator of the profitability of assets that are either non-consolidated or accounted for by the equity method. It is calculated on the basis of aggregated amounts derived from the consolidated financial statements:

- Adjusted Ebitda: for each business, total of Ebitda, plus financial revenues (dividends and interest income) generated by unconsolidated assets, plus share in the net income of companies accounted for by the equity method.
- Capital employed: for each business, total value of fixed assets, based on cost, plus working capital.

ROCE corresponds to the ratio between adjusted Ebitda and capital employed. In 2002, ROCE stood at 10.7% versus 11.5% the previous year.

Excluding hotels under construction (representing capital employed that does not currently generate any Ebitda), ROCE would have been 11.0% in 2002 versus 11.9% in 2001.

in € millions	2000	2001	2002
Capital employed at year-end	11,276	12,020	11,601
Adjustments related to business acquisitions and disposals (1)	(280)	(355)	203
Effect of exchange rate changes on capital employed (2)	220	24	42
Capital employed	**11,216**	**11,689**	**11,846**
Ebitda	1,275	1,273	1,210
Interest income on external loans and dividends	15	47	40
Income from companies accounted for by the equity method	25	20	14
Other adjustments	–	–	–
Adjusted Ebitda	**1,315**	**1,340**	**1,264**
ROCE (Adjusted Ebitda / Capital employed)	**11.7%**	**11.5%**	**10.7%**

(1) For the purpose of calculating ROCE, capital employed in businesses acquired or disposed of during the year prorated over the period of ownership. For example, the capital employed in a business acquired on December 31 that did not generate Ebitda during the year would not be included in the calculation.

(2) Capital employed is translated at the average exchange rate for the year, corresponding to the rate used to translate Ebitda.

(3) Return on capital employed ((1)/(2) ratio) over a 12-month rolling period breaks down as follows:

	2000	2001	2002
HOTELS	**11.9%**	**11.3%**	**10.2%**
Business and Leisure	11.0%	10.5% (1)(2)	9.2 % (1)
Economy	14.6%	15.3% (1)(2)	14.8 % (2)
Economy US	11.4%	10.0%	8.8%
SERVICES	**19.7%**	**25.8%**	**26.7%**
Other businesses			
Travel agencies	5.0%	3.0%	9.0%
Casinos	16.9%	16.6%	14.5%
Restaurants	14.7%	11.9%	11.0%
Onboard train services	13.6%	7.5%	8.9%
Other	2.2%	1.4%	2.5%
Total Group	**11.7%**	**11.5%**	**10.7%**

(1) 11.5% and 9.9% excluding hotels under construction in 2001 and 2002 respectively.

(2) 16.1% and 15.5% excluding hotels under development in 2001 and 2002 respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 Summary of significant accounting policies

The consolidated financial statements of the Accor Group have been prepared in accordance with French generally accepted accounting principles, including The Group adopted standard CRC 99-02.

As of January 1, 2002, the Group adopted standard CRC 2000-06 concerning liabilities. This change in method had no impact on either opening shareholders' equity or net income for the period.

In view of the international scope of its businesses, where alternative accounting treatments are allowed under CRC 99-02, the Group has selected the accounting treatment that most closely reflects international accounting practices (capitalization of finance leases, full recognition in the balance sheet of employee benefit obligations).

The financial statements of consolidated companies, prepared in accordance with local accounting principles, have been restated to conform to Group principles prior to consolidation.

A. Consolidation methods

The companies over which the Group exercises exclusive control, directly or indirectly, are fully consolidated.

Companies controlled and operated jointly by Accor and a limited number of partners are proportionally consolidated.

Companies over which the Group exercises significant influence are accounted for by the equity method. Significant influence is considered as being exercised when the Group owns between 20% and 50% of the voting rights, directly or indirectly.

B. Goodwill

In the year following the acquisition of a consolidated company, fair value adjustments are made to the identifiable assets and liabilities acquired. In subsequent years, these fair value adjustments follow the same accounting treatment as the items to which they relate.

Goodwill, representing the difference between the cost of shares in consolidated companies and the Group's equity in the underlying net assets at the date of acquisition, after the fair value adjustments, is amortized over the estimated period of benefit, not to exceed 40 years. The amortization period is determined based on the nature of the acquired business and prevailing market conditions, as well as the operating assumptions applied and projections made at the time of acquisition.

In the case of an unfavorable change in these factors, the amortization period may be shortened or the unamortized goodwill may be written down.

The amortization periods applied are as follows:

• Hotels	40 years
• Onboard train services	40 years
• Services	40 years
• Travel agencies	40 years
• Restaurants	20 years
• Casinos	20 years

C. Foreign currency translation

The balance sheets of foreign subsidiaries are translated into euros at the year-end exchange rate, and their income statements are translated at the average rate for the year. The resulting differences are recorded as a separate component of shareholders' equity under "Cumulative translation adjustment".

In the case of subsidiaries operating in hyper-inflationary economies, non-monetary balance sheet items are translated at the historical exchange rate, while monetary items are translated at the year-end rate. Income statement items related to non-monetary balance sheet items are also translated at the historical rate.

Other income statement items are translated at the average rate for the month in which the translation was recorded. Differences resulting from the application of this method are recorded in the income statement under "Net interest expense".

D. Fixed assets

D.1 Intangible fixed assets

Intangible fixed assets are stated at cost.

Start-up costs and organization expenses are amortized over a maximum period of five years.

Lease rights are usually amortized over the life of the lease.

As from January 1, 2002 business rights, networks and brand names are included in goodwill and amortized by the straight-line method over maximum periods described in note B above.

Intangible assets recognized in connection with business combinations are valued on the basis of estimates obtained from independent experts. These estimates are produced using relevant criteria for the business concerned, which are also applied in subsequent years to determine whether the related assets concerned have suffered any impairment.

• Identified brands are valued by applying a range of criteria, taking into account the level of brand recognition and the profits generated by the business conducted under the brand concerned.

• Market shares of services and onboard train services businesses representing investments made to strengthen the Group's market position are valued based on projections of future revenues and earnings.

• Brands and market shares are not amortized. They are assessed at regular intervals and whenever an event occurs which appears to indicate that their value may not be recoverable. If their fair value, as determined using the criteria applied at the time of acquisition, is lower than their net book value and the impairment in value is of a permanent nature, a provision is booked for the difference.

D.2 Property, plant and equipment

Property, plant and equipment are stated at cost, including capitalized interest. They are depreciated on a straight-line basis over the following useful lives:

• Formule 1 hotels / Motel 6 motels	40 years
• Other hotels	60 years
• Onboard train services rolling stock	20 years
• Other buildings	10 to 30 years
• Fixtures and fittings, furniture	5 to 10 years

D.3 Finance leases, sale and lease-back transactions

In accordance with the recommended French accounting method dealing with leases, assets acquired under finance leases are capitalized. The Group qualifies as finance leases any leases that transfer substantially all of the risks and rewards of ownership to the lessee. The related assets are capitalized and depreciated over their estimated useful lives, and an obligation in the same amount is recorded under liabilities.

The gain on assets sold under sale and lease-back agreements with all the characteristics of a finance lease is deferred and recognized in the income statement over the life of the lease, except in the case of a permanent impairment in value of the asset.

All other leases are treated as operating leases. Payments under these leases are recorded directly in the income statement. Future payments under operating leases are presented in note 5 below.

Gains on assets sold under sale and lease-back agreements with all the characteristics of an operating lease, where the sale price and rent are based on market values determined the most frequently by an independent expert, are recognized directly in income.

D.4 Other capital assets

Long-term financial portfolio investments and investments in non-consolidated companies are recorded at cost.

D.5 Long-lived assets

Long-lived assets are stated at cost. When cost exceeds the fair value of the asset, a provision for impairment in value is recorded. Fair value is based upon an assessment of the asset's usefulness in enabling the company to achieve its strategic goals. The fair value of hotels (building and business) corresponds to a multiple of Ebitda over the business cycle. Allowances for impairment in value are charged to the income statement under “Gains and losses on disposal of hotel properties” (See notes 1.P.5 and 10).

The fair value of investments in non-consolidated companies is based on the Group's equity in the underlying revalued net assets and the earnings outlook of the company concerned. The faire value of long-term financial portfolio investments reflects the general outlook for the company concerned and therefore does not systematically correspond to market value in the case of listed shares.

Long-lived assets that are intended to be sold are written down to their probable realizable value.

E. Inventories

Inventories are stated at the lower of weighted average cost and probable realizable value.

F. Service voucher reserved funds

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

G. Marketable securities

Market securities are stated at the lower of cost and market.

H. 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.

Deferred charges are included in “other receivables and accruals”.

I. Prepaid expenses

Prepaid expenses correspond to expenses paid during a given period but related to the following periods. They also include the rental expenses which are charged to the income statement on a straight-line basis over the life of the lease (see note 5)
Prepaid expenses are included in “other receivables and accruals”.

J. Payroll costs

Payroll costs include all sums paid by the Company to its salaried employees, including employee profit-sharing.

K. Provisions for pension and retirement benefits

Until December 31, 1999, the Group made partial provisions for retirement commitments in accordance with the accounting regulations applicable in the countries in which it operates. Effective from January 1, 2000, full provision is made for these commitments, in accordance with the recommended method contained in standard CRC 99-02 issued by the Comité de la Réglementation Comptable.
The cumulative effect of this change in accounting method was charged in full to opening shareholders’ equity at January 1, 2000.
Obligations under defined benefit plans are calculated in accordance with IAS 19. The amount of the obligation is estimated by the projected unit credit method, based on actuarial assumptions concerning future salary levels, retirement age, mortality and staff turnover rates and discount rates. The assumptions applied take into account macro-economic conditions in the countries where the Group operates and other specific circumstances.
The projected benefit obligation at January 1, 2000 was determined by taking into account the fair value of plan assets. Unamortized actuarial gains and losses at that date were not charged to opening shareholders’ equity. The cumulative effect of the change in accounting method charged to opening shareholders’ equity at January 1, 2000 represented the difference between the projected benefit obligation at January 1, 2000 and the provisions carried in the accounts at that date, net of deferred taxes.
Actuarial gains and losses arising from changes in actuarial assumptions made since January 1, 2000 are recorded directly in the income statement.

L. Foreign currency conversion

Transactions carried out by Group companies in currencies other than their local currency are converted at the exchange rate ruling on the transaction date.
Foreign currency receivables and payables other than those for which the exchange rate has been fixed by means of a hedging contract are converted into euros at the year-end exchange rate and the resulting unrealized exchange gain or loss is recorded in the income statement under “Net interest expense”.

M. Deferred taxes

Deferred taxes are recognized by the liability method for all temporary differences between the book value of assets and liabilities and their tax basis. Under the liability method, deferred taxes recognized in prior years are adjusted at the year-end based on the latest known tax rate. The effects of the change in tax rate are taken into the income statement for the periods concerned by the change.
Deferred tax assets on ordinary and evergreen tax loss carryforwards are recognized only if they are almost certain of being recovered in the foreseeable future. Deferred tax liabilities are included in “Provisions for contingencies and charges”.

N1. Stock options

Certain subsidiaries, mainly in the United States and in France, have set up employee stock option plans. As these subsidiaries are not listed, the Group is committed to buying back the shares issued on exercise of the options, at a price based on their fair values (generally corresponding to a multiple of Ebitda less net debt).
At each year-end, the Group estimates the impact of the exercise of stock options on its equity in the net assets of the subsidiary concerned. The potential dilutive effect is provided for. The provision is charged to the income statement under “Gains and losses on disposals of other assets”.
Stock options granted by the parent company do not affect consolidated net income. When the stock options are exercised, the Group records the shares issued as a capital increase according to the payments received from the employees concerned.

N2. Treasury stock

Accor SA shares held by the parent company and/or Group companies are recorded as marketable securities, when the shares were specifically acquired for allocation to employees or to stabilize the share price. In all other case, they are deducted from consolidated shareholders’ equity.
Accor SA shares held as marketable securities are recorded at the lower of cost and market. Provisions for impairment and any gain or loss on the sale of these shares are posted to the income statement.
In all other cases, the gain or loss on the sale of treasury stock and the related tax effect is directly recorded in consolidated shareholders’ equity, without impacting net income for the year. These shares are not written down.

O. Financial instruments

Financial instruments used to manage interest rate and currency risks are recorded as off-balance sheet commitments.
Gains and losses on financial instruments acquired as hedges are accounted for on a symmetrical basis with the loss or gain on the hedged asset or liability.

P. Income statement and statement of cash flows

The consolidated income statement and statement of cash flows are presented on the same basis as the management reporting schedules used to manage the business.

P.1 Revenues

Revenues correspond to the value of products and services sold in the normal course of business by fully and proportionally consolidated companies. These revenues include:
- Services: fees received from client companies and participating restaurants, royalties for the use of trademarks and technical assistance fees.
- Travel agencies: ticket sale, car rental and hotel booking commissions, service fees and margins on vacation package sales without risk.
- Onboard train services: sleeping compartment and food services billed to railway operators and subsidies received.
- Casinos: gross receipts from gaming activities (slot machines and traditional casino games).

P.2 Other operating revenues

Other operating revenues include interest income on service voucher reserved funds.
These revenues plus the revenues defined above together represent the headline consolidated revenue figure used in Group communications.

P.3 Ebitdar

Earnings before interest, tax, depreciation, amortization and rental expense (Ebitdar) correspond to revenues less operating expenses. Ebitdar is used as a key management ratio.

P.4 Profit before tax

Profit before tax corresponds to earnings after net interest expense and income from companies accounted for by the equity method. It therefore represents an indicator of Group performance after taking into account financing costs.

P.5 Gains and losses on management of hotel portfolio

This item includes not only gains and losses on disposals of hotel properties, but also movements in provisions for impairment in value on properties that are not intended to be sold. The disposals represent routine hotel portfolio management transactions, and are not directly related to the management of continuing operations.

P.6 Gains and losses on management of other assets

This item corresponds to gain and losses on disposals of fixed assets other than hotels and movements in provisions for impairment in the value of these assets, as well as other non-operating gains and losses.
The transactions concerned are not directly related to the management of continuing operations.

P.7 Exceptional items (net of taxes and of minority interests)

Exceptional items correspond to income and expense that are exceptional in terms of their amount and frequency and which do not relate to the Group's continuing operations. They primarily concern significant changes in the portfolio.

P.8 Consolidated statement of cash flows

The consolidated statement of cash flows is presented on the same basis as the management reporting schedules used internally to manage the business. It shows cash flows from operating and investing activities on the one hand and cash flows from financing activities on the other.
Cash flows from operating and investing activities include:
- Funds from operations after changes in deferred taxes and capital gains or losses on disposals of assets.
- Renovation and maintenance expenditure to keep existing operating assets in a good state of repair.
- Development expenditures, including the fixed assets of newly-consolidated subsidiaries and additions to fixed assets of existing subsidiaries.
- Proceeds from the disposal of assets.
- The net change in working capital.

Q. Earnings per share

The accounting rules and methods used to calculate basic and diluted earnings per share comply with recommendation 27 of the Ordre des Experts Comptables Français.

NOTE 2 Changes in the scope of consolidation

A. Disposals

A.1 Disposals and lease-back of hotel buildings

In 2000, the Group carried out the following disposals:
- 9 Business and Leisure properties (3 Sofitel, 3 Novotel, 2 Mercure and 1 Suite Hotel hotels) in Europe and 3 Sofitel hotels in the US, for total proceeds of €483 million.
- 67 Economy properties in France, Sweden and the Netherlands, for total proceeds of €83 million.

In 2001, the Group disposed of:
- 62 Economy hotels (Ibis, Etap and Formule 1) in France, Sweden and the United Kingdom, for total proceeds of €168 million;
- 9 Economy hotels in the United States, for a total consideration of €21 million.
- 11 Business and Leisure hotels (7 Novotel and 4 Mercure), for total proceeds of €85 million.

In 2002, the Group disposed of:
- 2 Business and Leisure hotels in Eastern Europe (in Budapest and Warsaw), for total proceeds of €47 million.
- 21 Economy properties (Ibis, Etap and Formule 1) in France, Poland and the Netherlands, for total proceeds of €146 million.
- 7 Business and Leisure hotels (6 Novotel and 1 Mercure) for total proceeds of €75 million.
- 2 Suite Hotel Properties in France for total proceeds of €23 million.

A.2 Disposals of hotels

Accor also sold the buildings and business rights of hotels for a total amount of €26 million in 2000, €94 million in 2001 and €121 million in 2002.

In 2000, the disposals concerned:
- 1 Business and Leisure property (1 Novotel) in France, for total proceeds of €3 million.
- 1 Economy property (1 Ibis) in France for total proceeds of €4 million.

In 2001, the disposals concerned:
- 3 Business and Leisure hotels in the United States, for total proceeds of €48 million.
- 11 Business and Leisure hotels in France (mostly Jardins de Paris), for total proceeds of €24 million.

In 2002, the disposals concerned:
- 2 Business and Leisure hotels in London, for total proceeds of €83 million
- 1 Economy property in Montreal for total proceeds of €5 million.

A.3 Disposal of Courtepaille

In December 2000, Accor sold 80% of its Courtepaille public restaurant subsidiary to the Barclays Private Equity Investment Fund in association with company management.
The transaction, based on an enterprise value of €125 million, generated an after-tax consolidated capital gain of €38 million. Courtepaille's revenues, Ebitda and Ebit included in the consolidated financial statements for 2000 amounted to €89 million, €15 million and €8 million, respectively.

A.4 Accor-Colony Capital partnership in Accor Casinos

Accor and the American investment fund Colony Capital signed an agreement aimed at Europe's leading group of casinos. As a consequence of this partnership, Colony Capital acquired 50% of Accor Casinos, (6% in 2001 and 44% in 2002). Accor continues to manage the company.
The deal was based on an enterprise value of €450 million and generated an after-tax consolidated capital gain of €68 million (see Note 13).
Since May 1, 2002, Accor Casinos has been proportionally consolidated. Key financial data for Accor Casinos (100% basis) are as follows:

In € millions	2000	2001	2002
Revenues	243	302	335
Ebitda	53	58	58
Profit before tax	38	40	36
Net income	16	15	14

Accor has granted an €80 million loan to Colony Capital (see note 17).

B. Investment program

B.1 Acquisition of Orbis shares

In August 2000, as part of the Polish State's privatization program, Accor acquired a 20% interest in the capital of the Polish hotel and tourism group Orbis, for a total investment of €81 million.
Orbis, which also operates travel agencies and casinos, is Poland's leading hotel operator, with 55 properties (10,439 rooms) located in the country's 25 largest cities. The hotels have been renovated and were re-opened under Accor tradenames since 2001.
In 2001, an additional 5% stake in Orbis was acquired for €12 million, raising the Group's interest to 25%.
In 2002, an additional 2.17% stake in Orbis was acquired for €4.7 million from minority shareholders, raising the Group's interest to 27.17%.

B.2 Tahl restructuring

At the end of 2000, Accor Asia Pacific, a wholly-owned subsidiary of Accor SA, held 37.07% of real estate company Tahl, which owned 33 hotels, including 22 managed by Accor.
In 2001, following a bid for Tahl by Australian investors, Accor Asia Pacific had to restructure its relationship with the company, as follows:

– Tahl reduced its capital through a share buyback offer made to all shareholders, including Accor Asia Pacific, which retained 37.07% of the new capital base.
– Accor Asia Pacific then tendered Tahl shares representing an 18% interest to the Australian offer, thereby reducing its stake in Tahl to 19.07% as of December 31, 2001.
– The 22 management contracts were converted into leases.
– Accor Asia Pacific granted Tahl a €35 million loan.

The accounting impact of these transactions were as follows:

– Recognition of disposal proceeds of €26 million, of which €10 million received in connection with the share buyback and €16 million from the sale of shares to the public offer.
– Reclassification of Accor Asia Pacific's remaining interest, with a carrying value of €23 million, from "Investments in companies accounted for by the equity method" to investments in "Non-consolidated" companies.
– A €65 million increase in consolidated revenues, a €21.5 million increase in Ebitdar and a €2.5 million increase in profit before tax.

B.3 Acquisition of 60% of Go Voyages

Accor acquired an initial 38.5% of Go Voyages in 2000 for a total price of €11.9 million. In 2002, another 21.5% of the company was acquired for €12.3 million, raising the Group's interest to 60%.
Following implementation of innovative IT tools, Go Voyages is one of the most active and most efficient players in the travel and tourism market, especially on the Internet.
In 2002, Go Voyages reported revenues of €78 million and profit before tax of €7.9 million. Go Voyages has been fully consolidated since January 1, 2002.

B.4. Acquisition of 30% of the capital of Dorint AG

During the second half of 2002, agreements were signed with German hotel management group Dorint AG and its major shareholder, Dr. Herbert Ebertz. Under these agreements, and following approval by European Union competition authorities in late December, Accor acquired 30% of Dorint AG's capital for €49.7 million. Accor may also purchase an additional 25% of the company at any time between 2008 and 2010 by exercising a call option granted by Dr. Ebertz. Lastly, Accor granted Dr. Ebertz a €30 million loan and gave Dorint AG a €25 million bank guarantee, pari passu with Dr. Ebertz. Dorint AG owns 87 hotels totalling 15,257 rooms.
In addition, the Management Board and Supervisory Board of Dorint AG have approved the creation of a strategic partnership with Accor, based on franchise and marketing agreements. All Dorint hotels will be co-branded as Dorint-Sofitel, Dorint-Novotel and Dorint-Mercure properties. The Dorint sales and marketing teams have been integrated into the Accor network since February 1, 2003.

B.5 Other investments (external and organic growth)

In 2002, the Group opened or acquired 291 hotels (41,227 rooms) and closed 116 hotels (16,189 rooms).

NOTE 3 Breakdown of consolidated revenues by region and by business

in € millions	France	Europe (excluding France)	North America	Latin America & Caribbean	Other countries	Worldwide structures[1]	2002	2001	2000
HOTELS	**1,640**	**1,458**	**1,399**	**108**	**348**	**80**	**5,033**	**5,052**	**4,739**
Business and Leisure	1,065	962	185	95	333	80	2,720	2,704	2,525
Economy	575	496	1	13	15	–	1,100	1,022	922
Economy US	–	–	1,213	–	–	–	1,213	1,326	1,292
SERVICES	**79**	**178**	**13**	**190**	**9**	**–**	**469**	**498**	**437**
Other businesses									
Travel agencies	66	192	137	30	16	11	452	499	531
Casinos	242	–	–	–	–	–	242	302	243
Restaurants	78	218	–	118	10	–	424	472	542
Onboard train services	157	124	–	–	–	3	284	277	333
Holding and other	144	68	–	11	–	12	235	190	182
Total 2002	**2,406**	**2,238**	**1,549**	**457**	**383**	**106**	**7,139**		
Total 2001	**2,420**	**2,155**	**1,714**	**537**	**337**	**127**		**7,290**	
Total 2000	**2,360**	**2,035**	**1,731**	**517**	**258**	**104**			**7,007**

(1) Operating revenues of units of which the revenues (corresponding to royalties) are not generated in a single region are included under worldwide structures.

Consolidated revenues totaled €7,139 million in 2002 versus €7,290 million in 2001 representing a decline of €151 million (2.1%). The reported year-on-year decrease breaks down as follows:

• Like-for-like	+ 0.9%	+ €63 million
• Business expansion	+ 4.2%	+ €311 million
• Currency effect	– 3.6%	– €262 million
• Disposals	– 3.6%	– €263 million
2002 variation in revenues	**– 2.1%**	**– €151 million**

VARIATION OF CONSOLIDATED REVENUES BY REGION

	Reported	Like-for-like in € millions	Like-for-like %
France	+ 1.8%	+ 20	+ 0.9%
Europe (excluding France)	+ 3.9%	+ 35	+ 1.6%
North America	– 9.5%	– 91	– 5.3%
Latin America	– 22.2%	+ 80	+ 13.7%
Other countries	+ 11.6%	+ 23	+ 6.7%
Worldwide structures	– 17.8%	– 4	– 3.1%
Total Group	**– 2.1%**	**+ 63**	**+ 0.9%**

VARIATION OF CONSOLIDATED REVENUES BY BUSINESS

	Reported	Like-for-like in € millions	Like-for-like %
HOTELS	**– 0.3%**	**– 2**	**0,0%**
Business and Leisure	+ 0.8%	+ 17	+ 0.6%
Economy	+ 7.4%	+ 36	+ 3.5%
Economy US	– 8.5%	– 55	– 4.2%
SERVICES	**– 5.7%**	**+ 84**	**+ 16.9%**
Other businesses	**– 6.1%**	**– 19**	**– 1.1%**
Travel agencies	– 9.3%	– 31	– 6.2%
Casinos	– 20.1%	+ 5	+ 1.6%
Restaurants	– 10.3%	+ 23	+ 4.8%
Onboard train services	+ 2.3%	+ 1	+ 0.2%
Holding and other	+ 21.2%	– 17	– 8.3%
Total Group	**– 2.1%**	**+ 63**	**+ 0.9%**

NOTE 4 Breakdown of Ebitdar by region and by business

in € millions	France	Europe (excluding France)	North America	Latin America & Caribbean	Other countries	Worldwide structures (1)	2002	2001	2000
HOTELS	**478**	**490**	**498**	**9**	**87**	**21**	**1,583**	**1,631**	**1,557**
Business and Leisure	307	296	34	6	81	(5)	719	727	677
Economy	171	194	–	3	6	26	400	387	346
Economy US	–	–	464	–	–	–	464	517	534
SERVICES	**34**	**97**	**2**	**80**	**–**	**(11)**	**202**	**206**	**146**
Other businesses									
Travel agencies	5	25	11	3	1	14	59	36	50
Casinos	41	–	–	–	–	–	41	58	50
Restaurants	6	18	–	5	2	–	31	31	50
Onboard train services	5	10	–	–	–	–	15	13	32
Holding and other	(2)	8	–	(1)	–	–	5	(4)	(6)
Total 2002	**567**	**648**	**511**	**96**	**90**	**24**	**1,936**		
Total 2001	**591**	**612**	**572**	**114**	**68**	**14**		**1,971**	
Total 2000	**576**	**563**	**615**	**86**	**56**	**(5)**			**1,891**

(1) Ebitdar of units of which the revenues (corresponding to royalties) are not generated in a single region is included under worldwide structures.

In 2002, Ebitdar amounted €1,936 million, compared with €1,971 million the previous year. The year-on-year decline of €35 million or 1.8% breaks down as follows:

• Like-for-like	+ 1.7%	+ €34 million
• Business expansion	+ 2.8%	+ €55 million
• Currency effect	– 4.7%	– €92 million
• Disposals	– 1.6%	– €32 million
2002 variation in Ebitdar	**– 1.8%**	**– €35** million

VARIATION OF EBITDAR BY REGION

in € millions	Reported	Like-for-like
France	– 21	– 13
Europe (excluding France)	+ 37	+ 14
North America	– 61	– 31
Latin America	– 17	+ 42*
Other countries	+ 16	+ 10
Worldwide structures	+ 11	+ 12
Total Group	**– 35**	**+ 34**

VARIATION OF EBITDAR BY BUSINESS

in € millions	Reported	Like-for-like
HOTELS		
Business and Leisure	– 16	– 27
Economy	+ 13	+ 1
Economy US	– 52	– 32
SERVICES	**– 4**	**+ 55***
Other businesses		
Travel agencies	+ 23	+ 30
Casinos	– 17	– 3
Restaurants	–	+ 6
Onboard train services	+ 2	+ 1
Holding and other	+ 16	+ 3
Total Group	**– 35**	**+ 34**

* Like-for-like Ebitdar, excluding changes in scope of consolidation and exchange rates takes into account financial income which increased sharply in South America (mainly Venezuela and Argentina) because of the monetary instability of the region. For analysis purposes, this financial income has been translated at 2001 exchange rates. On a comparable economic basis, the increase in Ebitdar of the Services business would have been €22 million. In the same way, the increase in Ebitdar in Latin America would have been €9 million.

NOTE 5 Rental expense

Rental expense amounted to €726 million for 2002 versus €698 million for 2001.
In accordance with international accounting standards (see Note 1.D.3), rental expenses correspond exclusively to operating leases. Finance leases are capitalized and the obligation corresponding to future lease payments is recorded under liabilities in the amount of €185 million at December 31, 2002 (see note 27).
Rental expenses are charged to the income statement on a straight-line basis over the life of the lease, even if payments are not made on that basis. The annual charge is indexed to an appropriate benchmark, such as the French INSEE new construction index, in order to recognize a constant expense stream on an economic basis. Most leases have been signed for periods exceeding the traditional nine-year term of commercial leases in France, primarily to protect Accor against the absence of commercial property rights in certain countries.
None of these leases include any clauses requiring advance payment of rentals in the event of a downgrading of Accor's credit rating or for other reasons, or any cross-default clauses or covenants.

In 2002, undiscounted rental expenses were as follows:

in € millions	2000	2001	2002
Business and Leisure hotels	(283)	(333)	(357)
Economy Hotels	(96)	(114)	(131)
US Economy Hotels	(183)	(195)	(189)
Other	(54)	(56)	(49)
Total	**(616)**	**(698)**	**(726)**

Future minimum undiscounted rentals payable as from January 2002 break down as follows by maturity:

Year	in € millions	Year	in € millions	Year	in € millions
2003	(759)	2010	(719)	2017	(672)
2004	(753)	2011	(698)	2018	(627)
2005	(756)	2012	(686)	2019	(587)
2006	(758)	2013	(693)	2020	(453)
2007	(744)	2014	(693)	2021	(315)
2008	(739)	2015	(687)	2022	(244)
2009	(732)	2016	(678)	> 2022	(1,069)

NOTE 6 Depreciation amortization and provisions

in € millions	2000	2001	2002
Depreciation and amortization	(408)	(435)	(449)
Provisions	(20)	(8)	(6)
Total	**(428)**	**(443)**	**(455)**

NOTE 7 Breakdown of Ebit by region and by business

in € millions	France	Europe (excluding France)	North America	Latin America & Carabbean	Other countries	Worldwide structures (1)	2002	2001	2000
HOTELS	**209**	**143**	**143**	**(6)**	**19**	**10**	**518**	**618**	**658**
Business and Leisure	128	74	(19)	(7)	16	(20)	172	223	237
Economy	81	69	–	1	3	30	184	189	173
Economy US	–	–	162	–	–	–	162	206	248
SERVICES	**31**	**90**	**1**	**69**	**(2)**	**(12)**	**177**	**176**	**122**
Other businesses									
Travel agencies	1	7	(5)	(1)	–	18	20	(5)	7
Casinos	30	–	–	–	–	–	30	45	41
Restaurants	2	10	–	3	–	–	15	17	28
Onboard train services	(3)	8	–	–	–	2	7	7	8
Holding and other	(8)	3	–	1	–	(8)	(12)	(28)	(17)
Total 2002	**262**	**261**	**139**	**66**	**17**	**10**	**755**		
Total 2001	**282**	**269**	**192**	**81**	**7**	**(1)**		**830**	
Total 2000	**284**	**250**	**273**	**59**	**19**	**(37)**			**847**

(1) Ebit of units of which the costs and income (corresponding to royalties) are not generated in a single region is included under worldwide structures.

In 2002, consolidated Ebit amounted to €755 million, compared with €830 million in 2001. The decline of €75 million or 9.0% breaks down as follows:

• Like-for-like	– 0.1%	– €1 million
• Business expansion	+ 0.6%	+ €5 million
• Currency effect	– 6.9%	– €58 million
• Disposals	– 2.6 %	– €21 million
2002 variation in Ebit	**– 9.0%**	**– €75 million**

VARIATION OF EBIT BY REGION

in € millions	Reported	Like-for-like
France	– 21	– 10
Europe (excluding France)	– 8	– 2
North America	– 53	– 38
Latin America	– 10	+ 38
Other countries	+ 5	+ 5
Worldwide structures	+ 12	+ 6
Total Group	**– 75**	**– 1**

VARIATION OF EBIT BY BUSINESS

in € millions	Reported	Like-for-like
HOTELS		
Business and Leisure	– 51	– 47
Economy	– 5	–
Economy US	– 44	– 37
SERVICES	**+ 1**	**+ 51**
Other businesses		
Travel agencies	+ 25	+ 26
Casinos	– 15	– 4
Restaurants	– 2	+ 2
Onboard train services	–	–
Holding and other	+ 16	+ 8
Total Group	**– 75**	**– 1**

NOTE 8 Net interest expense

in € millions	2000	2001	2002
Interest income (expense)	(166)	(134)	(106)
Other financial income and expense	45	42	40
Net interest expense	**(121)**	**(92)**	**(66)**

Other financial income and expense breaks down as follows:

in € millions	2000	2001	2002
Dividends from non-consolidated companies and on marketable securities	8	15	9
Exchange gains and losses*	19	28	44
Reversal of provision for call premiums on 1991 convertible bonds	29	–	–
Other movements in financial provisions**	(11)	(1)	(13)
Total other financial income and expense	**45**	**42**	**40**

* As in 2001, the exchange gain in 2002 was mainly due to capital transactions in the United States (€28 million). The other gains originated from Latin America.

** The 2002 figure takes into account a €8.5 million redemption premium on the OCEANE bond.

NOTE 9 Income from companies accounted for by the equity method

This item breaks down as follows:

in € millions	2000	2001	2002
Société des Hôtels et Casino de Deauville	7	7	8
Orbis	3	6	5
Other*	15	7	1
Pre-tax income from companies accounted for by the equity method	**25**	**20**	**14**

* The decline in income from other companies accounted for by the equity method in 2002 was due to the full consolidation of Go Voyages for the first time as of January 1 that year. Go Voyages was accounted for by the equity method until December 31, 2001 (see note 2.B.3). The decline also reflected the Group's equity in losses by hotel management companies in Morocco and Tunisia.

NOTE 10 Gains and losses on management of hotel portfolio

in € millions	2000	2001	2002
Gains and losses on disposals of hotel properties	25	34	84
Movement in provisions for impairment in value (note 1.D.5)	(6)	(5)	(30)
Total	**19**	**29**	**54**

The 2001 total included:

- Net gains on disposals of hotel properties in France (€23 million) and Sweden (€1 million).
- Net gains of €10 million on disposal of non-strategic hotels (building and business rights), primarily in France (€14 million), North America (7 hotels, gains of €2.5 million) and the French West Indies (losses of €2.8 million).
- €5 million in charges to provisions for impairment in value of hotels, mainly in the United States (Accor Economy Lodging).

The 2002 total includes:

- Net gains on disposals of hotel buildings, mainly in Eastern Europe (€28 million), France (€29 million) and the Netherlands (€29 million);
- €30 million in charges to provisions for impairment in value of hotels, mainly in the United States, the French West Indies and Jordan.

NOTE 11 Gains and losses on management of other assets

in € millions	2000	2001	2002
Gains and losses on disposals of other assets	89	74	(3)
Movement in provisions for impairment in value	(10)	28	12
Other non-operating gains and losses	(56)	(36)	(39)
Total	**23**	**66**	**(30)**

The €74 million net gain on disposals of other assets in 2001 mainly corresponds to gains on the disposal of Compass shares (€60 million), the sale of the Australian food services business (€5 million) and the disposal of 6% of Accor Casinos (€9 million).
Non operating losses of €36 million principally include restructuring costs of €22 million, mainly relating to the travel agency business (€10 million), as well as non-recurring hotel business reengineering costs of €5 million.
The €28 million in net reversals of provisions includes €10 million in reversals of provisions to offset travel agency restructuring costs incurred in 2001 (reported under non-operating losses), and reversals of provisions for geographic risks.

The 2002 loss on disposals of other assets mainly consist in a gain on the disposal of three tour operators in Europe (€12 million), along with an €18 million provision on Granada shares.
Net provision movements of €12 million include €29 million in reversals of provisions for litigation and other contingencies, offset by the recognition of non-operating losses in the same amount, and net additions to provisions for litigation and other contingencies of €17 million.
Non-operating losses of €39 million principally include the €26 million concerning the European tour operators referred to above and a €6 million loss arising from the discontinuation of “Cesta Ticket” in Brazil.

NOTE 12 Income tax

Note 12.1. Income tax expense for the year (excluding exceptional items)

in € millions	2000	2001	2002
Current taxes	(170)	(161)	(196)
Deferred taxes	(77)	(77)	(30)
Tax on income from companies accounted for by the equity method	(9)	(8)	(8)
Total	**(256)**	**(246)**	**(234)**

Profit before tax, including net gains on management of hotel portfolio	770	787	757
Income tax	(256)	(246)	(234)
Effective rate of tax on profit, including net gains on management of hotel portfolio	**33.2%**	**31.3%**	**31.0%**

Note 12.2. Effective tax rate

in € millions	2000	2001	2002
Profit before tax	751	758	703
Net gains on management of hotel portfolio	19	29	54
Net gains on management of other assets	23	66	(30)
Amortization of goodwill	(96)	(102)	(109)
Pre-tax income	**697**	**751**	**618**
Amortization of goodwill	96	102	109
Elimination of intercompany profits	3	(3)	13
Non-deductible asset impairment charges	5	–	5
Other	67	(43)	11
Total permanent differences (non-deductible expenses)	**171**	**56**	**138**
Untaxed income and income taxed at reduced rate (1)	**(238)**	**(226)**	**(138)**
Income taxable at the standard rate	**630**	**581**	**618**

Standard tax rate in France	37.76%	36.42%	35.43%
Theoretical tax charge at standard French tax rate	**(238)**	**(211)**	**(219)**
Effect on theoretical tax charge of:			
• differences in foreign tax rates	11	8	8
• unutilized tax losses for the year	(23)	(42)	(42)
• utilization of tax loss carryforwards	24	18	5
• previously unrecognized deferred tax assets on temporary differences	–	–	–
• deferred tax assets recognized on tax loss carryforwards (2)	–	–	–
• other	(8)	(17)	31
Total	**4**	**(33)**	**2**
Income tax at standard rate	**(234)**	**(244)**	**(217)**
Income tax at reduced rate	**(22)**	**(2)**	**(17)**
Income tax recorded in the consolidated income statement	**(256)**	**(246)**	**(234)**

Profit before tax, including net gains on management of hotel portfolio	770	787	757
Income tax	(256)	(246)	(234)
Effective rate of tax on profit before tax, including net gains on management of hotel portfolio	**33.2%**	**31.3%**	**31.0%**

(1) Mainly gains on disposals of assets.
(2) Deferred tax assets on ordinary and evergreen tax loss carryforwards are recognized only if they are almost certain of being recovered in the foreseeable future.

Note 12.3. Recognized deferred tax assets and liabilities

in € millions	2000	2001	2002
Deferred tax assets	126	87	60
Deferred tax liabilities	(217)	(237)	(264)
Net deferred taxes (1)	**(91)**	**(150)**	**(204)**

(1) Net deferred taxes break down as follows:

Temporary differences	(40)
Consolidation adjustments	(197)
Tax loss carry forwards	33
Total	**(204)**

Note 12.4. Unrecognized deferred tax assets

Unrecognized deferred tax assets amounted to €125 million at December 31, 2002, €116 million at December 31, 2001 and €85 million at December 31, 2000.

NOTE 13 Exceptional items (net of taxes and minority interests)

in € millions	2000	2001	2002
Exceptional items	35	–	68

In 2000, exceptional items included a €38 million gain on the disposal of the interest in Courtepaille (see note 2.A.3) and a €3 million loss (including disposal fees) on the disposal of the railway workshop business.
In 2002, exceptional items include a €68 million gain on the sale of 44% of Accor Casinos to Colony Capital (see note 2. A.4).

NOTE 14 Goodwill

in € millions	2000	2001	2002
Goodwill (gross)	2,331	2,386	2,241
Total amortization and provisions	(420)	(507)	(562)
Total net goodwill	**1,911**	**1,879**	**1,679**

in € millions		2000	2001	2002
Motel 6	(40 years)	336	341	285
Business and Leisure Hotels France	(40 years)	231	195	209
Travel Agencies	(20 years)	230	212	198
Red Roof Inns	(40 years)	239	237	194
Hotels, Australia	(40 years)	198	181	181
Economy Hotels (excluding Motel 6 and RRI)	(40 years)	115	119	109
Casinos (Accor Casinos and subsidiaries)	(20 years)	211	194	108
Hotels, Asia	(20 years)	69	73	78
Hotels, Poland (Orbis)	(40 years)	11	17	37
Hotels, Hungary (Pannonia)	(40 years)	21	31	31
Société des Hôtels and Casinos de Deauville	(40 years)	29	28	27
Go Voyages	(20 years)	–	9	20
Lenôtre	(20 years)	16	15	15
French Railway Catering	(7 years)	14	11	9
Brazilian Luncheon Vouchers (Apetik)	(40 years)	10	9	5
Other (under €5 million)		181	207	173
Total net goodwill		**1,911**	**1,879**	**1,679**

Changes in net goodwill breaks down as follows:

in € millions	2000	2001	2002
Total net goodwill at beginning of period	**1,684**	**1,911**	**1,879**
Increase in gross value and impact of changes in scope of consolidation	**223**	**88**	126
• Hotels, Poland (Hekon and Orbis - see. Note 2.B.1)	12	9	25
• Casino Le Touquet	–	–	14
• Hotels, Asia	–	6	12
• French Business and Leisure Hotels, France (upscale hotels in Paris)	–	–	12
• Go Voyages (see note 2.B.3)	–	9	11
• Accor Services	–	19	9
• Hotels, Israel	–	–	5
• Economy Hotels France	–	–	4
• Travel Agencies, Brazil	–	8	–
• Hotels, Brazil	–	7	–
• Other	211	30	34
Disposals during the period	**(13)**	**(36)**	**(28)**
• Hotels France (Jardin de Paris)	–	(15)	–
• Eurest Australia (Food services)	–	(9)	–
• Tahl (Australia)	–	(4)	–
• Accor Casinos (see note 2.A.4)	–	(3)	(23)
• Travel Agencies	–	(3)	–
• Other	(13)	(2)	(5)
Amortization	**(96)**	**(102)**	**(111)**
Translation adjustments	**36**	**21**	**(116)**
Line-by-line restatement and other changes	**77**	**(3)**	**(71)**
Total net goodwill at end of period	**1,911**	**1,879**	**1,679**

NOTE 15 Intangible fixed assets

in € millions	2000	2001	2002
Motel 6 brand (1)	216	228	191
Red Roof Inns brand (1)	129	136	114
Start-up costs	16	15	17
Other networks and brands	11	11	12
Onboard train services market share	75	75	75
Business rights (2)	17	16	–
Other intangible fixed assets	223	250	259
Total (cost)	**687**	**731**	**668**
Amortization and provisions (3)	(106)	(198)	(189)
Total (net)	**581**	**533**	**479**

(1) Increases in the valuation of the Motel 6 and Red Roof brands are primarily due to changes in the exchange rate of the US dollar against the euro at the balance sheet date (December 31, 2001: 0.8813 – December 31, 2002: 1.0487).

(2) As from January 1, 2002, business rights are included in goodwill and amortized on a straight-line basis over periods determined according to the type of business (see note 1.D.1).

(3) Intangible assets that are intended to be sold are written down to market value at the balance sheet date.

NOTE 16 Property, plant and equipment

in € millions	2000	2001	2002
Land	562	680	550
Buildings	3,308	3,280	3,157
Fittings	972	1,102	1,217
Equipment and furniture	1,584	1,708	1,674
Construction in progress	536	625	331
Total cost	**6,962**	**7,395**	**6,929**
Total depreciation and provisions	(2,266)	(2,369)	(2,408)
Total net value	**4,696**	**5,026**	**4,521**

Changes in net fixed assets over the three-year period can be analyzed as follows:

in € millions	2000	2001	2002
Total at January 1	**4,518**	**4,696**	**5,026**
Changes in scope of consolidation	33	25	4
Disposals	(571)	(322)	(403)
Additions	1,079	942	746
Depreciation	(377)	(399)	(398)
Translation adjustments	139	108	(433)
Reclassifications	(125)	(24)	(21)
Total at December 31	**4,696**	**5,026**	**4,521**

At December 31, 2002 property, plant and equipment held under finance leases totaled, a net €489 million, versus €540 million at December 31, 2001.

in € millions	2000	2001	2002
Land and buildings	632	650	605
Fittings, equipment and furniture	49	81	70
Gross cost	**681**	**731**	**675**
Total depreciation and provisions	(185)	(191)	(186)
Net value	**496**	**540**	**489**

NOTE 17 Long-term loans

in € millions	2000	2001	2002
Colony Capital (1)	–	–	80
Hotels, Asia / Pacific (2)	58	85	60
ABC Group (Demeure / Libertel hotels) (3)	53	55	58
Hotels, UK	30	31	41
Hotels, Germany (4)	–	–	30
Hotels, US / Canada	31	36	29
Hotels, the Netherlands	28	28	28
Front de Seine Participations (Novotel Paris Tour Eiffel)	–	21	22
Financière Courtepaille	19	19	20
Others	75	59	61
Total	**294**	**334**	**429**

(1) In connection with the sale of 50% of Accor Casinos, Accor granted a €80 million loan to Colony Capital.

(2) During the period, Accor granted €54 million in loans to Tahl.

(3) In December 1999 Accor and two American investment funds jointly acquired the hotel business of CGIS, a subsidiary of Vivendi. The acquired hotel portfolio comprises 41 Libertel hotels and 8 Sofitel Demeure hotels, representing a total of 3,240 rooms. The acquisition vehicle (ABC Hotels), 30%-owned by the Accor Group, simultaneously signed management contracts with Accor. In addition, Accor granted a €55 million loan to ABC Hotels.

(4) See description in note 2.B.4

NOTE 18 Investments in companies accounted for by the equity method

in € millions	2000	2001	2002
Orbis (Hotels, Poland) (see note 2.B.1.) (1)	80	98	79
Société des Hôtels et Casino de Deauville (2)	28	34	38
Hotels Morocco (RISMA) (3)	15	21	21
Accor Asia Pacific subsidiaries	18	18	20
Ambassador / Ambatel (Hotels Korea)	14	16	16
ABC Hotels (Hotels Demeure/ Libertel) (4)	15	14	10
Sofitel Paris Le Faubourg	8	9	9
HC Hôtellerie Israel	–	–	6
Hotels, Tunisia (STI) (5)	–	8	6
Société Hôtelière Paris Les Halles (SHPH) (6)	5	6	5
Sofitel St James, London	–	–	5
Novotel Paris Tour Eiffel (7)	–	6	4
Tahl (Australia)	59	–	–
Eurest Australia	16	–	–
Other companies	45	36	29
Total	**303**	**266**	**249**

(1) Key figures for the **Orbis Group** are as follows:

Orbis (in € millions)	2000	2001	2002
Revenues	194	187	157
Net income	21	14	13
Net cash / (net debt)	15	9	40
Shareholders' equity	272	286	292
Portion of capital held	20.00%	25.00%	27.17%

(2) Key figures for **Société des Hôtels et Casino de Deauville** (SHCD) are as follows:

SHCD (in € millions)	2000	2001	2002
Revenues	172	183	199
Net income	12	22	14
Net cash / (net debt)	(70)	(56)	(36)
Shareholders' equity	80	98	108
Portion of capital held	34.90%	34.90%	34.90%

(3) During the first quarter of 2000, Accor's interest in **Risma**, the investment fund established by the Group in Morocco, was diluted to 48%. Consequently, Risma has been accounted for by the equity method effective from January 1, 2000. Key figures for Risma are as follows:

Risma (in € millions)	2000	2001	2002
Revenues	35	35	40
Net income	2	(3)	(5)
Net cash / (net debt)	(4)	(14)	(37)
Shareholders' equity	33	49	47
Portion of capital held	47.37%	47.53%	45.29%

(4) **ABC** owns jointly the Demeure hotels (Sofitel) and Libertel with Accor, Blackstone and Colony. The key figures are as follows:

Hôtel ABC (hôtel Demeure / Libertel) (in € millions)	2000	2001	2002
Revenues	143	132	122
Net income	(1)	(4)	(10)
Net cash / (net debt)	N/A	(413)	(368)
Shareholders' equity	50	46	34
Portion of capital held	30.00%	30.00%	30.00%

(5) During the first half of 2001, Accor's interest in STI, the investment fund established by the Group in Tunisia, was diluted to 35%. Consequently, STI has been accounted for by the equity method effective from January 1, 2001. The debts of STI are not material.

(6) Key figures for **Société Hôtelière Paris les Halles** (SHPH) are as follows:

SHPH (in € millions)	2000	2001	2002
Revenues	41	42	46
Net income	7	5	2
Net cash / (net debt)	(30)	(27)	(102)
Shareholders' equity	17	19	17
Portion of capital held	31.19%	31.19%	31.19%

(7) During the first half of 2001, Accor purchased a 40% interest in **Front de Seine Participations** which owns the Novotel Paris Tour Eiffel hotel property. Key figures for Front de Seine Participations are as follows:

Front de Seine Participations / Novotel Paris Tour Eiffel (in € millions)	2000	2001	2002
Revenues	N/A	26	33
Net income	N/A	(2)	(3)
Net cash / (net debt)	N/A	(111)	(113)
Shareholders' equity	N/A	14	10
Portion of capital held	N/A	40.00%	40.00%

NOTE 19 Other investments

in € millions	2000	2001	2002
Investments in non-consolidated companies	112	191	412
Deposits	95	128	112
Total gross value	**207**	**319**	**524**
Provisions for impairment in value	(31)	(37)	(37)
Net value	**176**	**282**	**487**

Main investments in non-consolidated companies are as follow:

in € millions	2000	2001	2002
Compass Group (1)	–	–	204
Hotels, Germany (2)	–	–	50
El Gezirah Hotel (Cairo) (3)	–	–	42
Européenne de Casinos (4)	–	46	–
Other investments in non-consolidated companies and deposits	176	236	191
Net value	**176**	**282**	**487**

(1) In March 1999, the Group issued bonds exchangeable for Compass / Granada shares. The bond issue reflected the Group's intention to sell the Compass shares which were reclassified under "marketable securities" in 1999. The bonds were redeemed in March 2002. After reviewing the intended holding period of the 30,706,882 Compass shares and 30,706,882 Granada shares, the Group reclassified the Compass shares under "other investments" for an amount of €204 million, corresponding to their cost at March 30, 2002. At December 31, 2002, the market value of the Compass shares was €156 million. In light of the decision to hold the shares over the long term, they were maintained in the balance sheet at fair value to the Group. The Granada shares are recorded under "Marketable securities" at their market value of €38 million at December 31, 2002.

(2) See note 2.B.4

(3) In November 2002, Accor acquired 65% of the company which currently operates the Cairo Sheraton with the intention of turning it into a Sofitel. This company will be consolidated from January 1, 2003.

(4) On December 14, 2001, Accor Casinos acquired 22.7% of the capital (before dilution) of Européenne de Casinos for a total amount of €46 million. This was followed on December 17 by a public offer to purchase all outstanding Européenne de Casinos shares and convertible bonds at a unit price of, respectively, €52 and €129.5. As of June 30, 2002 all of the Européenne de Casinos shares had been sold. The disposal before transaction costs was €12 million.

NOTE 20 Breakdown of fixed assets by business

Note 20.1. Fixed assets by business (at cost)

Fixed assets at December 31, 2002 include €3,110 million in hotel properties, compared with €3,246 million at December 31, 2001.

in € millions	Hotels Business and Leisure	Hotels Eco.	Hotels Eco. US	Services	Travel Agencies	Casinos	Restau-rants	Onboard Train Services	Holding and other	2002	2001	2000
Goodwill	529	141	624	104	291	132	55	48	317	2,241	2,386	2,331
Intangible assets	67	58	346	45	40	1	4	75	32	668	731	687
Tangible assets	2,928	1,596	1,817	81	91	92	95	80	150	6,930	7,395	6,962
Sub-total	**3,524**	**1,795**	**2,787**	**230**	**422**	**225**	**154**	**203**	**499**	**9,839**	**10,512**	**9,980**
Long-term loans	310	14	2	–	–	–	4	2	113	445	360	298
Investment in Companies accounted for by the equity method	187	16	–	–	4	–	1	–	40	248	267	303
Other financial assets	181	12	65	2	7	–	1	1	255	524	319	207
2002 total	**4,202**	**1,837**	**2,854**	**232**	**433**	**225**	**160**	**206**	**907**	**11,056**		
2001 total	**4,049**	**1,905**	**3,339**	**245**	**462**	**424**	**169**	**130**	**735**		**11,458**	
2000 total	**3,781**	**1,867**	**3,065**	**226**	**469**	**359**	**155**	**152**	**714**			**10,788**

Note 20.2. Fixed assets by region (at cost)

in € millions	France	Europe (excl. France)	North America	Latin America	Other Countries	Worldwide Structures	2002	2001	2000
Goodwill	355	442	588	59	104	693	2,241	2,386	2,331
Intangible assets	50	94	352	21	36	115	668	731	687
Tangible assets	2,150	1,572	2,261	241	499	207	6,930	7,395	6,962
Sub-total	**2,555**	**2,108**	**3,201**	**321**	**639**	**1,015**	**9,839**	**10,512**	**9,980**
Long-term loans	94	66	2	10	75	198	445	360	298
Investment in Companies accounted for by the equity method	73	15	–	1	142	17	248	267	303
Other financial assets	38	46	91	3	4	342	524	319	207
2002 total	**2,760**	**2,235**	**3,294**	**335**	**860**	**1,572**	**11,056**		
2001 total	**2,859**	**2,149**	**3,817**	**355**	**485**	**1,793**		**11,458**	
2000 total	**2,943**	**1,960**	**3,563**	**295**	**355**	**1,672**			**10,788**

NOTE 21 Other receivables and payables

in € millions	2000	2001	2002
Gross other receivables [1]	**955**	**1,016**	**1,041**
Provisions	(79)	(90)	(84)
Net other receivables	**876**	**926**	**957**
Gross other payables [2]	**1,241**	**1,064**	**1,101**

(1) Other receivables at December 31, 2002 include:

- VAT receivables of €202 million.
- Other tax receivables of €28 million.
- Prepaid payroll taxes of €8 million.
- Prepaid expenses of €285 million.
- Deferred charges of €165 million.
- Other receivables of €293 million.
- Deferred tax assets of €60 million.

(2) Other payables at December 31, 2002 include:

- Accrued payroll costs of €356 million.
- Accrued taxes of €114 million.
- VAT payable of €79 million.
- Income tax liabilities of €73 million.
- Corporate income tax payable of €125 million.
- Other accrued liabilities of €310 million.
- Other payables of €44 million.

NOTE 22 Fully diluted share capital

As of December 31, 2002, a total of 199,258,550 common shares were issued and outstanding. The average number of common shares outstanding during 2002 was 197,572,583.

In addition, a total of 8,952,373 employee stock options, exercisable for shares representing 4.49% of the total capital, were outstanding as of December 31, 2002:

- 85,000 stock options exercisable from January 7, 1999 until January 7, 2005 at €15.46 per share.
- 1,339,200 stock options exercisable from January 7, 2003 until January 7, 2006 at €32.47 per share.
- 757,322 stock options (Stock Saving Warrants) exercisable from December 22, 2003 until December 2007 at €43.40 per share.
- 580,525 stock options exercisable from January 6, 2004 until January 6, 2007 at €33.95 per share.
- 690,125 stock options exercisable from March 30, 2005 until March 30, 2008 at €37.00 per share.
- 1,957,000 stock options exercisable from January 4, 2004 until January 4, 2009 at €40.58 per share.
- 3,438,840 stock options exercisable from January 8, 2005 until January 8, 2010 at €37.77 per share.
- 104,361 stock options (Stock Saving Warrants) exercisable from July 12, 2005 until July 2009 at €39.10 per share.

In 2002 Accor issued 3,415,424 convertible bonds (OCEANE), which could lead to the issuance of 10,246,272 shares (see Note 26 B for more details).

On this basis, the average fully diluted number of shares outstanding on December 31, 2002 was 204,966.

Fully diluted earnings per share are calculated as follows:

in € millions	2000	2001	2002
Net income, Group share	447	474	430
Restatement for convertible bonds (OCEANE) (in thousands) [1]	–	–	9
Restated net income before minority interests	**447**	**474**	**439**
Fully diluted number of shares outstanding (in thousands)	196,002	197,042	197,573
Number of shares resulting from the exercise of stock options	1,065	762	375
Number of shares resulting from the conversion of OCEANE	–	–	7,018
Fully diluted average number of shares outstanding (in millions)	197,067	197,803	204,966
Diluted earnings per share (in €)	**2.27**	**2.39**	**2.14**

(1) Restatements of net income are as follows:

in € millions	2002
Reversal of the interest charges relative to convertible bonds (OCEANE)	2.7
Reversal of redemption premiums on convertible bonds (OCEANE)	5.8
Total	**8.5**

NOTE 23 Minority interests

in € millions	
December 31, 2000	**141**
Minority interests in net income for the period	31
Dividends paid to minority interests	(26)
Translation adjustments	(6)
Other movements	–
December 31, 2001	**140**
Minority interests in net income for the period	22
Dividends paid to minority interests	(27)
Translation adjustments	(22)
Other movements	(22)
December 31, 2002	**91**

NOTE 24 Provisions for contingencies and charges

in € millions	
December 31, 2000	**609**
Reclassifications for provisions on intangible assets (1)	(1)
Additions	85
Reversals	(136)
Translation adjustments	(1)
Reclassifications in scope of consolidation	(19)
December 31, 2001	**537**
Reclassifications for provisions on intangible assets	–
Additions	86
Reversals	(90)
Translation adjustments	(12)
Reclassifications in scope of consolidation	7
December 31, 2002 (2)	**528**

(1) At January 1, 2001, following an analysis of provisions for contingencies and charges, provisions of €112 million were reclassified as a deduction from assets as "Provisions for impairment in value" and €111 million were transferred from "Other payables", leading to a net €1 million decrease in provisions for contingencies and charges.

(2) Provisions for contingencies and charges break down as follows:

in € millions	2001	Additions	Reversals (utilization)	Translation adjustments	Changes of scope and reclassifications	2002
Retirement provisions	53	11	(5)	(1)	–	58
Litigation provisions and other	187	70	(64)	(9)	(18)	166
Tax and deferred tax provisions	278	1	(16)	(3)	22	282
Provisions for restructuring	19	4	(5)	1	3	22
Total	**537**	**86**	**(90)**	**(12)**	**7**	**528**

NOTE 25 Repackaged perpetual subordinated floating rate notes (TSDI)

In December 1990, Accor issued €762 million in Repackaged Perpetual Subordinated Floating Rate Notes (Titres Subordonnés à Durée Indéterminée).

Concurrently, Accor paid a special purpose vehicle an amount of €170 million in exchange for:

- A commitment to repurchase the Repackaged Perpetual Subordinated Floating Rate Notes from the various lenders at the end of 15 years (matched by a commitment by the lenders to sell the notes).
- A commitment not to claim payment of any principal or interest on the notes from Accor.

The net proceeds from the issue amounted to €592 million, which was 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 (PIBOR + margin) for a 15-year period. The swap taken out to lock in principal repayments while leaving the after-tax interest rate variable (based on market rates) was the subject of an investment reimbursed in February 2000.

The tax effect is prorated to interest expense over the life of the issue. The French Tax Authorities confirmed their agreement with the accounting treatment of the issue in early 1993.

NOTE 26 Exchangeable bonds

A. Bonds exchangeable for Compass / Granada shares

In March 1999, Accor issued €434 million worth of bonds exchangeable for Compass shares. The issue comprises 433,484 bonds with a face value of €1,000. The bonds pay interest at 1% and are exchangeable for Compass shares on the basis of 70.8215 Compass shares per bond beginning from March 2002. Holders of the bonds have the option either to exchange them for Compass shares or to redeem the bonds for cash at par.

The December 31, 2000 merger of Granada Plc and Compass Plc had no impact on the exchange ratio (70.8215 Compass-Granada Plc shares for each exchangeable bond).

During the first half of 2001, Granada-Compass announced the demerger of its media business (Granada Plc) and its food service and lodging business (Compass Plc). Following the demerger, Accor called a general meeting of holders of exchangeable bonds, which approved the exchange of each Accor exchangeable bond for 70.8215 Granada Plc shares and 70.8215 Compass Plc shares, up to March 2002. The exchangeable bonds were recorded as short-term debt in the balance sheets at June 30 and December 31, 2001. All of them were redeemed in March 2002.

B. OCEANE bonds convertible or exchangeable for new or existing Accor shares

On April 24, 2002, Accor issued 3,415,424 bonds convertible or exchangeable for new or existing shares (OCEANE) at a price of €166.89. The aggregate nominal value of the issue was €570 million and the interest rate is 1%. Interest is payable annually in arrears, on January 1.

The bonds are redeemable in three installments as follows:

- On January 1, 2005 at a price of €58.86, representing 105.81% of one-third of the bonds' nominal value.
- On January 1, 2006 at a price of €60.14, representing 108.11% of one-third of the bonds' nominal value.
- On January 1, 2007 at a price of €61.47, representing 110.50% of one-third of the bonds' nominal value.

These redemption prices include one-third of the bond's nominal value plus a redemption premium representing an annual yield-to-maturity from the date of issue of 3.125%.

Bond holders may convert or exchange their bonds for shares as from May 3, 2002 as follows:

- Up to January 7, 2005, at the rate of 3 Accor shares per bond.
- From January 8, 2005 to January 7, 2006, at the rate of 2 Accor shares per bond.
- From January 8, 2006 to January 7, 2007, at the rate of 1 Accor share per bond.

NOTE 27 Total long-term debt by currency and maturity

A. Gross long-term debt

At December 31, 2002, gross debt after hedging transactions breaks down as follows:

in € millions	2000		2001		2002	
	Amount	Interest rate	Amount	Interest rate	Amount	Interest rate
Euro	1,680	4.35%	1,822	3.74%	1,664	3.06%
US Dollar	1,325	6.76%	1,543	4.20%	1,382	3.89%
Australian Dollar	234	6.29%	163	4.45%	137	5.58%
Other currencies (1)	73	–	123	–	109	–
Gross debt	**3,312**	**5.51%**	**3,651**	**4.15%**	**3,292**	**3.80%**
Capital leases	246	–	253	–	185	–
Short-term debt and overdrafts	560	–	187	–	226	–
Total debt	**4,118**	**–**	**4,091**	**–**	**3,703**	**–**

(1) €36 million in BRL, €15 million in GBP, €15 million in JPY and €13 million in CAD at December 31, 2002.

Long-term debt	3,397	–	3,441	–	3,372	–
Short-term debt and overdrafts	721	–	650	–	331	–
Total debt	**4,118**	**–**	**4,091**	**–**	**3,703**	**–**

B. Maturity of gross debt

Gross long-term debt breaks down as follows:

in € millions	2000	2001	2002
Year Y +1	721	650	331
Year Y +2	1,172	375	141
Year Y +3	340	295	828
Year Y +4	132	1,341	1,870
Year Y +5	1,335	1,297	380
Year Y +6	314	25	31
Beyond	104	108	122
Total long-term debt	**4,118**	**4,091**	**3,703**

At December 31, 2002, Accor had several unused confirmed lines of credit with maturities of more than one year, for a total of €1,562 million, expiring between April 2004 and June 2007. As a result, €680 million short-term financing, including commercial paper, that the Group intends to roll over has been reclassified as long-term debt. After reclassifications, the long term unutilized confirmed lines total €882 million.

C. Gross debt before and after hedging transactions

At December 31, 2002, gross debt before hedging transactions breaks down as follows:

in € millions	Fixed-rate debt			Variable-rate debt			Total debt		
	Amount	Rate	% Fixed debt	Amount	Rate	% Variable debt	Amount	Rate	% of total
EUR	2,205	4.13%	74%	773	3.61%	26%	2,978	4.00%	89%
USD	1	5.94%	–	299	1.56%	100%	300	1.57%	9%
AUD	3	8.05%	50%	3	6.95%	50%	6	7.48%	–
Other currencies	11	7.89%	17%	54	19.86%	83%	65	17.88%	2%
Total gross debt	**2,220**	**4.16%**	**66%**	**1,129**	**3.86%**	**34%**	**3,349**	**4.06%**	**100%**

For hedging and cash management purposes, Accor has purchased €1,242 million worth of currency swaps. In addition, €2,224 million worth of rate hedges have been carried out.
The following table shows gross debt after these rate and currency swaps:

in € millions	Fixed-rate debt			Variable-rate debt			Total debt		
	Amount	Rate	% Fixed debt	Amount	Rate	% Variable debt	Amount	Rate	% of total
EUR	883	2.45%	53%	781	3.75%	47%	1,664	3.06%	51%
USD	430	6.70%	31%	952	2.62%	69%	1,382	3.89%	42%
AUD	3	8.05%	2%	134	5.52%	98%	137	5.58%	4%
Other currencies	11	7.89%	10%	98	12.07%	90%	109	11.66%	3%
Total gross debt	**1,327**	**3.88%**	**40%**	**1,965**	**3.74%**	**60%**	**3,292**	**3.80%**	**100%**

* The difference between gross debt before and after the swaps is mainly due to the exchange rate spread on the currency swaps.

D. Fixed / variable breakdowns of the debt over a three year period (after hedging)

in € millions	Fixed-rate debt*			Variable-rate debt			Total debt	
	Amount	Rate	% Fixed debt	Amount	Rate	% Variable debt	Amount	Rate
December 2000	1,676	4.78%	51%	1,636	6.26%	49%	3,312	5.51%
December 2001	1,723	4.51%	47%	1,928	3.82%	53%	3,651	4.15%
December 2002	1,327	3.88%	40%	1,965	3.74%	60%	3,292	3.80%

* Fixed-rate debt is debt for which the underlying interest rate was originally fixed for more than one year, as well as variable-rate debt that has been hedged at a fixed rate more than one year.

As of December 31, 2002, fixed-rate debt was denominated primarily in euros (67%) and US dollars (32%), while variable rate debt was denominated primarily in US dollars (48%), euros (40%) and Australian dollars (7%).
None of this debt carries acceleration clauses triggered by a charge in the company's credit rating. In addition Accor has not negotiated any financing contracts with cross default covenants. Debt with maturities of three years or more may carry cross acceleration clauses, but such clauses may be invoked only in the cross acceleration concerns debt of the same type and of a significant amount.

NOTE 28 Net indebtedness

in € millions	2000	2001	2002
Repackaged perpetual subordinated notes	270	214	151
Convertible and exchangeable bonds	434	–	570
Other long-term debt	2,477	3,007	2,493
Obligations under finance leases	216	220	158
Short-term debt	251	537	234
Overdrafts	470	113	97
Debt	**4,118**	**4,091**	**3,703**
Short-term loans	(79)	(47)	(160)
Marketable securities (2)	(792)	(830)	(541)
Cash and cash equivalents	(599)	(264)	(179)
Short-term receivables on asset disposals	(102)	(101)	(20)
Net debt	**2,546**	**2,849**	**2,802**
Net debt at January 1	**2,665**	**2,547**	**2,849**
Change in long-term debt	468	(439)	166
Net change in short-term debt and cash and cash equivalents	(680)	686	(59)
Changes in scope of consolidation and translation adjustments (1)	(70)	54	(235)
Change in receivables on asset disposals	164	1	81
Net change for the year	**(118)**	**302**	**(47)**
Net debt at December 31	**2,547**	**2,849**	**2,802**

(1) Long-term debt

(2) Marketable securities include 3,941,965 Accor shares valued at an historical cost of €20 per share, for a total of €79 million. The market value of these shares was €28.86 at December 31, 2002. This item also includes 30,706,882 Granada shares valued at GBP 0.80, for a total of €38 million at December 31, 2002.

NOTE 29 Breakdown of funds from operations

in € millions	2000	2001	2002
Consolidated net income, Group share	447	474	430
Minority interests	28	31	22
Depreciation, amortization and provisions	524	545	564
Net income from companies accounted for by the equity method, net of dividends received	(11)	(6)	(2)
Deferred taxes	77	77	53
Change in provisions included in interest expense and provisions for impairment in value	12	(44)	28
Cash flow	**1,077**	**1,077**	**1,095**
Net gains on disposals of assets	(149)	(108)	(173)
Non-operating (gains)/losses	56	36	39
Funds from operations	**984**	**1,005**	**961**

NOTE 30 Renovation and maintenance expenditures

These investments include renovations and all expenses that maintain the useful life of existing assets. They exclude investments for development, fixed assets of newly consolidated subsidiaries, as well as the creation or construction of new assets.
Investments in existing assets break down by business as follows:

in € millions	2000	2001	2002
HOTELS			
Business and Leisure	183	168	114
Economy	74	75	60
Economy US	94	77	68
SERVICES	**19**	**20**	**22**
Other businesses			
Travel agencies	19	19	10
Casinos	7	10	8
Restaurants	8	7	5
Onboard train services	4	7	8
Holding and other	14	22	21
Investments in existing assets	**422**	**405**	**316**

NOTE 31 Development expenditures and investments in technology

Development investments include fixed assets of newly consolidated subsidiaries and the creation or construction of new assets.
Development investments break down by region and business as follows:

in € millions	France	Europe (excl. France)	North America	Latin America & Caribbean	Other countries	Worldwide structures*	2002	2001	2000
HOTELS	**91**	**344**	**107**	**52**	**93**	**6**	**693**	**743**	**941**
Business and Leisure	59	241	75	51	87	3	516	466	664
Economy	32	103	–	1	6	3	145	277	207
Economy US	–	–	32	–	–	–	32	–	70
SERVICES	**3**	**2**	**–**	**5**	**8**	**–**	**18**	**23**	**6**
Other businesses									
Travel agencies	–	–	–	–	–	1	1	8	13
Casinos	38	3	–	–	–	–	41	65	121
Restaurants	2	3	–	–	–	–	5	14	36
Onboard train services	–	–	–	–	–	–	–	1	15
Holding and other	12	12	2	5	(1)	14	44	69	119
Total 2002	**146**	**364**	**109**	**62**	**100**	**21**	**802**		
Total 2001	**193**	**314**	**194**	**91**	**86**	**45**		**923**	
Total 2000	**300**	**364**	**274**	**64**	**125**	**124**			**1,251**

* Development investments that are not committed in a single region are included under worldwide structures.

NOTE 32 Payroll costs

Total payroll costs amounted to €2,583 million in 2002 compared with €2,460 million in 2001.

NOTE 33 Director's fees

Fees paid by various Group companies to members of the Supervisory Board amounted to €612,000, of which €276,000 were paid by Accor SA.

NOTE 34 Claims and litigation

In 2002, out-of-court settlements were reached with all the shareholders of companies managing Formule 1 and Etap hotels in France, who had filed claims before the industrial tribunals (Conseils de Prud'hommes) of Evry and Paris against the Group subsidiaries that own and operate these units, to have their management contracts reclassified as employment contracts. Under the settlements, whose total amount did not exceed the provision taken in the 2001 financial statements, all claims have been dropped.

A limited number of claims were filed against Group companies in the second half of 2002. They will not have any impact on the reorganization of the Formule 1 and Etap Hotel networks, which has allowed the shareholders of the managing companies to chose between management or employment contracts.

As part of its ongoing business activities, the Group is subject to various disputes and lawsuits, which it does not believe will result in significant cost nor have a material impact on its financial position, operations or earnings.

NOTE 35 Off-balance sheet commitments and contingencies

Off-balance sheet commitments and contingencies as of December 31, 2002

in € millions	< 1 year	1 to 5 years	> 5 years	Total
Loans, credit lines and bank overdrafts (1)	**40**	**–**	**2**	**42**
Irrevocable purchase commitments	**51**	**83**	**–**	**134**
• Hotels, Australia (2)	–	46	–	46
• Hotels, Italy (3)	39	–	–	39
• 40% call option on Go Voyages (4)	7	22	–	29
• Novotel Paris Tour Eiffel (5)	–	9	–	9
• Hotels, Switzerland	–	6	–	6
• Other irrevocable purchase commitments	5	–	–	5
Other financial and commercial commitments (6)	**–**	**53**	**47**	**100**
Total	**91**	**136**	**49**	**276**

(1) The €42 million remaining in guarantees given under financing transactions mainly concern a €25 million commitment given to the banks financing the Dorint AG acquisition (see note 2.B.4).

(2) As part of a 10-year management contract for the Mercure Sydney Railway Square hotel, opened during the fourth quarter of 1998, Accor has granted the owner of the property a €46 million put option on the property, exercisable after January 1, 2004. Construction costs borne by the owner totaled approximately €63 million.

(3) Accor and IFIL have amended their agreement of December 5, 1991 regarding their joint subsidiary Sifalberghi and Accor's commitment to purchase from IFIL 25% of Sifalberghi. IFIL now benefits from the following commitments:
- IFIL may exercise its put option between July 1, 1999 and December 31, 2005. The option exercise price will be determined using a formula that takes into account the net book value of Sifalberghi, unrealized capital gains on the real estate portfolio, and goodwill.
- This commitment was valued at €32 million at December 31, 2001 and €39 million at December 31, 2002.

(4) If the option were to be exercised, the fixed part would amount to €7 million. The variable part was estimated at €22 million at December 31, 2002.

(5) Under the agreements signed between Colony and Accor at the time of acquisition of Novotel Paris Tour Eiffel (formerly the Nikko), Colony was given a put option on 60% of outstanding Front de Seine Participations shares, exercisable between the fifth and the seventh years. The price will be based on 10 times Ebitda less debt.

(6) Other commitments amount to €100 million including €62 million in commercial and financial commitments.

NOTE 36 Main subsidiaries and affiliates at December 31, 2002

France

☐ Société Hot Bordeaux Aqu	100.00%
☐ SIHN	100.00%
☐ PIH	100.00%
☐ MIH	100.00%
☐ S.E.H.S.	97.70%
☐ Hot. Nice Centre (1)	45.00%
☐ S.P.F.H.	100.00%
● Financière Courtepaille (1)	20.00%
● Lenôtre	98.75%
✻ Accor Casino SA (2)	50.00 %
✻ SFPTH SA	99.48%
✻ DEVIMCO	99.97%
✻ Accor Réservation Service	100.00%
✻ S.H.C.D. (1)	34.90%
✻ Académie Accor	100.00%
☐✻ Frantour SA	100.00%
▲✻ Go Voyages	60.00%
✻ Restaupro	99.96%
✻ French Line Diff (1)	43.87%
■ Accor Services France (*)	100.00%

Europe

Germany	
☐ Accor Hôtellerie DTC	100.00%
■ ACS Deutschland	95.00%
☐ Accor H. Mercure Mgt	50.97%
Austria	
☐ Accor GmbH	100.00%
■ ACS Austria	96.20%
Belgium	
☐ Accor Hotels Belgium	98.64%
☐ Accoordination	99.22%
■ Accor T.R.B.	100.00%
✻ CIWLT	99.48%
▲ W.L. Tourisme (2)	49.74%
Denmark	
☐ Accor Hotels Denmark	100.00%
▲ World Tourist (2)	49.74%
Spain	
☐ Accor Hoteles Espagne	100.00%
▲ Viajes Ecuador (2)	49.74%
Greece	
☐ SH Athènes Centre (1)	41.82%
Hungary	
☐ Pannonia	80.43%
■ Incentive House	99.78%
Italy	
● ■ Gemeaz	94.64%
☐ Sifalberghi	72.62%
✻ Scapa Italia	97.00%
◆ Treno	99.48%
☐ Famosa Immobiliaria	72.62%
☐ Notteri Resort	86.31%
Netherlands	
☐ Novotel Netherlands	100.00%
☐ Nhere BV	100.00%
☐ MMH	100.00%
☐ Postiljon	100.00%
Portugal	
■ ESA	94.50%
☐ Portis Goldtur (2)(*)	50.00 %
Poland	
☐ Orbis (1)	27.17%
United Kingdom	
☐ Accor UK Business & Leisure	100.00%
☐ Accor UK Economy Hotel Ltd	100.00%
▲ WLT Travel UK (2)	49.74%
■ Luncheon Vouchers	100.00%
Sweden	
■ Rikskuponger	99.90%
☐ Good Morning Hotels	100.00%
Switzerland	
☐ Accor Suisse	100.00%

Latin America

Argentina	
■ Servicios Ticket	89.00%
☐ NSB (*)	100.00 %
Brazil	
☐ H.A.B. SA	71.31%
● ■ T.S. do Brasil	49.99%
✻ DALKIA	49.99%
Mexico	
▲ WLT Mexicana	99.48%
■ Accor Servicios Emp.	98.00%
Chile	
■ Accor Services Chili	74.35%

Asia-Pacific

☐ Accor Asia Pacific Corp. (AAPC)	100.00%
▲ HQ Asia (2)	49.74%
■ AS Australia (*)	100.00 %

Other countries

☐ Saudi Hotels Management	60.00%

North America

Canada	
☐ Group Accor of Canada	100.00%
▲ Carlson Canada (2)	49.74%
United States	
☐ Novotel USA	100.00%
☐ IBL Ltd	99.90%
☐ Red Roof Inns	99.98%
☐ Accor Lodging North Am.	100.00%
▲ Carlson USA (2)	49.74%

Africa

Ivory Coast	
☐ Société Abidjanaise	74.92%
Morocco	
☐ Risma	45.29%
Senegal	
☐ SPHU	96.92%

(1) Company accounted for by the equity method
(2) Company consolidated by the proportional method
(*) Newly consolidated company
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	■ Services	◆ Onboard train services
▲ Travel agencies	● Public restaurants and institutional catering	✻ Other services

PARENT COMPANY

AUDITORS' REPORT ON THE FINANCIAL STATEMENTS OF ACCOR SA
YEAR ENDED DECEMBER 31, 2002

To the shareholders of Accor SA

In accordance with the terms of our appointment at the Annual General Meeting, we hereby submit our report for the year ended December 31, 2002, on:
– Our examination of the annual financial statements of Accor SA, as attached to this report.
– The specific procedures and information required by law.

These financial statements have been prepared by the Management Board. Our role is to express an opinion on these financial statements, based on our audit.

1. Opinion on the Financial Statements
We conducted our audit in accordance with professional standards applicable in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements have been properly prepared, in accordance with accounting principles generally accepted in France, and give a true and fair view of the results of operations for the year ended December 31, 2002, and the assets and liabilities and financial position of the Company at that date.

2. Specific Procedures and Information
We have also performed the specific procedures required by law, in accordance with professional standards applicable in France.
We are satisfied that the information given in the report of the Management Board and the documents sent to shareholders on the financial position and financial statements is fairly stated and agrees with those financial statements.

In accordance with the Law, we have verified that information about acquisitions of shareholdings and controlling interests, crossed shareholdings and the identity of shareholders is disclosed in the report of the Management Board.

Neuilly-sur-Seine, March 5, 2003

The Statutory Auditors

Barbier Frinault & Autres Réseau Ernst & Young	Deloitte Touche Tohmatsu Audit
Christian Chochon	Alain Pons

REPORT OF THE MANAGEMENT BOARD ON THE COMPANY'S 2002 RESULTS

Business Review

In 2002, Accor SA had revenues of €486 million, consisting of royalties, payments from business leases and miscellaneous service fees.

During the year, the company continued to implement its investment strategy in France and abroad. The main transactions for the year were as follows.

- Acquisition, for €12.35 million, of 21.5% of Go Voyages, raising our interest in the company to nearly 60%.
- Acquisition, for €5.5 million, of 50% of Ecotel, raising our interest in the company, which operates Formule 1 hotels in greater Paris region, to 99.9%.
- Acquisition, for €0.9 million, of 99.9% of SNC Hôtelière du Lagon, which operates a hotel in French Polynesia.
- Acquisition of an initial 16.8% stake, for €13.4 million, in Dorint AG, Germany's second largest hospitality group. The interest was increased by €36.3 million in 2003 after agreements between the parties were finalized and approved by EU competition authorities in December 2002.
- Acquisition, for €39.8 million, of 65% of Sheraton Gezirah in Cairo, in order to transform the hotel it operates into a Sofitel.
- Acquisition, for €4.6 million, of 2.2% of outstanding shares of Orbis in Poland in which Accor owns 27.2%.
- Acquisition, for €5.9 million, of new shares issued by Cie. Italienne de Tourisme (C.I.T), raising our interest to 10% from 3%.
- Underwriting of a share issue by Immobiliara Hotelera de Mexico, a 99.9%-owned subsidiary, for €14.4 million.
- Underwriting of a share issue by Sogedetu, a more than 99%-owned subsidiary that operates hotels in the Dominican Republic, for €13.94 million.
- Underwriting of a share issue by Front de Seine Participation (Novotel Paris Tour Eiffel) to finance the hotel's redecoration and transformation. Accor took up its 40% share for €5.6 million.
- Underwriting of a share issue by Accor Hoteles de Argentina, a 99.9%-owned subsidiary, for €7.3 million.

Other smaller transactions were carried out in certain hotel subsidiaries, such as Hôtelière des Sables, where the acquisition of an additional 50% raised our interest to 99.9%, and in other companies in France, Belgium, Denmark, Tunisia, Argentina, Greece and Italy.

In the Services business, equity interests were acquired, at a total cost of €29 million, in order to:

- Capitalize newly created companies like Accor Services Participations (€7.9 million), EAP France (€2.2 million) and Accor Services Australia (€7.3 million), which acquired Davidson Trahaire, the Australian leader in human resources consulting and assistance services.
- Underwrite share issues to support the growth of companies like Accor Service Turkey (€2.2 million) and Shangai Yagao Meal Service Card in China.
- Acquire 75% of Luncheon Tickets in Uruguay (€3.2 million) from our Servicios Ticket subsidiary in Argentina and various small minority shareholders.

Accor owns a large majority interest in all these companies.

The past year also saw the disposal of a further 44% of Accor Casinos, with Accor retaining a 50% interest in the company.

Also sold were a small number of stakes in non-strategic activities, including the 6% interest in Grévin et Cie (formerly Parc Astérix), the 7.7% interest in Soprofinance, the 13% interest in MIGH 83 (Ibis Hyères) and the 4% interest in ACHTI, an Egyptian company that operated a hotel in Cairo.

Accor did not trade in its own shares during the year and therefore still directly holds 1,528,731 Accor SA shares representing 0.77% of the capital at December 31, 2002. In addition, our 99%-owned subsidiary CIWLT holds 3,941,965 Accor SA shares, representing 1.98% of our issued capital at December 31, 2002.

Share capital was increased slightly following the exercise of 51,000 stock options and the issue of 314,135 shares to employees, at a unit price of €37.19.

The €434 million issue of bonds exchangeable for Compass shares was redeemed at par, because the Compass shares were trading at an unfavorable price.

During the year, Accor consolidated its debt through the issue of long and medium-term debt securitie. On April 24, 3,415,424 bonds convertible or exchangeable for new or existing shares (OCEANE) were issued at a unit price of €166.89. The aggregate nominal value of the issue was €570 million and the interest rate is 1%. Interest is payable annually in arrears, on January 1. The bonds are redeemable between the third and fifth years of issue in three installments, with a redemption premium representing an annual yield-to-maturity from the date of issue of 3.125%.

In December, the company issued €400 million worth of ordinary bonds maturing on December 20, 2006 and carrying interest of 5%, payable on December 20 of each year.

2002 Financial Results

Total revenues from all the company's activities increased by 4% in 2002, to €486 million from €479 million. They include hotel royalties, payments from business leases and service fees.

The **operating loss** amounted to €16 million for the year, versus a loss of €4 million the year before. Other income, reversals of depreciation, amortization and provisions and expense transfers credited to the income statement rose to €24 million from €23 million in 2001. Operating expense increased 3.7% to €526 million from €507 million.

The Company had **net financial income** of €180 million versus net financial expense of €102 million last year. The €282 million improvement was due to a decline in provisions from 2001 levels. Total provision movements included in net financial expense, corresponding mainly to provisions for impairment in value of investments in subsidiaries, represented a net charge of €216 million, as opposed to a net charge of €356 million in 2001. The main allowance concerned the Company's investment in CIWLT, which was written down by an additional €150 million to take account of the substantial dividends paid out by this subsidiary and the impairment in value of its investment in Accor. In 2001, the investment was written down by €274 million for the same reason. A further €18-million was set aside on Accor shares held in treasury. Dividend income rose sharply to €459 million from €310 million in 2001. The total includes €105 million in dividends from CIWLT (€130 million in 2001), €51 million from IBL, and €43 million from Accor Lodging North America.

Operating income after net financial expense amounted to €163 million, versus a loss of €106 million the year before.

Net non-recurring income came to €138 million, instead of €375 million in 2001, and primarily comprised the €116 million capital gain on the sale of a 44% interest in Accor Casinos.

The corporate **tax benefit** amounted to €36 million, with the Accor tax group comprising 113 companies. In 2001, the tax benefit amounted to €47 million and the tax group included 116 companies.

Net income for the year rose 6.7% to €337 million from €316 million in 2001.

Summary of Significant Accounting Policies

The financial statements have been prepared in accordance with French generally accepted accounting principles, including the principles of prudence and segregation of accounting periods. They are presented on a going concern basis and accounting methods have been applied consistently from one year to the next. Assets recorded in the balance sheet are stated at historical cost, contributed value or revalued cost, as applicable.

The main accounting policies applied are as follows:

a) Intangible assets

Share issuance costs are amortized over five years. Business rights related to hotels are amortized on a straight-line basis over 40 years. Computer software is amortized over the estimated period of benefit, generally between two and four years.

b) Property and equipment

Property and equipment are stated at cost and depreciated on a straight-line basis over their estimated useful lives, as follows:

– Buildings: 30 to 45 years.
– Fixtures and fittings: 5 to 10 years.
– Other assets: 3 to 10 years.

c) Investments

Shares in subsidiaries and affiliates and other investments are written down to an amount corresponding to the Company's equity in the underlying net assets, where the company concerned is not certain of operating profitability in the future. Additional provisions may be recorded to write down advances to the company concerned and, where necessary, a provision for contingencies is also recorded.

d) Inventories

All inventories are valued by the first in-first out (FIFO) method.

e) Deferred charges

The costs of acquiring property and equipment and investments are amortized over five years. Debt issuance costs are amortized over the life of the debt. Information system development costs are amortized over the estimated useful life of the systems.

f) Receivables

Receivables are stated at nominal value. A provision is recorded to cover any risk of non-recovery.

g) Marketable securities

Marketable securities are stated at the lower of cost and market.

h) Untaxed provisions

Hotel fixed assets are depreciated by the reducing balance method for tax purposes. The difference between straight-line depreciation recorded in the accounts and reducing balance depreciation calculated for tax purposes is taken to shareholders' equity under "Excess tax depreciation".

i) Provisions for contingencies and charges

Adoption of standard CRC 2000-06 on liabilities effective from January 1, 2002 had no impact on opening shareholders' equity or on net income for the year.

j) Foreign currency transactions

Income and expenses in foreign currencies are converted into euros at the exchange rate ruling on the transaction date. Payables, receivables and cash balances in foreign currencies are converted at the year-end exchange rate. Conversion differences are recorded in the balance sheet. No provision for exchange losses is recorded for loans and borrowings denominated in the same currency with broadly equivalent maturities.

k) Currency risks

Currency risks arising on the conversion of euro cash reserves into foreign currencies to meet part of the financing needs of foreign subsidiaries are hedged by swaps with the same maturities as the loans to subsidiaries.

l) Corporate income tax

Accor has elected for group relief in application of the Act of December 31, 1987. Under the group relief system, the tax losses of certain companies in the tax group can be netted off against the profits of other companies in the group, provided that certain conditions are met. The applicable tax rules are set down in articles 223 A et seq. of the General Tax Code.

The group relief profit or loss is recorded in the balance sheet of Accor as the entity at the head of the tax group.

FINANCIAL STATEMENTS OF THE PARENT COMPANY

The following parent company financial statements are summary versions. The full statements, including the notes, are available upon request.

Income statements

in € millions	2000	2001	2002
Operating revenues	490	502	510
Operating expenses	(439)	(468)	(487)
Depreciation and amortization	(42)	(38)	(39)
Ebit	**9**	**(4)**	**(16)**
Other gains (losses)			(1)
Investment income	476	476	587
Other financial income	45	45	128
Financial expense	(248)	(267)	(319)
Allowances to and recoveries of provisions – net	34	(356)	(216)
Net financial expense	**307**	**(102)**	**180**
Exceptional items	**71**	**375**	**138**
Tax	19	47	36
Net income	**406**	**316**	**337**

Balance sheets

in € millions	2000	2001	2002
ASSETS			
Intangible fixed assets	86	99	109
Property, plant and equipment	90	123	128
Financial assets	6,548	7,166	7,114
Receivables	874	726	1,282
Reserve funds	259		
Cash and equivalents	135	4	101
Total assets	**7,992**	**8,118**	**8,734**
LIABILITIES			
Share capital	595	597	598
Additional paid-in capital	2,329	2,496	2,531
Net income	406	316	337
Other equity (T.S.D.I.) (1)	475	466	459
Provisions for contingencies and charges	52	91	55
Convertible bonds (2)	437	437	574
Other long term debt	3,171	3,555	3,963
Other debt	256	160	217
Service vouchers in issue	271		
Total liabilities	**7,992**	**8,118**	**8,734**

(1) Including accrued interest for 2000 (€0.44 million), 2001 (€0.32 million) and 2002 (€0.29 million) payable on June 27 of the following year.

(2) 2000 and 2001: 433,484 bonds of €1,000 each and accrued interest of €3.30 million payable on March 29 of the following year.
2002: 3,415,424 bonds of €166.89 each and accrued interest of €3.8 million payable on January 1 of the following year.

Net assets at December 31, 2002

in € millions	
Share capital	598
Additional paid-in capital	1,808
Legal reserve	62
Untaxed reserves	78
Other reserves	45
Retained earnings	529
Net income for the year	337
Untaxed provisions	9
Total before appropriation	**3,466**

Proposed appropriation of income

in € millions	
The Management Board will recommend that shareholders appropriate 2002 net income:	337
plus	
– retained earnings brought forward from the prior year	527
– prior year dividends not paid out on treasury stock	2
Total income available for distribution	**866**
As follows:	
– to the legal reserve	0
– to dividends	209
– to the "Precompte" dividend withholding tax	49
– to retained earnings	608
Total	**866**

Five-year financial summary

Transaction	1998	1999	2000	2001	2002
1- Financial situation at year-end (in € thousands)					
Share capital	550,966	556,446	594,974	596,680	597,776
Number of shares in issue	36,140,999	185,481,982 (1)	198,324,605 (1)	198,893,415 (1)	199,258,550 (1)
Number of convertible bonds in issue	2,099,029	1,990,639	0	0	0
2- Financial results for the year (in € thousands)					
Net sales	490,589	374,584	464,944	478,743	486,546
Ebitda	356,979	142,240	382,545	647,712	554,292
Income tax	(28,227)	(23,040)	(19,803)	(47,274)	(35,709)
Net income	283,040	243,983	406,385	315,905	337,244
Dividends	185,247	224,009	246,017	293,338	258,291 (2)
3- Per share date (in €)					
Ebitda	10.66	0.89	2.03	3.49	2.96
Net income	7.83	1.32	2.05	1.59	1.69
Dividend before tax credit	4.00	0.90	1.00	1.05	1.05 (2)
4- Employees					
Number of employees	3,368	1,095	1,025	887	902 (3)
Total payroll and employee benefits	120,042	68,294	75,479	74,335	78,781

(1) Par value of €3.
(2) Subject to shareholder approval.
(3) Employees of Accor SA at December 31, 2002.

Main Subsidiaries and Affiliates

At December 31, 2002

		(in thousands of local currency units)		(in euro thousand)							
					Book value of shares		Outstanding			Last published	Dividends
Subsidiaries and Affiliates	Currency	Share capital	Reserves (retained earnings)	% interest	Cost	Net	loans and advances	Guarantees given	Last published net sales	net income (loss)	received during the year
A- Investments in subsidiaries with a carrying value in excess of 1% of Accor's capital											
1- Subsidiaries (at least 50%-owned)											
a) French subsidiaries											
SPFH – 33, avenue du Maine – 75015 Paris	EUR	29,796	1,700	100.00 %	29,796	29,796	43,656	0	0	1,649	592
SPCA – 5, Esplanade Charles de Gaulle – 92000 Nanterre	EUR	17,779	2,119	100.00%	6,997	6,997	0	0	0	4,368	0
FINEXHOR – 2, rue de la Mare Neuve – 91000 Evry	EUR	18,245	2,406	99.99%	19,947	19,947	16,267	752	2,267	(732)	0
IBL – 33, avenue du Maine – 75015 Paris	EUR	863,010	239,720	99.99%	1,051,705	1,051,705	0	0	0	69,949	51,205
FRANTOUR – 3/3 bis, villa Thoreton – 75015 Paris	EUR	30,493	30,678	99.99%	104,365	104,365	0	0	0	24,829	4,498
S.I.H.N. – 2, rue de la Mare Neuve – 91000 Evry	EUR	55,500	(1,203)	99.99%	56,241	51,241	0	142	45	1,659	0
SEPHI – 6-8, rue du Bois Briard – 91000 Evry	EUR	8,000	14,108	99.99%	40,399	40,399	3,470	5	90,459	9,024	17,000
P.I.H. – 2, rue de la Mare Neuve – 91000 Evry	EUR	32,236	10,864	99.99%	29,263	29,263	31,239	0	0	4,654	0
SDHE – 33, avenue du Maine – 75015 Paris	EUR	22,500	(2,743)	99.99%	22,867	22,867	338	62	20,930	(2,587)	0
SIET – 3/3 bis, villa Thoreton – 75015 Paris	EUR	17,250	(19,021)	99.99%	53,723	0	32,056	0	35,284	(160)	0
SH BORDEAUX AQUITANIA – 2, rue de la Mare Neuve – 91000 Evry	EUR	2,550	1,599	99.99%	14,885	4,963	0	25	396	782	0
ACCOR SERVICES PARTICIPATIONS – 33, avenue du Maine – 75015 Paris	EUR	7,950	(5)	99.99%	7,950	7,950	20,162	0	0	(5)	0
GENOMER – 2, rue de la Mare Neuve – 91000 Evry	EUR	995	(424)	99.99%	13,665	680	177	0	1,263	18	0
SAHRA – 2, rue de la Mare Neuve – 91000 Evry	EUR	7,854	1,442	99.99%	7,982	7,982	0	0	3,424	1,095	984
CEPIH – 33, avenue du Maine – 75015 Paris	EUR	688	4,277	99.99%	11,799	6,521	11,416	0	2,683	1,558	0
FIMAKER – 6-8, rue du Bois Briard – 91000 Evry	EUR	1,103	2,018	99.99%	7,240	7,240	97	0	2,771	436	0
HOTEXCO – 6-8, rue du Bois briard – 91080 Courcouronnes	EUR	39,071	89,845	99.99%	12,463	12,463	4,668	30	88,885	8,708	7,325
CIE HOTELIERE DE LYON – 2, rue de la Mare Neuve – 91000 Evry	EUR	6,045	514	99.98%	6,668	6,668	0	0	1,379	315	0
PRESTOTEL – 2, rue de la Mare Neuve – 91000 Evry	EUR	192	1,191	99.95%	6,374	6,374	0	0	1,098	293	237
SH CHAMMANS – RN 10 16430 Champniers	EUR	48	(274)	99.80%	6,163	0	154	0	990	(96)	0
ACCOR.COM – 2, rue de la Mare Neuve – 91000 Evry	EUR	15,000	(51,470)	99.75%	23,935	0	32,399	1,907	29	(14,891)	0
SCHE – 6-8, rue du Bois Briard – 91080 Courcouronnes	EUR	35,427	24,860	98.86%	42,514	42,514	1,526	9,646	118,804	(3,154)	12,477
EURO T.O. – 28, cour Blaise Pascal – 91000 Evry	EUR	2,400	601	98.30%	14,183	1,763	0	305	621	828	0
ACCOR SERVICE FRANCE – 72, rue Gabriel Péri – 92120 Montrouge	EUR	388,037	32,151	98.30%	411,767	411,767	0	604	48,710	18,885	15,258
LENOTRE – 44, rue d'Auteuil – 75016 Paris	EUR	2,606	5,563	97.99%	48,193	30,644	15,118	0	80,966	2,083	1,174
STE D'EXPLOITATION DES HOTELS SUITES – 33, avenue du Maine – 75015 Paris (2)	EUR	6,900	(3,250)	97.69%	6,853	3,427	26,263	0	4,191	(2,008)	0
SCI PRESTIGE DE BORDEAUX – 2, rue de la Mare Neuve 91000 – Evry	EUR	8,690	(42)	96.85%	10,395	10,395	0	0	354	(46)	0
SH BERNICA – 97434 St-Gilles-les-Bains	EUR	3,283	7,723	96.70%	8,461	8,461	0	0	5,827	399	0
SH BAS DU FORT Novotel Fleur d'Épée – 97190 Gosier	EUR	6,536	(2,177)	95.82%	7,132	2,632	3,395	4	9,975	(2,330)	0
ACCOR AFRIQUE – 2, rue de la Mare Neuve – 91000 Evry	EUR	16,048	(3,778)	94.84%	15,706	15,706	52,727	0	6,833	(4,108)	629
MERCURE INTERNATIONAL HOTEL – 2, rue de la Mare Neuve – 91000 Evry	EUR	54,336	95,850	71.79%	65,114	65,114	0	0	61654	40,899	9,093
SEORIM – 2, rue de la Mare Neuve – 91000 Evry	EUR	31,359	4,334	70.94%	22,164	22,164	0	0	0	3,447	2,280
GO VOYAGES – 14, rue de Cléry – 75002 Paris (3)	EUR	150	10,053	59.97%	24,198	24,198	0	0	156,929	5,167	412
ACCOR CASINOS SA – 33, avenue du Maine – 75015 Paris (3)	EUR	23,194	36,886	50.00%	66,880	66,880	12,509	19,818	3,196	28,555	32,272
b) Foreign subsidiaries											
COBEFIN (Belgium)	EUR	369,884	26,487	100.00%	417,774	357,673	175,137	0	0	(38,698)	0
ACCOR UK LTD (United Kingdom)	GBP	32,530	30,863	100.00%	92,790	92,790	0	0	0	(9,144)	9,440
ACCOR SUISSE SA (Switzerland)	CHF	14,300	56,963	100.00%	25,907	25,907	0	0	7,582	6,913	6,817
KATERINSKA HOTEL (Czech Republic)	CZK	300,000	20,956	100.00%	9,125	9,125	8,972	0	8,368	938	0
NOVOTEL NEDERLAND BV (Netherlands)	EUR	3,086	19,420	100.00%	16,825	16,825	0	0	49,371	8,774	24,000
HOTELES ACCOR DE ARGENTINA (Argentina)	AR$	40,259	0	100.00%	22,071	16,361	9,810	9,723	69	(775)	
ACCOR POLSKA (Poland)	PLN	260,962	5,758	100.00%	64,840	64,840	19	0	2,795	(655)	0
SOGEDETU (Dominican Republic)	DOP	288,363	(14,849)	99.99%	14,001	13,208	3,253	0	1,738	(1,907)	0
NOVOTEL CANADA INC (Canada)	CAD	64,999	(12,595)	99.99%	26,256	26,256	7,869	0	21,079	4,590	0
ACCOR Hotellerie Deutschland (Germany)	EUR	25,570	73,820	99.98%	68,725	68,725	18,027	4,109	444,332	13,594	0
STE IMMOBILIARIA HOT. DE MEXICO (Mexico)	MXN	246,628	0	99.97%	28,171	28,171	0	0	5,474	(1,862)	0
MARARA SA (French Polynesia)	XPF	160,000	841,171	99.96%	7,610	7,610	0	231	5,821	356	0
CIE DES WAGONS-LITS (Belgium)	EUR	50,676	316,325	99.48%	1,148,904	602,537	31,562	744	139,664	24,141	104,861
CHP Maeva (French Polynesia)	XPF	160,000	188,051	98.92%	6,688	6,688	0	583	7,329	(342)	0
ACCOR HOT. BELGIUM (Belgium)	EUR	4,531	843	98.36%	14,054	14,054	0	3,237	70,868	2,520	182
ACCOR TRB (Belgium)	EUR	5,965	18,345	98.30%	23,035	23,035	445	0	21,077	9,499	6,572
ACCOR AUSTRIA (Austria)	EUR	5,541	29,253	98.00%	20,751	20,751	0	0	440	936	0
ASESORIA (Mexico)	MXN	56	72	91.11%	6,611	6,611	0	0	1,751	1,749	2,222
ACCOR HOTELES ESPANA (Spain)	EUR	23,889	28,015	86.79%	30,240	30,240	0	0	64,736	4,458	0
SAFARI CLUB MOOREA (French Polynesia)	XPF	172,000	1,930,401	85.91%	7,030	7,030	0	146	9,408	1,455	0
ACCOR SERVICES AUSTRALIA (Australia)	AUD	15,000	(498)	80.00%	7,255	7,255	0	0	102	(268)	0
SERVICIOS TICKET (Argentina)	AR$	2,110	31	77.30%	8,759	8,759	282	0	14,274	7,624	0
SHERATON GEZIRAH LE CAIRE (Egypt)	USD	29,775	3,424	64.93%	39,779	39,779	0	0	8,266	5,779	0
AMORIM HOTELS SERVICOS (Portugal) (2)	EUR	14,300	27,118	50.00%	14,290	14,290	5,325	0	0	750	0
2- Affiliates (10-50%-owned)											
a) French affiliates											
GOLF MEDOC PIAN – Chemin de Courmateau – 33290 Le Pian-Médoc (1)	EUR	411	3,914	44.97%	7,373	1,743	304	0	1,233	(529)	0
FRONT DE SEINE – 61, Quai de Grenelle – 75015 Paris (4)	EUR	15,500	(7,142)	40.00%	6,200	6,200	22,478	0	0	(5,433)	0
SHCD (CASINO DEAUVILLE) – 2, rue Edmond-Blanc – 14800 Deauville (3)	EUR	4,852	120,424	28.04%	45,111	45,111	0	0	83,242	13,412	1,020
b) Foreign affiliates											
RISMA (Morocco)	MAD	489,077	(10,112)	43.55%	23,756	23,756	330	0	21,249	(2,887)	0
ACCOR LODGING NORTH AMERICA (United States)	USD	996,285	274,175	40.61%	404,136	404,136	0	325,739	0	60,133	42,880
PANNONIA (Hungary)	HUF	4,021,206	11,235,614	35.85%	23,742	23,742	90	5,000	74,943	28,496	1,047
TANIT INTERNATIONAL (Tunisia)	TND	30,000	(4,793)	35.00%	20,814	8,313	0	0	19,090	(4,912)	0
HOLPA (Luxembourg)	EUR	53,245	5,870	33.74%	24,155	24,155	0	0	0	1,900	0
IFALBERGHI (Italy)	EUR	13,000	16,320	30.65%	10,975	10,975	28,880	0	76,743	4,809	766
ORBIS (Poland)	PLN	92,154	1,086,861	27.17%	97,818	97,818	0	0	151,245	7,701	1,076
AAPC (Australia)	AUD	371,331	80,623	25.46%	66,758	66,758	145,609	0	2,797	397	0
SOFITEL VENISE (Italy) (2)	EUR	12,911	(684)	20.00%	8,000	8,000	0	0	905	(415)	0
DORINT AG (Germany) (2)	EUR	14,400	28,046	16.79%	13,430	13,430	0	0	436,964	(6,380)	0
CIE ITALIENNE DE TOURISME HOLDING SPA (Italy) (2)	EUR	41,000	7,940	10.00%	8,533	8,533	0	0	106,246	3,551	0
3- Other investments (less than 10%-owned)											
–	EUR				0	0	0	0	0	0	0
B- Other investments in subsidiaries with a carrying value of less than 1% of Accor's capital											
1- Subsidiaries (at least 10%-owned)											
a) French subsidiaries (aggregate)					225,057	123,629	557,919	16,474			25,271
b) Foreign subsidiaries (aggregate)					120,338	86,394	43,702	1,735			76,642
2- Other investments (less than 10%-owned)											
a) French companies (aggregate)					3,474	2,358	22,819	13,012			327
b) Foreign companies (aggregate)					3,232	2,918	952	0			230
Total					**5,512,380**	**4,589,575**	**1,391,421**	**414,033**			**458,789**

(1) Provisional or unaudited balance sheet. (2) Balance sheets at December 31, 2001. (3) Balance sheet at October 31, 2002. (4) Balance sheet at August 30, 2002.

AUDITORS' SPECIAL REPORT ON REGULATED AGREEMENTS
YEAR ENDED DECEMBER 31, 2002

In our capacity as statutory auditors of your company, we present below our report on regulated agreements.
In application of article L.225-88 of the Commercial Code, we have been informed of the agreements approved by the Supervisory Board.
Our responsibility does not include identifying any undisclosed agreements. We are required to report to shareholders, based on the information provided, about the main terms and conditions of agreements that have been disclosed to us, without commenting on their relevance or substance. Under the provisions of article 117 of the March 23, 1967 decree, it is the responsibility of shareholders to determine whether the agreements are appropriate and should be approved.
We conducted our review in accordance with the standards of our profession. Those standards require that we carry out the necessary procedures to verify the consistency of the information disclosed to us with the source documents.

Agreements entered into during the year

1. With Europcar International
Person concerned: John Du Monceau.
The marketing partnership agreement signed with Europcar International when your Company's 50% interest in Europcar International was sold to Volkswagen was authorized by the Supervisory Board on December 15, 1999 and implemented for the first time in 2000. The 10-year contract provided that in exchange for a minimum guaranteed annual fee of €5.1 million, your Company agreed to maintain its programs promoting Europcar in all its business activities.
On January 8, 2002, the Supervisory Board authorized the Management Board to sign an addendum to this contract extending it for an additional year and changing the terms of Accor's remuneration. Under the new terms, the variable portion of the remuneration, which was capped at €2.5 million a year, was replaced by an additional fixed fee of €1.5 million a year.
In fiscal 2002, your Company received €5,112,900 in fees from this contract.

2. With a member of the Management Board
Person concerned: Benjamin Cohen.
On January 8, 2002, the Supervisory Board authorized the Management Board to purchase the shares of minority partners in The Voucher Corporation (TVC) for $80.00 a share. The price was based on an enterprise value of $8 million, corresponding to a multiple of 6.4 times Ebitda, net of debt. The portion of the agreement covered by related agreements legislation corresponds to 1% of the shares, representing an amount of $80,000.

3. With Société Générale, HSBC-CCF and Deutsche Bank
Person concerned: Patrick Duverger, permanent representative of Société Générale on the Supervisory Board.
On April 23, 2002, the Supervisory Board authorized the Management Board to issue bonds convertible and/or exchangeable into new or existing Accor SA shares. The terms of the issue were as follows:
- An aggregate nominal value initially capped at €630 million (final value: €570 million), redeemable in three equal installments in January 2005, 2006 and 2007.
- An interest rate of around 1%.

Your company paid bank fees related to the issue in an amount of €5,700,000.

Agreements entered into in prior years, which remained in force during the year

In application of the decree of March 23, 1967, we were advised of the following agreements entered into in prior years, which remained in force during the year.

4. With Compagnie Internationale des Wagons-Lits et du Tourisme (CIWLT)
The technical support agreement with Compagnie Internationale des Wagons-Lits et du Tourisme was amended on April 10, 2002 to set the annual fee for 2002 at €100,000, versus €762,245 for 2001.

5. With BNP-Paribas, Société Générale and Citibank NA
The €1 billion syndicated line of bank credit negotiated in 2000 was drawn down at December 31, 2002. Interest expense paid on drawdowns during the year and rebilled to subsidiaries amounted to €1,081,817.

Neuilly – March 5, 2003

Les Commissaires aux comptes

Barbier Frinault & Autres Réseau Ernst & Young	Deloitte Touche Tohmatsu Audit
Christian Chochon	Alain Pons

CORPORATE GOVERNANCE

GOVERNANCE STRUCTURES

Structures

Accor is a limited liability company with a two-tier governance structure, comprising a **Management Board** and a **Supervisory Board**. This structure, which has also been adopted by many other French companies, complies fully with the principles of good corporate governance as currently embodied in French law. It encourages a clear separation between the financial and strategic management functions, which are handled by a five-member Management Board, and oversight and control functions, which are the responsibility of a ten-member Supervisory Board, acting on behalf of shareholders. This segregation of powers provides shareholders with the assurance that their interests are protected, by guaranteeing transparency and ongoing effective supervision of the Company's business activities.

The respective roles and responsibilities of the Supervisory Board and the Management Board are set out in the bylaws and in formal rules. These rules define the composition and terms of reference of each board, the procedures to be followed at their respective meetings and their rights to information. They also set out the rights and obligations of members, dealing with such issues as conflicts of interest, confidentiality, personal shareholdings, compliance with stock exchange guidelines concerning transactions in Accor shares, the obligation of diligence and the limit on the number of directorships in other companies. In addition, the bylaws stipulate that each Supervisory Board member is required to hold at least 500 Accor shares.

In 2002, the Supervisory Board met six times with an average attendance rate of more than 80%. To promote high attendance rates at Supervisory Board meetings, 50% of the total fees awarded to the Board is allocated among the members based on their attendance record. In practice, at Accor, the Supervisory Board and the Management Board interact on a regular, ongoing basis in a mutual commitment to good governance practices. The Supervisory Board fulfils its oversight role by reviewing in detail quarterly business reports prepared by the Management Board. The Supervisory Board is also responsible for authorizing significant investments and strategic transactions, based on detailed and objective analyses of the proposed projects. Corporate actions, including shareholder-approved stock option plans proposed by the Management Board, are also subject to Supervisory Board approval. The composition of the Supervisory Board helps to ensure that the Board is objective and exercises effective control over the running of the Company. Five of its ten members are independent; i.e. directors with no ties to the Group or its management that would be likely to influence their judgment. The Supervisory Board's definition of an independent director is consistent with the criteria set out in the Bouton report on corporate governance, taking into account the Company's two-tier management structure. According to this definition, members of the Supervisory Board who are in any of the following situations are not considered as independent:

- Directors who have - or have had at any time in the five years preceding their election to the Supervisory Board - an employment contract with the Company or any other Group entity.
- Directors who have personal ties with the Company or any other Group entity in the form of a business contract.
- Directors who have any ties whatsoever with a significant and regular business or financial partner of the Company or any other Group entity.
- Directors who have close family ties with the Chairman or the members of the Company's Management Board.
- Directors who have worked on the audit of the accounts of the Company or any other Group entity in any of the five years preceding their election to the Supervisory Board.
- Directors who control the Company's capital, alone or in concert with other shareholders, or who represent any such shareholders.
- Directors who are Chairman, Chief Executive Officer, Chairman or member of the Management Board of a listed subsidiary or of any affiliated company not controlled by the Group.
- Directors who are Chairman, Chief Executive Officer, Chairman or member of the Management Board of a non-Group company of which the Company is a director or member of the Supervisory Board or of which the Chairman or any member of the Management Board is a director or member of the Supervisory Board.

At its meeting on January 3, 2003, the Supervisory Board reviewed the situation of each of its members, based on the above criteria, and decided that Etienne Davignon, Renaud d'Elissagaray, Franck Riboud, Jérôme Seydoux and Maurice Simond are independent directors.

During 2003, the Supervisory Board intends to consider ways of assessing the effectiveness of its procedures.

The Supervisory Board has also formed two committees, whose activities are governed by specific charters:

- The **Compensation and Nominations Committee**, which met once in 2002. The Committee's three members include the Chairman of the Supervisory Board, Gérard Pélisson, and two independent members, Etienne Davignon and Jérôme Seydoux, who serves as Committee Chairman. The Committee makes recommendations to the Supervisory Board regarding the appointment of the Chairman and members of the Management Board, candidates for election to the Supervisory Board, the compensation to be paid to the Chairman of the Supervisory Board and the Chairman and members of the Management Board, and the Group's executive stock option policy.

In 2002, the Committee submitted recommendations to the Board concerning the compensation to be paid to the Chairman of the Supervisory Board and the Chairman and members of the Management Board. It also examined the stock option plan issued in 2002 and the terms of the share issue during the year to employees participating in the Group's corporate savings plan. The Committee also prepared a Charter defining its role and operating procedures, which was submitted to the Board for approval.

- The **Audit Committee**, which met three times in 2002. The Committee's four members include the Chairman of the Supervisory Board, Gérard Pélisson, Isabelle Bouillot, and two independent members, Etienne Davignon, who serves as Committee Chairman, and Renaud d'Elissagaray. The Committee is responsible for ensuring that the accounting policies used to prepare the financial statements of the Company and the Group are appropriate and are applied consistently, as well as for verifying the completeness and accuracy of financial disclosures. To this end, the Committee assesses the quality of the external auditors' work and the level of their fees. It also monitors the effectiveness of internal control procedures, which are based on the principles laid down in the Internal Audit Charter.

  The Audit Committee reviews the appropriateness of the accounting treatment of material transactions. Committee members may meet with Group officers, executives and managers in charge of preparing and reviewing the financial statements, including the Chairman of the Management Board and the Management Board member in charge of Finance and Investments, as well as the external auditors.

  In 2002, the Audit Committee primarily examined the annual and interim financial statements. In particular, as part of this process, it reviewed Accor's provisioning policy, examined changes in the Company's debt and debt profile, and analyzed the main financial ratios. The Committee also examined the major findings of the studies carried out by the Internal Audit department, as well as the objectives of the department's short and medium-term programs. Lastly, the Committee spent one of its meetings preparing a Charter defining its role and operating procedures, in particular as concerns the methods used to identify risks. The Charter was submitted to the Supervisory Board for approval.

Attendance rates at meetings of these committees in 2002 were close to 100%.

Membership

Co-Chairmen and Co-Founders

Paul Dubrule

Born on July 6, 1934 in Tourcoing (France). Graduate of the Institut des Hautes Etudes Commerciales, University of Geneva. Co-Founder and Co-Chairman of the Novotel chain in 1963 with Gérard Pélisson, Co-Chairman and Chief Executive Officer of the Novotel S.I.E.H. Group (1971-1983). Co-Founder and Co-Chairman of the Accor Group (1983-1997). Paul Dubrule is also Senator of Seine-et-Marne (France), Chairman of Entreprise et Progrès and Co-Founder of the World Travel and Tourism Council (WTTC).

Gérard Pélisson

Born on February 9, 1932 in Lyon (France). Engineering degree from the Ecole Centrale des Arts et Manufactures, Paris, and Master of Science in Industrial Management, Massachusetts Institute of Technology (USA). Co-Founder and Co-Chairman of the Novotel chain in 1963 with Paul Dubrule, Co-Chairman of the Novotel S.I.E.H. Group (1971-1983). Co-Founder and Co-Chairman of the Accor Group (1983-1997). Gérard Pélisson is also Chairman of the Council on French Investment in Africa (CIAN), Chairman of the Union of French Citizens Abroad (UFE), Honorary Chairman and Co-Founder of the Brillat-Savarin Foundation, Co-Founder and Vice-Chairman of the World Travel and Tourism Council (WTTC) and President of the Ecole Supérieure de Commerce of Lyon (1990-1996).

Management Board

Jean-Marc Espalioux, Chairman

Born on March 18, 1952. Law and Economics degree from Institut d'Etudes Politiques de Paris; graduate of the Ecole Nationale d'Administration, Paris (1978). Inspecteur des Finances at the French Ministry of Finance from 1978 to 1982. Joined Compagnie Générale des Eaux (now Vivendi Universal) in 1984, where he served as Chief Financial Officer (1987), Member of the Executive Committee (1994) and Executive Vice President (1996). Director of Accor since 1988, chosen by the Co-Founders, Paul Dubrule and Gérard Pélisson, to become the Chairman of the Management Board on January 7, 1997. Jean-Marc Espalioux was Director of Vivendi Universal (up to December 8, 2002) and Fiat France (up to October 10, 2002). He is also Director and Chairman of the Compensation Committee of Air France, Director and member of the Compensation Committee of Crédit Lyonnais, and Member of the Supervisory Board and Chairman of the Audit Committee of Vivendi Environnement.

Sven Boinet

Member of the Accor Management Board in charge of Hotels from January 7, 1997 to January 3, 2003.

Benjamin Cohen

Born on April 29, 1939 in Castres (France). Graduate of the Ecole des Hautes Etudes Commerciales (1961).Vice President, Public Restaurants at Jacques Borel International (1964-1968), Member of the Management Committee and Chief Executive Officer of the Jacques Borel International Group (1975), Vice-Chairman and Chief Executive Officer of Compagnie des Hotels Jacques Borel (1972-1975), Managing Director (1975-1977), then Chairman and Chief Executive Officer of Sofitel (1977) and Union Touristique et Hôtelière (U.T.H.) (1979-1985), Executive Vice-President, International Business for Novotel S.I.E.H. (Société d'Investissement et d'Exploitation Hôtelière) (1982-1983), Executive Vice-President, Hotels and Member of the Management Committee of the Accor Group (1983-1988), Chairman of Croisières Paquet (1987-1994), Managing Director of the Accor Group (1989-1992), Accor Group Executive Vice President (1992-1997), Director (1994) Chairman and Chief Executive Officer of Compagnie Internationale des Wagons-Lits et du Tourisme. Benjamin Cohen has been a Member of the Accor Management Board since January 7, 1997 and, since January 3, 2003, Vice Chairman of the Management Board in charge of Finance and Development of the Hotel, Leisure and Tourism business, Casinos, Brazil, and the South American Hotels business.

John Du Monceau
Born on April 6, 1938 in Mortsel (Belgium). Degree in Commercial and Maritime Science, Saint-Ignace College, Antwerp (Belgium). Various responsibilities in food product marketing for Unilever (1961-1973), Managing Director of Jacques Borel International, Belgium (1973-1977); Managing Director of Ticket Restaurant France (1978-1983). At Accor, since 1983 he has served as Managing Director, Service Vouchers and Group Executive Vice-President, Service Vouchers and Eurest. John Du Monceau has been Member of the Management Board since January 7, 1997 and, since January 3, 2003, Group Executive Vice President, Services, Human Resources, Sustainable Development and Onboard Train Services.

André Martinez
Born on January 10, 1953. Graduate of the Ecole des Hautes Etudes Commerciales (1975), Institut d'Etudes Politiques de Paris (1977), Masters in Economics from the Assas II Faculty of Law, Paris (1977). Joined Airbus Industries in 1979 before moving to Société des Hôtels Méridien, where he became Chief Executive Officer (1991-1995). Since joining Accor in 1997, Chief Executive Officer of Compagnie des Wagons-Lits (1997-2002), Group Executive Vice-President, Hotel Development and Strategy (1999-2001), Chief Executive Officer Economy Hotels (2002). Member of the Management Board since January 3, 2003, in charge of Hotels in Europe, Africa and Middle-East.

Paul Dubrule

Secretary of the Management Board

Pierre Todorov

Supervisory Board

- Chairman: Gérard Pélisson
  Gérard Pélisson's term of office expires at the end of the Annual Meeting called to approve the accounts for the year ended December 31, 2002.
- Vice-Chairman: Etienne Davignon*, Vice-Chairman of Société Générale de Belgique, Member of the Board since May 16, 1990. Etienne Davignon, 70, is a Director of Suez and Pechiney and a Member of the Supervisory Board of BASF (Germany). He owns 510 Accor shares. His term of office expires at the end of the Annual Meeting called to approve the accounts for the year ended December 31, 2002.
- BNP-Paribas, Member of the Board since May 16, 1990, represented by Baudouin Prot, Director and Chief Operating Officer of BNP-Paribas. Baudouin Prot, 52, is a Director of Pechiney and Member of the Supervisory Board of Pinault-Printemps-Redoute. He owns 500 Accor shares. BNP-Paribas's term of office expires at the end of the Annual Meeting called to approve the accounts for the year ended December 31, 2006.
- Isabelle Bouillot, Chairman of the Management Board of CDC IXIS, Member of the Board since February 14, 1996. Isabelle Bouillot, 54, is a Director of Saint-Gobain and La Poste, and a Member of the Supervisory Boards of Caisse Nationale des Caisses d'Epargne and CNP Assurances. She owns 500 Accor shares. Isabelle Bouillot's term of office expires at the end of the Annual Meeting called to approve the accounts for the year ended December 31, 2002.
- Renaud d'Elissagaray*, Member of the Board since January 7, 1997 (he had served as censor since January 27, 1988). Renaud d'Elissagaray, 70, a former Member of the Management Board of Banque Louis-Dreyfus, is a Director of Arca-Banque du Pays Basque and various mutual funds, including CAAM Actions Euroland. He owns 500 Accor shares. His term of office expires at the end of the Annual Meeting called to approve the accounts for the year ended December 31, 2004.
- IFIL Finanziaria di Participazioni SpA, Member of the Board since December 15, 1992, represented by Gabriele Galateri di Genola, Managing Director and Chief Executive Officer of IFIL. Gabriele Galateri di Genola, 54, is a Member of the Supervisory Board of Worms & Cie (France) and Director of Fiat and San Paolo IMI (Italy), and Chairman of Toro Assicurazioni (Italy). The term of office of IFIL Finanziaria di Participazioni SpA expires at the end of the Annual Meeting called to approve the accounts for the year ended December 31, 2006.
- Franck Riboud*, Chairman and Chief Executive Officer of the Danone Group, Member of the Board since July 3, 2001. Franck Riboud, 47, is member of the Supervisory Board of Eurazeo and Director of L'Oréal and Renault. He owns 500 Accor shares. His term of office expires at the end of the Annual Meeting called to approve the accounts for the year ended December 31, 2004.
- Jérôme Seydoux*, Chairman of the Supervisory Board of Pathé, Member of the Board since January 7, 1997. Jérôme Seydoux, 68, is Vice Chairman of Chargeurs and Director of Danone. He owns 1,000 Accor shares. His term of office expires at the end of the Annual Meeting called to approve the accounts for the year ended December 31, 2002.
- Maurice Simond*, 71, former Group Director of IBM Europe, Member of the Board since January 7, 1997 (he had served as censor since June 28, 1983). He owns 31,585 Accor shares. His term of office expires at the end of the Annual Meeting called to approve the accounts for the year ended December 31, 2006.
- Société Générale, Member of the Board since June 28, 1983, represented by Patrick Duverger, Honorary General Manager of Société Générale. Patrick Duverger, 64, is Director of Faurecia and member of the Supervisory Board of Remy Cointreau. He owns 800 Accor shares. Société Générale's term of office expires at the end of the Annual Meeting called to approve the accounts for the year ended December 31, 2006.

* Independent members.

Secretary of the Supervisory Board

Pierre Todorov

MANAGEMENT COMPENSATION

Management compensation policy

Compensation paid to the Chairman of the Supervisory Board, in addition to the directors' fees paid by Accor SA, is determined annually by the Supervisory Board based on the recommendations of the Compensation and Nominations Committee. The Chairman of the Supervisory Board does not receive any variable compensation.

Compensation paid to the Chairman and members of the Management Board is determined by the Supervisory Board based on the recommendations of the Compensation and Nominations Committee. This compensation comprises:

- A fixed portion, the amount of which was set for a period of three years in January 2001
- A variable portion set annually, based on the recommendations of the Compensation and Nominations Committee. The principles governing this variable compensation were defined by the Supervisory Board in January 2001 for a period of three years, following a comparative study of executive compensation practices among leading French companies. For the Chairman of the Management Board, the variable portion depends on earnings per share for the year, as well as the increase or decrease in EPS, judged in the prevailing business environment. For the other members of the Management Board, the amount paid depends on the achievement of personal and industry-related objectives and Accor's financial performance as reflected in the amount and growth in earnings per share. It is capped at an amount equal to 100% of the individual's fixed compensation.

Directors' fees paid to members of the Supervisory Board

Total directors' fees paid by Accor SA were set by shareholders at €276,000 at the Annual Meeting of May 29, 2001 and have not been changed since. The fees were paid in May 2002.

The total fee is allocated among the members of the Supervisory Board on the following basis:

– Members of each of the two Board Committees receive a fixed amount for serving on these Committees.

– Out of the remaining balance, 50% is shared equally among all the members of the Supervisory Board and 50% is allocated pro rata to each member's attendance record at Board meetings.

Directors' compensation

The total compensation and benefits paid to directors of Accor SA by the Company and the various other Group entities is as follows:

Management Board	
Jean-Marc Espalioux (Chairman)	€1,606,827
Benjamin Cohen (Vice Chairman)	€922,734
John Du Monceau (Deputy Vice Chairman)	€845,600
Paul Dubrule	€712,439
Sven Boinet*	€741,000
Supervisory Board	
Gérard Pélisson (Chairman)	€1,018,557
Étienne Davignon (Vice Chairman)	€101,928
BNP-Paribas	€16,434
Isabelle Bouillot	€26,637
Renaud d'Elissagaray	€30,323
IFIL	€16,434
Franck Riboud	€14,591
Jérôme Seydoux	€26,637
Maurice Simond	€21,963
Société Générale	€21,963

* Sven Boinet is no longer a member of the Accor Management Board since January 3, 2003.

The amounts shown for the Chairman and members of the Management Board correspond to the fixed and variable compensation paid in respect of 2002. The amounts shown for the Chairman and members of the Supervisory Board represent the amounts paid during 2002.

DIRECTORS' AND EMPLOYEES' INTERESTS

Stock Options

Group officers, executives and middle-level line managers are periodically granted options to purchase new shares of Accor stock. These grants are not made systematically to a given category of employees, but are designed to reward personal performance, measured in terms of the results obtained or individual achievements.

Options generally have an eight-year life. They may be subject to a vesting period or to restrictions on the sale of the shares acquired during a certain period, depending on applicable tax and labor laws.

The number of options granted to Management Board members, if any, is decided by the Supervisory Board based on the recommendation of the Compensation and Nominations Committee. Under the 2002 plan, stock options were granted to 2,032 senior executives and members of middle management. The exercise price corresponds to 95% of the average opening Accor share price over the 20 trading days preceding the date of grant.

Stock options granted to employees and/or corporate officers

Plan Date of Management Board Meeting	Number of options granted			Total number of grantees	Exercisable from	Option expiry date	Exercise price (in €)	Number of options exercised in 2002	Number of shares issued at December 31, 2002			Outstanding options at December 31, 2002
	Total	O/w to Management Board members	O/w to top 10 employee grantees						Total	O/w to Management Board members	O/w to top 10 employee grantees	
Options to suscribe for new shares issued under Accor stock option plans												
01/07/1997	1,000,000	550,000	280,000	25	01/07/99	01/07/05	15.46	50,000	915,000	550,000	25,000	85,000
01/07/1998	1,364,200	395,000	215,000	242	01/07/03	01/07/06	32.47	0	25,000	0	0	1,339,200
01/06/1999	581,525	0	535,000	639	01/06/04	01/06/07	33.95	1,000	1,000	0	0	580,525
03/30/2000	690,125	0	98,900	809	03/30/05	03/30/08	37.00	0	0			690,125
01/04/2001	1,957,000	650,000 (1)	575,000	32	01/04/04	01/04/09	40.58	0	0			1,957,000
01/08/2002	3,438,840	435,000	290,000	2,032	01/08/05	01/08/10	37.77	0	0			3,438,840
Sub-total options	**9,031,690**								**941,000**			**8,090,690**
Stock savings warrants (BEA) program (2)												
12/22/2000	757,322			15,725	12/22/03	12/22/07	43.40	0	0			757,322
07/12/2002	104,361			3,890	07/12/05	07/12/09	39.10	0	0			104,361
Sub-total BEA	**861,683**											**861,683**
Total	**9,893,373**								**941,000**			**8,952,373 (3)**

(1) In addition to these 650,000 unrestricted options, there are also 320,000 restricted options outstanding. At the start of the exercise period, the Supervisory Board will determine whether the vesting conditions for these restricted options have been met, based on a report prepared by the Compensation and Nominations Committee. A certain proportion of the restricted options granted to the Chairman of the Management Board will be exercisable if the Accor share price outperforms the CAC 40 index over the period 2001-2004. The right to exercise the remaining options will depend on Accor's share performance compared with that of the Group's main international competitors. The vesting conditions applicable to restricted options granted to the other members of the Management Board are based on Accor's share performance, and also on the results of the businesses that report to each grantee.

(2) Stock options granted in connection with employee share issues.

(3) Representing 4.49% of Accor capital stock at December 31, 2002.

The stock option plans were approved by shareholders as follows:
– 1997 to 2001 plans: Annual Meeting of January 7, 1997
– 2002 plan: Annual Meeting of May 29, 2001
Under the terms of authorizations approved by shareholders at the Annual Meeting of May 29, 2001, the number of outstanding options may not be exercisable for new shares representing more than 5% of capital stock or for existing shares representing more than 5% of capital stock.

Stock options granted to and exercised by corporate officers during 2002

	Names	Number of options	Price (€)	Expiry date
Options granted during the year to members of the Management Board	Jean-Marc Espalioux	250,000	37.77	01/08/2010
	Benjamin Cohen	60,000	37.77	01/08/2010
	André Martinez (1)	45,000	37.77	01/08/2010
	Sven Boinet (2)	40,000	37.77	01/08/2010
	John du Monceau	40,000	37.77	01/08/2010
Options exercised during the year by members of the Management Board		–		

(1) Appointed to the Management Board on January 3, 2003.
(2) Member of the Management Board until January 3, 2003.

Stock options granted to the ten employees other than directors who received the largest number of options

	Number of options	Price (€)	Expiry date
Options granted in 2002 to the ten employees other than directors who received the largest number of options	290,000	37.77	01/08/2010
Options exercised in 2002 by the ten employees other than directors who exercised the largest number of options	25,000	15.46	

Employee profit-sharing and incentive bonus plans

A Group-level profit-sharing agreement has been negotiated with employee representatives at Accor and its French subsidiaries. The special profit-sharing reserve for 2002 amounts to €12.3 million. Profit-shares paid in respect of the last four years were as follows: €7.5 million in 1998, €11.4 million in 1999, €12.0 million in 2000 and €9.1 million in 2001.

Due to the Group's organization structure and compensation policy, a large number of incentive bonus plans have been set up at the level of Accor SA, its subsidiaries and the Group's various facilities. The method used to calculate incentive bonuses is based on quantitative criteria that vary according to the plan.

RESOLUTIONS

PRESENTATION OF THE RESOLUTIONS

This report presents the texts of the resolutions to be submitted for shareholder approval at the Annual Meeting and explains their purpose.

Annual Shareholders' Meeting

The purpose of the first resolution is to approve the financial statements of the Company for 2002.

The purpose of the second resolution, submitted in application of provisions of the NRE law of May 15, 2001, is to approve the **consolidated financial statements**.

The third resolution concerns regulated agreements governed by Article L. 225-86 of the Commercial Code, which were approved by the Supervisory Board during 2002 and are described in the Auditors' Special Report.

The purpose of the fourth resolution is to appropriate net income for the year and set the amount of the dividend.
The Management Board will recommend that shareholders appropriate income available for distribution, i.e.:

in €

2002 net income	337,244,432.51
Plus:	
– Retained earnings brought forward from the prior year of	527,622,344.89
– Prior year dividends not paid out on treasury stock of	1,605,167.55
Representing total income available for distribution of	**866,471,944.95**
As follows:	
– The legal reserve already stands at the maximum amount required by law and, therefore, no appropriation is being made to this reserve out of 2002 income.	
– To dividends	209,221,477.50
– To dividend equalization tax	49,069,719.00
– To retained earnings	608,180,748.45

The dividend per share recommended by the Management Board amounts to €1.05 (€1.575 including the *avoir fiscal* tax credit), unchanged from the previous year.

If approved, the dividend will be paid as of Monday, June 2, 2003, on the 199,258,550 shares carrying dividend rights as of January 1, 2002 (excluding treasury stock).
Dividends for the last three years were as follows:

in €	1999	2000	2001
Dividend	0,90	1.00	1,050
Avoir fiscal tax credit	0,45	0,50	0,525
Total revenue	1.35	1.50	1,575

The purpose of the fifth, sixth, seventh and eight resolutions is to re-elect members of the Supervisory Board.
In compliance with Article 16 of the bylaws, which provides for members of the Supervisory Board to retire by rotation every two years, shareholders are invited to re-elect Gérard Pélisson, Etienne Davignon, Isabelle Bouillot and Jérôme Seydoux to the Board for a further 6-year term, expiring at the close of the Annual Meeting to be called to approve the 2008 financial statements.

The ninth resolution is intended to give the Management Board the necessary authorizations to trade in the Company's shares.
The Annual Meeting of May 7, 2002 authorized the Management Board to trade in the Company's shares in accordance with Articles L. 225-209 et seq. of the Commercial Code. At that time, the maximum purchase price was set at €60 and the minimum sale price at €35.
The Management Board did not use this authorization in 2002, with the result that the number of Accor shares directly held in treasury at December 31, 2002 was unchanged from the previous year-end, i.e. 1,528,731 shares with a par value of €3, representing 0.77% of the Company's capital at December 31, 2002.
Shareholders are being asked to renew the authorization given to the Management Board to trade in the Company's shares directly, subject to compliance with the laws and regulations applicable to this type of transaction. Details of the proposed transactions are provided in the information memorandum approved by the Commission des Opérations de Bourse and published by the Company. The purposes of the share purchases and sales are described in the resolution submitted at the Annual Meeting and also in the information memorandum.
The authorization is being sought for a period of eighteen months. The maximum purchase price will be set at €60 and the minimum sale price at €35. The Company will not be authorized to purchase more than 14 million shares under the authorization, representing a maximum total investment of €840 million.
The Management Board will report to the Annual Meeting on the transactions carried out under the authorization.

Extraordinary Shareholders' Meeting

The purpose of the tenth, eleventh, twelfth and thirteenth resolutions is to authorize the Management Board to issue shares and share equivalents.

At the Annual Meeting of May 29, 2001, shareholders authorized the Management Board to issue shares and share equivalents, as provided for in Article L. 225-129 III paragraph 2 of the Commercial Code.

The Management Board used this authorization on April 23, 2002 to issue bonds convertible or exchangeable for new or existing shares of the Company. The total amount of the issue was €570,000,111.36. The bonds pay interest at 1% and are due in January 2007.

By law, this type of financial authorization cannot be given for a period in excess of 26 months. The current authorizations are due to expire and the Management Board is therefore asking shareholders to renew the authorizations given at the Annual Meeting of May 29, 2001 on exactly the same terms.

The Management Board is seeking these authorizations in order to be able to raise, quickly and easily, the financial resources needed by the Group to support its development. The authorizations to issue shares and share equivalents, with or without pre-emptive subscription rights for existing shareholders, will allow the Management Board to take advantage of opportunities in the financial markets to carry out all types of placement in France, in other countries and/or on the international market, in the best interests of the Company and its shareholders.

The **tenth resolution** authorizes the Management Board to issue shares and share equivalents with pre-emptive subscription rights for existing shareholders.

This authorization may be used to issue:

- Common stock, with or without stock warrants
- Convertible bonds, bonds with stock warrants, exchangeable bonds and equity notes
- Stand-alone stock warrants, with or without consideration
- Any and all other types of debt securities convertible, exchangeable, redeemable or otherwise exercisable for shares.

The aggregate amount by which the capital may be increased under this authorization is capped at €200 million, not including the par value of any shares to be issued to protect the rights of current holders of share equivalents, as required by law.

The aggregate amount of debt that may be taken on by the Company through the issue of convertible bonds, bonds with stock warrants, exchangeable bonds and equity notes is capped at €2 billion or the equivalent in foreign currencies.

The authorization will be given to the Management Board for a maximum of 26 months from the date of the Annual Meeting, and will replace that given in the fifteenth resolution of the Annual Meeting of May 29, 2001. Any planned issue by the Management Board will be subject to the prior approval of the Supervisory Board.

The **eleventh resolution** concerns the issue of shares and share equivalents without pre-emptive subscription rights.

The Management Board wants to be able to react quickly to any financial opportunity arising in rapidly changing and diverse financial markets in France and abroad, by swiftly mounting issues that can be placed with investors interested in certain types of financial instruments. To be able to do so, the Management Board needs to be in a position to offer the securities to investors without waiting for shareholders to exercise their pre-emptive rights.

If the authorization is used, shareholders will be offered the opportunity to subscribe for the securities on a priority basis, during a period and on terms to be decided by the Management Board based on market practices.

The pricing and other terms and conditions of any such issues will be governed by strict rules, as required by law. The Management Board and the Statutory Auditors will issue reports in connection with any such issues, which will be made available to shareholders in accordance with the legal requirements.

This authorization may be used to issue:

- Common stock, with or without stock warrants
- Convertible bonds, bonds with stock warrants, exchangeable bonds and equity notes
- Stand-alone stock warrants, with or without consideration
- Any and all other types of debt securities convertible, exchangeable, redeemable or otherwise exercisable for shares
- Shares issued on exercise of rights attached to any securities issued by any of the Company's more than 50%-owned subsidiaries
- Shares to be exchanged for shares of another company tendered to Accor in connection with a stock-for-stock offer, on the basis provided for in Article L. 225-148 of the Commercial Code.

The aggregate amount by which the capital will be increased under this authorization is capped at €150 million, including the value of any shares issued in connection with a stock-for-stock offer.

The aggregate amount of debt that may be taken on by the Company through the issue of convertible bonds, bonds with stock warrants, exchangeable bonds and equity notes is capped at €1 billion or the equivalent in foreign currencies.

The authorization will be given to the Management Board for a maximum of 26 months from the date of the Annual Meeting, and will replace that given in the sixteenth resolution of the Annual Meeting of May 29, 2001. Any planned issue by the Management Board will be subject to the prior approval of the Supervisory Board.

The **twelfth resolution** authorizes the Management Board to issue shares to be paid up by capitalizing retained earnings, income, additional paid-in capital or any other eligible amounts. The authorization may be used in conjunction with a share issue carried out under the tenth resolution. It may also be used to issue bonus shares to shareholders or to raise the par value of existing shares.

The aggregate amount by which the capital will be increased under this authorization is capped at €200 million.

As for the previous two resolutions, the authorization will be given for a period of 26 months and its use will be subject to the prior approval of the Supervisory Board. This authorization replaces the one given in the seventeenth resolution of the Annual Meeting of May 29, 2001.

The **thirteenth resolution** sets a cap of €350 million on the aggregate par value of share issues carried out directly or on conversion, redemption, exchange or exercise of share equivalents, with or without pre-emptive subscription rights, pursuant to the tenth, eleventh and twelfth resolutions, within the next 26 months. This ceiling does not include the par value of any shares to be issued to protect the rights of current holders of share equivalents, as required by law.

The **fourteenth resolution** authorizes the Management Board to issue shares and share equivalents to employees who are members of an Accor Group (PEE or PPE) employee stock ownership plan. Accor is actively committed to employee share ownership. In July 2002, the Management Board used a similar authorization given at the May 29, 2001 Annual Meeting to offer shares to employees in France and abroad. A total of 314,135 new shares were purchased by 12,578 employees. As of December 31, 2002, employees held 0.91% of the Company's capital, either directly or through corporate mutual funds.
The authorization given at the Annual Meeting of May 29, 2001 was for a period of 5 years expiring in May 2006, corresponding to the period stipulated in Article L. 225-130 of the Commercial Code.
However, according to the provisions of the Fabius Act of February 19, 2001 (Article 29-1-1), whenever companies seek authorizations of the type covered by the tenth, eleventh, twelfth and thirteenth resolutions, they must also submit to shareholders a resolution authorizing an employee share issue.
The Management Board is therefore asking shareholders to renew, on the same terms and for the same amount, the authorization given at the Annual Meeting of May 29, 2001. This authorization will cover the same period of 26 months during which the Management Board will be authorized to issue shares and share equivalents under the tenth, eleventh, twelfth and thirteenth resolutions.

The shares will be offered for subscription by employees through a Group employee stock ownership plan or directly in cases where this is not possible. The total number of shares and share equivalents that may be issued under this authorization and the earlier one—which will be replaced by this authorization for the portion not yet used—will be limited to the equivalent of 2% of the Company's capital on the date the issue is decided by the Management Board.
As stipulated in Article L. 443-5 of the Labor Code, the shares will be offered at a price not exceeding the average of the prices quoted for Accor shares over the twenty trading days preceding the date of the Management Board's decision, or at a discount to this average price. The maximum discount that may be granted is set by law.
The Management Board will be required to seek the prior approval of the Supervisory Board before using this authorization.

The purpose of the fifteenth resolution is to authorize the Management Board to grant stock options to key employees and/or corporate officers.
In the fifteenth resolution, shareholders are asked to renew the authorizations given at the Annual Meeting of May 29, 2001 to grant stock options to key Group employees and/or corporate officers. The options will be exercisable either for new shares or for shares purchased by the Company on the market for this purpose, in accordance with Articles L. 225-208 and L. 225-209 of the Commercial Code.
The authorizations given in the nineteenth and twentieth resolutions of the Annual Meeting of May 29, 2001 were valid for a period of 38 months. The total number of shares that could be acquired on exercise of outstanding options was capped at the equivalent of 5% of the Company's capital for each authorization, representing a total of 10%.
For greater flexibility, the Management Board is asking shareholders to combine these two authorizations and to give the Management Board a blanket authorization to grant stock options exercisable either for new shares or for shares purchased on the market under the buyback program authorized in the ninth resolution.

The Management Board is proposing that the total number of shares that may be acquired on exercise of outstanding options be capped at the equivalent of 8% of the Company's capital (as opposed to an aggregate 10% under the two previous authorizations).
The authorization may be used to set up one or several stock option plans, subject to the prior approval of the Supervisory Board.
The maximum life of the stock options will be set at 10 years.
The option exercise price will not be less than the minimum price set by law, i.e. currently 80% of the average of the prices quoted for Accor shares over the twenty trading days preceding the date of grant of the options and, in the case of stock purchase options, 80% of the average price paid for the shares to be allocated on exercise of the options, as determined on the date of grant of the options.

The purpose of the sixteenth resolution is to authorize the Management Board to reduce the Company's capital by canceling shares
Shareholders are being asked to authorize the Management Board to cancel all or some of the shares bought back under the ninth resolution, provided that the number of shares cancelled in any twenty-four month period does not exceed 10% of the capital, and to reduce the Company's capital accordingly. The Auditors have issued a special report on this authorization, as required by law.

Amendment of article 21 of the bylaws
The purpose of the **seventeenth resolution** is to approve an amendment to Article 21 of the bylaws.
In its current form, Article 21 of the bylaws requires shareholders to have their shares registered or, in the case of bearer shares, placed in a blocked account five days prior to Shareholders' Meetings in order to be entitled to vote at these Meetings.
The Management Board proposes reducing this period from five to two days and to align the bylaws with the provisions of Decree no. 2002-803 of May 3, 2002, which allows shareholders to remove the block on their shares up until 3:00 p.m. Paris time on the day before the Meeting is to take place.

The eighteenth resolution is intended to allow the Management Board to use the various authorizations to issue shares and share equivalents while a takeover bid for the Company is in progress, provided that the right to subscribe the shares is not restricted to designated investors.
As in previous years, shareholders will be asked to authorize the Management Board to use the authorizations to carry out unrestricted share issues while a takeover bid for the Company is in progress.
To take into account the latest corporate governance recommendations, shareholders are being asked to renew the authorization with the stipulation that share issues could be carried out only in connection with acquisitions, since the absence of an authorization could cause the Company to miss out on acquisition opportunities while such a bid was in progress.

PROPOSED RESOLUTIONS TO BE SUBMITTED AT THE COMBINED ANNUAL AND EXTRAORDINARY MEETING

Annual Shareholders' Meeting

The following resolutions are subject to the quorum and majority voting rules applicable to Ordinary Shareholders' Meetings.

First resolution

Approval of the 2002 financial statements of the Company

The Annual Meeting, having considered the reports of the Management Board and the Supervisory Board as well as the Auditors' report on the financial statements, approves the report of the Management Board in its entirety and the financial statements of the Company for the year ended December 31, 2002, as presented.

The Annual Meeting also approves the transactions reflected in the financial statements and the action taken by the Management Board during the year.

Second resolution

Approval of the 2002 financial statements of the Group

The Annual Meeting, having considered the reports of the Management Board and the Supervisory Board as well as the Auditors' report on the consolidated financial statements, approves the consolidated financial statements for the year ended December 31, 2002, as presented.

Third resolution

Approval of regulated agreements

The Annual Meeting, having considered the Auditors' Special Report on agreements governed by article L. 225-86 of the Commercial Code approves the agreements referred to therein and the transactions carried out under the agreements approved in prior years.

Fourth resolution

Appropriation of 2002 net income

The Annual Meeting approves the recommendation of the Management Board and resolves to appropriate net income for the year.

in €	
in the amount of:	337,244,432.51
Plus:	
– Retained earnings brought forward from the prior year of:	527,622,344.89
– Prior year dividends not paid out on treasury stock of:	1,605,167.55
Representing total income available for distribution of:	**866,471,944.95**
As follows:	
– The legal reserve already stands at the maximum amount required by law and, therefore, no appropriation is being made to this reserve out of 2002 income.	
– To dividends	209,221,477.50
– To dividend equalization tax	49,069,719.00
– To retained earnings	608,180,748.45

The dividend payable on the 199,258,550 common shares carrying dividend rights as of January 1, 2002 is hereby set at €1.05 per share, representing total revenue per share of €1.575 including the €0.525 *avoir fiscal* tax credit. The dividend will be paid as of June 2, 2003.

The Annual Meeting notes that dividends per share for the last three years were as follows:

in €	1999	2000	2001
Dividend	0,90	1.00	1,050
Avoir fiscal tax credit	0,45	0,50	0,525
Total revenue	1.35	1.50	1,575

Fifth resolution

Re-election as member of the Supervisory Board of Gérard Pélisson

The Annual Meeting re-elects Gérard Pélisson as member of the Supervisory Board for a period of six years expiring at the close of the Annual Meeting to be held to approve the 2008 financial statements.

Sixth resolution

Re-election as member of the Supervisory Board of Etienne Davignon

The Annual Meeting re-elects Etienne Davignon as member of the Supervisory Board for a period of six years expiring at the close of the Annual Meeting to be held to approve the 2008 financial statements.

Seventh resolution

Re-election as member of the Supervisory Board of Isabelle Bouillot

The Annual Meeting re-elects Isabelle Bouillot as member of the Supervisory Board for a period of six years expiring at the close of the Annual Meeting to be held to approve the 2008 financial statements.

Eighth resolution

Re-election as member of the Supervisory Board of Jérôme Seydoux

The Annual Meeting re-elects Jérôme Seydoux as member of the Supervisory Board for a period of six years expiring at the close of the Annual Meeting to be held to approve the 2008 financial statements.

Ninth resolution

Authorization given to the Management Board to trade in the Company's shares

The Annual Meeting, having considered the report of the Management Board and the information memorandum approved by the Commission des Opérations de Bourse, authorizes the Management Board, pursuant to article L. 225-209 of the Commercial Code, to trade in the Company's shares.

The shares may purchased, sold or transferred by any appropriate method on the market or over-the-counter, including through the sale or granting of put options or the use of any other derivative financial instrument traded on a regulated market or over-the-counter.

The maximum purchase price is set at €60 and the minimum sale price at €35.

In the case of a bonus share issue paid up by capitalizing reserves, or a stock-split or reverse stock-split, the above prices per share will be adjusted based on the ratio between the number of shares issued and outstanding before and after the transaction.

In application of article 179-1 of the decree of March 23, 1967 on trading companies, the Annual Meeting sets at 14 million the maximum number of shares that may be acquired under this authorization, corresponding to a total investment of no more than €840 million based on the maximum purchase price of €60 per share authorized above.

Shares may be purchased by any method:

- To optimize the management of the Company's financial position and assets and liabilities
- To stabilize the Company's share price
- For cancellation, including for the purpose of offsetting the shares issued or that may be issued on exercise of employee stock options or in connection with a share offer to employees who are members of an employee stock ownership plan
- For allocation on exercise of stock options granted to employees and officers of the Company and/or the Group
- For allocation in settlement of amounts due under the employee profit-sharing plan
- For remittance in payment or exchange for shares of another company, in connection with an acquisition or otherwise
- For allocation on exercise of rights attached to securities redeemable, convertible, exchangeable or otherwise exercisable for shares of the Company
- To facilitate the unwinding of cross-shareholdings.

The shares acquired under this authorization may be retained, sold or transferred. They may also be cancelled under the authorization given in the sixteenth resolution.

This authorization is given for a maximum period of eighteen months. It cancels and replaces an earlier authorization given to the Management Board in the seventh resolution of the Annual Meeting of May 7, 2002.

Full powers are given to the Management Board to act on this authorization.

Extraordinary Meeting

The following resolutions are subject to the quorum and majority voting rules applicable to Extraordinary Meetings.

Tenth resolution

Authorization to be given to the Management Board to issue shares and share equivalents with pre-emptive subscription rights

The Annual Meeting, having considered the report of the Management Board and the Auditors' special report resolves, in accordance with Article L. 225-129 of the Commercial Code (paragraph 3):

1. To give the Management Board the necessary powers to issue shares and securities convertible, exchangeable, redeemable or otherwise exercisable for shares, in France or on the international market, and to determine the timing and amounts of said issues within the limits prescribed below.
2. That the maximum aggregate par value of the shares issued under this authorization, directly and/or on conversion, exchange, redemption or exercise of share equivalents, may not exceed €200 million. This ceiling shall not include the par value of any shares to be issued pursuant to the law to protect the rights of existing holders of share equivalents.
3. That the maximum aggregate par value of debt securities issued under this authorization may not exceed €2 billion or the equivalent in foreign currencies.
4. That shareholders will have a pre-emptive right to subscribe for the shares and/or share equivalents issued under this authorization, as provided for by law, pro rata to their existing holdings. In addition, the Management Board may grant shareholders a pre-emptive right to subscribe for any shares and/or share equivalents not taken up by other shareholders. If the issue is oversubscribed, such additional pre-emptive rights shall also be exercisable pro rata to the existing interest in the Company's capital of the shareholders concerned.

   If the issue is not taken up in full by shareholders exercising their pre-emptive rights as described above, the Management Board may take one or other of the following courses of action, in the order of its choice:
   - Limit the amount of the capital increase to the subscriptions received provided that at least three-quarters of the issue is taken up.
   - Freely allocate all or some of the unsubscribed shares or share equivalents among shareholders.
   - Offer all or some of the unsubscribed shares or share equivalents for subscription by the public.

5. That warrants to subscribe for the Company's shares may be offered for subscription on the above basis or allocated among holders of existing shares without consideration.
6. That this authorization will automatically entail the waiver of shareholders' pre-emptive right to subscribe for the shares to be issued on conversion, exchange, redemption or exercise of the share equivalents.
7. That the Management Board shall have full powers to use this authorization and to delegate said powers to the Chairman subject to compliance with the law. Accordingly, the Management Board shall decide on the timing and other terms of the issues, including the form and characteristics of the securities, the issue price and other terms of issue, the amount of each issue, the date from which the securities will carry coupon rights—which may be set retroactively—and the redemption terms, if applicable. The Management Board may also suspend the rights attached to the securities for a period not exceeding three months. The Management Board will set the rules to be applied to ensure that the rights of existing holders of share equivalents are protected, in accordance with the applicable laws and regulations. Any and all costs incurred in connection with any issues carried out under this authorization may be charged against the related premiums, as well as any other costs, at the Management Board's discretion. The Management Board may enter into any and all underwriting agreements related to the issues. The Management Board shall have full powers to place on record the capital increases resulting from the use of this authorization, and to amend the bylaws to reflect the new capital. In the case of issue of debt securities, the Management Board shall have full powers to decide whether to issue subordinated or unsubordinated debt, to set the interest rate, the life of the securities, the redemption price—which may be fixed or variable and may or may not include a call premium—the terms of early redemption depending on market conditions and the basis on which the debt securities are convertible, exchangeable, redeemable or otherwise exercisable for shares of the Company.
8. That this authorization cancels and replaces all earlier authorizations to issue shares and share equivalents with pre-emptive subscription rights.

This authorization is given to the Management Board for a period of twenty-six months as from the date of this Meeting. The authorization may be used by the Management Board subject to the prior approval of the Supervisory Board, in accordance with article 15 of the bylaws.

Eleventh resolution

Authorization to be given to the Management Board to issue shares and share equivalents without pre-emptive subscription rights

The Extraordinary Meeting, having considered the report of the Management Board and the Auditors' special report, resolves, in accordance with Article L. 225-129 (paragraph 3) of the Commercial Code:

1. To give the Management Board the necessary powers to issue shares and securities convertible, exchangeable, redeemable or otherwise exercisable for shares, in France or on the international market, and to determine the timing and amounts of said issues within the limits prescribed below.
2. That the maximum aggregate par value of the shares issued under this authorization, directly and/or on conversion, exchange, redemption or exercise of share equivalents, may not exceed €150 million.
3. That shares may be issued on exercise of rights attached to securities issued by any entity in which the Company holds over one half of the capital, directly or indirectly, that are convertible, exchangeable, redeemable or otherwise exercisable for the Company's shares, subject to the latter's approval.
4. That the maximum aggregate par value of debt securities issued under this authorization may not exceed €1 billion or the equivalent in foreign currencies.
5. To waive shareholders' pre-emptive rights to subscribe for the shares or share equivalents to be issued under this authorization. The Management Board may, however, offer shareholders a priority right to subscribe for all or part of the issue, within a period and on terms to be decided by the Board. This priority subscription right will not be transferable.
6. That if the issue is not taken up in full by shareholders exercising their pre-emptive rights as described above, the Management Board may take one or other of the following courses of action, in the order of its choice:
   – Limit the amount of the capital increase to the subscriptions received provided that at least three-quarters of the issue is taken up.
   – Freely allocate all or some of the unsubscribed shares or share equivalents among shareholders.
7. That this authorization will automatically entail the waiver of shareholders' pre-emptive rights to subscribe for the shares to be issued on conversion, exchange, redemption or exercise of the share equivalents.
8. That the amount received by the Company for each share issued under this authorization either directly or on conversion, exchange, redemption or exercise of share equivalents shall be at least equal to the average of the opening prices quoted for the Company's shares over ten consecutive trading days selected from among the twenty trading days preceding the issue of the share equivalents, as adjusted for any differences in cum-dividend dates, provided that in the case of issue of stock warrants, the amount received by the Company when the warrants are subscribed will be taken into account in the calculation.
9. That the Management Board may issue shares in payment for shares of another company tendered to a stock-for-stock offer made by the Company, within the limit set in paragraph 2 above and subject to compliance with the provisions of Article L. 226-148 of the Commercial Code.
10. That the Management Board shall have full powers to use this authorization and to delegate said powers to the Chairman subject to compliance with the law. Accordingly, the Management Board shall decide on the timing and other terms of the issues, including the form and characteristics of the securities, the issue price and other terms of issue, the amount of each issue, the date from which the securities will carry coupon rights—which may be set retroactively—

and the redemption terms, if applicable. The Management Board may also suspend the rights attached to the securities for a period not exceeding three months. The Management Board will set the rules to be applied to ensure that the rights of existing holders of share equivalents are protected, in accordance with the applicable laws and regulations. Any and all costs incurred in connection with any issues carried out under this authorization may be charged against the related premiums, as well as any other costs, at the Management Board's discretion. The Management Board may enter into any and all underwriting agreements related to the issues. The Management Board shall have full powers to place on record the capital increases resulting from the use of this authorization, and to amend the bylaws to reflect the new capital.

In the case of issue of debt securities, the Management Board shall have full powers to decide whether to issue subordinated or unsubordinated debt, to set the interest rate, the life of the securities, the redemption price—which may be fixed or variable and may or may not include a call premium—the terms of early redemption depending on market conditions and the basis on which the debt securities are convertible, exchangeable, redeemable or otherwise exercisable for shares of the Company.

11. That this authorization cancels and replaces all earlier authorizations to issue shares and share equivalents without pre-emptive subscription rights.

This authorization is given to the Management Board for a period of twenty-six months as from the date of this Meeting. The authorization may be used by the Management Board subject to the prior approval of the Supervisory Board, in accordance with article 15 of the bylaws.

Twelfth resolution

Authorization to be given to the Management Board to issue shares to be paid up by capitalizing retained earnings, income, additional paid-in capital or other eligible amounts

The Extraordinary Meeting, having considered the report of the Management Board:

1. Gives the Management Board full powers to increase the capital by capitalizing retained earnings, income, additional paid-in capital or other eligible amounts, including in conjunction with a share issue for cash carried out under the tenth resolution, and to issue bonus shares and/or increase the par value of existing shares, as well as to determine the amount and timing of such issues.
2. That the maximum aggregate amount by which the capital may be increased under this authorization may not exceed €200 million.
3. That the Management Board shall have full powers to use this authorization and to delegate said powers to the Chairman subject to compliance with the law. Accordingly, the Management Board shall be authorized to:
   - Set the terms and conditions of the authorized operations, decide the amount and types of items to be capitalized, the number of new shares to be issued or the amount by which the par value of existing shares is to be increased, set the retrospective or future date from which the new shares will carry dividend and voting rights or the date on which the increase in par value will be effective, and to charge the share issuance costs and any other costs against the related premium.
   - Decide that, as an exception to the provisions of Article L. 225-149 of the Commercial Code, rights to fractions of shares will be non-transferable and that the corresponding shares will be sold, with the proceeds of such sale attributed to holders of rights no later than 30 days following the date on which the whole number of shares awarded to them is recorded in their account.
   - Take all necessary measures and enter into any and all agreements to permit the execution of the planned transaction or transactions, and generally do whatever is necessary, carry out all actions and formalities required to implement the capital increase or increases carried out under this authorization and amend the bylaws to reflect the new capital.
4. That this authorization supersedes all earlier authorizations to increase the capital by capitalizing retained earnings, income, additional paid-in capital or other eligible amounts.

This authorization is given to the Management Board for a period of twenty-six months as from the date of this Meeting. The authorization may be used by the Management Board subject to the prior approval of the Supervisory Board, in accordance with article 15 of the bylaws

Thirteenth resolution

Blanket ceiling on the authorizations to issue shares and share equivalents

The Extraordinary Meeting, having considered the report of the Management Board and by virtue of the adoption of the tenth, eleventh and twelfth resolutions, resolves to set at €350 million the maximum aggregate par value of shares to be issued directly or on conversion, exchange, redemption or exercise of share equivalents pursuant to the above authorizations, provided that said ceiling shall not include the par value of any additional shares to be issued to protect the rights of existing holders of share equivalents as required by law.

Fourteenth resolution

Authorization to be given to the Management Board to issue shares and share equivalents to employees who are members of an Accor Group employee stock ownership plan ("*Plan d'Epargne d'Entreprise*" or "*Plan Partenarial d'Epargne Salariale Volontaire*")

The Extraordinary Meeting, having considered the report of the Management Board and the Statutory Auditors' special report, and as provided for in Articles L. 443-1 et seq. of the Labor Code dealing with employee share ownership and Article L. 225-138 of the Commercial Code:

1. Gives the Management Board a twenty-six month authorization, as from the date of this Meeting, to issue shares and share equivalents to employees of the Company and French and foreign related companies within the meaning of Article L. 225-180 of the Commercial Code, who are members of an Accor Group employee stock ownership plan.

2. Authorizes the Management Board to grant shares or share equivalents to employees without consideration, within the limits prescribed in Article L. 443-5 paragraph 4 of the Labor Code.
3. Resolves that the total number of shares that may be issued under this or any earlier authorization may not exceed the equivalent of 2% of the Company's capital on the date of the Management Board's decision.
4. Resolves that the new shares may not be issued at a price in excess of the average of the prices quoted for Accor shares over the twenty trading days preceding the date of the Management Board's decision setting the opening date of the subscription period, or at a discount to this average price which exceeds the maximum discount allowed by law, and that the characteristics of the share equivalents will be set by the Management Board in accordance with the applicable regulations.
5. Notes that these decisions automatically entail the waiver by shareholders of their pre-emptive rights to subscribe for the shares to be offered to employees for subscription.
6. Gives full powers to the Management Board to:
   – Prepare the list of companies whose employees may be entitled to subscribe for the shares.
   – Decide that the shares may be acquired either through a corporate mutual fund or directly, and to allow employees a specified period of time to pay up their shares.
   – Set the terms and conditions of members of the PEE or PPE employee stock ownership plan, as well as draw up or amend the plan rules.
   – Set the opening and closing dates of the subscription period and the issue price of the shares.
   – Determine the number of new shares to be issued.
   – Place on record the capital increases.
   – Carry out any and all transactions and formalities, directly or through a duly authorized representative.
   – Amend the Company's bylaws to reflect the new capital and generally, take all appropriate action and do whatever is necessary to comply with the applicable laws and regulations.

The authorization may be used by the Management Board subject to the prior approval of the Supervisory Board, in accordance with article 15 of the bylaws.

This authorization supersedes the unused portion of the authorization given to the Management Board in the twenty-first resolution of the Extraordinary Meeting of May 29, 2001.

Fifteenth resolution

Authorization to be given to the Management Board to grant stock options

The Extraordinary Meeting, having considered the Auditors' Special Report, authorizes the Management Board to grant options to subscribe for new shares or to purchase existing shares to certain employees and/or certain corporate officers, subject to compliance with Articles L. 225-177 to L. 225-185 of the Commercial Code.

The authorization may be used by the Management Board subject to the prior approval of the Supervisory Board, in accordance with article 15 of the bylaws

The conditions governing the granting of stock options shall be as follows:

- The authorization is given to the Management Board for a period of thirty-eight months as from the date of this Meeting and may be used by the Management Board to set up one or several stock option plans.
- The options shall have a maximum life of ten years from the date of grant.
- The options shall be exercisable as from the second anniversary of the date of grant up until their expiry date.
- The total number of options outstanding at any time may not be exercisable for shares representing more than 8% of the Company's capital as of the date of grant of the options.
- The option exercise price shall be set by the Management Board provided that it does not represent less than 80% of the average of the prices quoted for the Company's shares over the twenty trading days preceding the Management Board's decision. In addition, for stock purchase options, the exercise price may not represent less than 80% of the average price paid for the shares held by the Company pursuant to Articles L. 225-208 and L. 225-209 of the Commercial Code. In accordance with Articles 174-8 et seq. of the decree of March 23, 1967, the exercise price may be adjusted if the Company carries out any financial transactions requiring such an adjustment. The number of shares to be acquired on exercise of the options will also be adjusted so that the total exercise price remains unchanged.
- Employees and/or officers who hold a proportion of the capital equal to or in excess of the ceiling set by law will not be entitled to receive options under this authorization.
- Options may be granted to certain employees and/or officers of the Company and related companies, within the meaning of Article L. 225-180 of the Commercial Code.

The Extraordinary Meeting gives full powers to the Management Board to set the other terms and conditions of the options as well as the conditions of grant, to draw up the list of grantees, set the timing and periods during which the options may be exercised and the shares thus obtained may be sold, and provide for the temporary suspension of the right to exercise the options for a maximum period of three months in the event of financial transactions involving the exercise of rights attached to the Company's shares.

The Management Board may also use any other new legal provisions that may come into effect while this authorization is in force, provided that their application is not subject to a formal decision by the Shareholders' Meeting.

This authorization entails the waiver, by existing shareholders of their pre-emptive rights to subscribe for new shares to be issued gradually, as options are exercised, to participants in the stock option plan.

This authorization cancels and replaces the unused portion of the authorization given to the Management Board at the Extraordinary Meeting of May 29, 2001.

Sixteenth resolution

Authorization given to the Management Board to reduce the capital by canceling shares

The Extraordinary Meeting, having considered the report of the Management Board and the Auditors' special report, authorizes the Management Board to:

- Cancel the shares bought back under the authorization given in the ninth resolution, provided that the number of shares canceled in any twenty-four month period does not exceed 10% of the capital, reduce the Company's capital accordingly and charge the difference between the purchase price of the canceled shares and their par value against additional paid-in capital or reserves available for distribution.
- To effect the capital reduction, place on record the capital reduction or reductions resulting from the cancellation of shares under this resolution, amend the bylaws to reflect the new capital and generally carry out any necessary formalities.

This authorization is given for a maximum period of eighteen months. It cancels and replaces the earlier authorization given to the Management Board in the ninth resolution of the Extraordinary Meeting of May 7, 2002. The authorization may be used by the Management Board subject to the prior approval of the Supervisory Board, in accordance with article 15 of the bylaws.

Seventeenth resolution

Amendment of article 21 of the bylaws

The Extraordinary Meeting, having considered the report of the Management Board, resolves to reduce the period during which shares may not be sold prior to Shareholders' Meetings from five to two days and to allow shareholders to remove the block on their shares as allowed by Decree no. 2002-803 of May 3, 2002.

The new text of paragraphs 2 and 3 (amended) of Article 21 of the bylaws shall be as follows:

Article 21 – Calling of Shareholders' Meetings

"Shareholders' Meetings shall be called in accordance with the law.

In accordance with the applicable regulations, to be entitled to participate in Shareholders' Meetings, shareholders are required to have their shares registered in their name in the Company's share register two full days prior to the Meeting, or to file, two full days prior to the Meeting at the address indicated in the notice of meeting, either their bearer shares or a certificate issued by the bank, financial institution or stockbroker that has custody of the shares."

A new paragraph 3 shall be added and the current paragraph 3 (unchanged) shall become paragraph 4. The text of the new paragraph 3 shall be as follows:

"However, shareholders may remove the block on their shares in accordance with the applicable regulations.

Meetings shall be held at the Company's headquarters or at any other venue stipulated in the notice of meeting."

Eighteenth resolution

Authorization given to the Management Board to carry out unrestricted share issues when a takeover bid for the Company is in progress

The Extraordinary Meeting, having considered the report of the Management Board, specifically authorizes the Management Board—subject to compliance with the law—to use the authorizations to issue shares and share equivalents given in the tenth, eleventh and twelfth resolutions of this Extraordinary Meeting while a takeover bid for the Company's shares is in progress, provided that the issue is not restricted to designated investors. This authorization is given for a period of one year expiring at the Annual Meeting to be called to approve the 2003 financial statements. The authorization may be used by the Management Board subject to the prior approval of the Supervisory Board, in accordance with article 15 of the bylaws.

This authorization may only be used, however, to carry out acquisitions.

Nineteenth resolution

Powers to carry out formalities

The Annual Meeting gives full powers to the bearer of an original, extract or copy of the minutes of this Meeting to carry out any and all filing and other formalities required by law.

GENERAL INFORMATION

GENERAL INFORMATION

Information About the Company

Company name
Accor

Registered office
2, rue de la Mare-Neuve – 91000 Évry

Primary business office
Tour Maine-Montparnasse – 33, avenue du Maine – 75015 Paris

Legal form
Joint stock company with a Management Board and a Supervisory Board, as governed by applicable laws and regulations, in particular Articles L.225-57 to L.225-93 of the Commercial Code.

Governing law
The laws and regulations of France.

Term
The Company was incorporated on April 22, 1960 and will be dissolved on April 22, 2059 unless it is wound up in advance or its term is extended.

Corporate purpose
(article 3 of the bylaws)
The Company was established to engage 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 any nature or category and, more generally, any establishment related to food, 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 the provision of any related consulting services.
- The review and provision of services intended to facilitate the supply of meals to employees in companies, institutions and other organizations.
- The creation of any new company and the acquisition of interests by any method in any company operating in any business.
- All civil, commercial, industrial and financial transactions, involving both securities and property, related to the purposes of the Company and all similar or related purposes in France and other countries.

The parent company's role regarding its subsidiaries
Accor SA owns the Sofitel, Novotel, Mercure, Ibis, Etap Hotel, Formule 1 and Ticket Restaurant brands. The Company also owns the business rights corresponding to hotel properties, and holds hotel management and franchise agreements.
Since January 1, 1999, the Company has leased to several subsidiaries, set up for this purpose in France, all of the hotels that it previously operated directly. Its other business rights remained managed under lease contracts, covering a total of 64 Novotel hotels, 5 Mercure hotels, 2 Ibis hotels, the complexes in Quiberon and Oléron, and 4 other Thalassa hotels.
Accor SA provides a certain number of services to Group companies. These services are billed at a price corresponding to a percentage of each subsidiary's revenues, or at a flat rate or on a cost-plus basis. All billings are at arm's length terms.
Accor holds interests in a large number of companies. The most significant, in terms of value, are:
- Compagnie Internationale des Wagons-Lits et du Tourisme (CIWLT) (€1,149 million) provides onboard train services in Europe either directly or through its subsidiaries. It also owns 50% of CWT Holdings BV, the holding company for Carlson Wagonlit Travel agencies, as well as a small number of buildings (including its headquarters in Brussels) and a 1.98% stake in Accor. It did not dispose of any significant assets in 2002. However, the capital gain realized in 2001 on the sale of its Compass shares enabled CIWLT to pay a large dividend for the year, amounting to €104.9 million in the case of Accor.
- IBL (€1,052 million) owns 59.4% of Accor Lodging North America, the holding company for Accor's hotel operations in the United States.
- Cobefin (€418 million) is a Belgian holding company that owns 1.28% of Compass, 1.03% of Granada and 74.5% of AAPC, the parent company of Accor's hotel operations in Australia.
- Accor Services France (€412 million), whose core business is the issuing and marketing of Ticket Restaurant vouchers in France.

Each of these companies is a more than 98%-owned subsidiary of Accor SA.
Accor SA also owns a 40.6% stake in Accor Lodging North America (€404 million), the holding company for its hotel operations in the United States.

Trade Register
602 036 444 RCS Évry
Business Identification (APE) Code: 551A

Consultation of corporate documents
Corporate documents, including the by-laws, balance sheets, income statements, Management Board reports, auditors' reports and the annual accounts ledger, are available for consultation 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.

Appropriation of income
Income available for distribution consists of net income for the year, less any losses from prior years and any other amounts to be credited to reserves pursuant to the law, plus any unappropriated retained earnings brought forward from prior years.
After approving the accounts for the year, the Annual Meeting may decide to appropriate all or part of the income available for distribution, if any, to the payment of a dividend. In the event of

partial distribution, the Annual Meeting may decide to appropriate the remaining income to one or more reserve accounts. Alternatively, the Annual Meeting may decide to appropriate all of the income available for distribution to said reserve accounts.

Annual Meetings

Attendance and representation

(article 21 of the by-laws)

Annual Meetings are called pursuant to applicable legislation. In accordance with article 136 of the decree of March 23, 1967, to be entitled to attend or be represented at Meetings, shareholders must either have their shareholdings recorded in the share register kept by the Company at least five days prior to the date of the Meeting, or lodge at the address specified in the notice of meeting, at least five days prior to the date of the Meeting, a certificate issued by their stockbroker, bank or other intermediary attesting to their ownership of the shares and certifying that they are being held in a blocked account until after the date of the Meeting.

In the 17th resolution submitted at the Annual Meeting (see page 91), shareholders have been asked to approve a change in this article, to reduce the period during which shares may not be sold prior to Shareholders' Meetings from five to two days and to allow shareholders to remove the block on their shares as allowed by new regulations.

Annual Meetings are held at the Company's registered office or at any other address specified in the notice of meeting.

Voting rights

(article 22 of the by-laws)

All shareholders have the right to attend or be represented at Annual Meetings, within the conditions set by law. They may vote by proxy in accordance with Article 225-107 of the Commercial Code. Each share carries one vote, except when otherwise dictated by law.

The Annual Meeting of June 28, 1983 decided that all fully paid shares registered in the name of the same holder for at least two years shall carry double voting rights. In the event of a capital increase through the capitalization of reserves, income or additional paid-in capital, the resulting bonus shares distributed to registered shareholders enjoying double voting rights will similarly carry 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 Annual and Extraordinary 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 Meeting 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, who does not need to be a shareholder. A list of participants is maintained pursuant to the law. Copies or excerpts of the Meeting minutes are certified by the Chairman of the Supervisory Board, the Vice Chairman, or the Meeting Secretary.

Annual and Extraordinary Meetings fulfilling the relevant requirements of quorum and majority exercise the powers granted by law.

Disclosure thresholds

(article 9 of the by-laws)

Any shareholder, acting alone or in concert with others, that directly or indirectly acquires a number of shares representing 1% of the Company's capital is required to disclose the acquisition to the Company, by registered letter with return receipt requested, sent to the head office, within five trading days of the date on which the disclosure threshold was crossed. Above this 1% threshold, any increase of 0.5% or decrease of 1% in the number of shares held must also be disclosed.

These rules also apply to any securities that are convertible, exchangeable, redeemable or otherwise exercisable for shares of the Company, as well as to the voting rights attached to the shares held or to these securities. In the case of mutual fund management companies, disclosure must be made, pursuant to article 9 of the by-laws, for all Company shares or voting rights held through the funds under management. These disclosures and the penalties for non-disclosure are regulated by Article L 233-14 of the Commercial Code.

In the case of failure to comply with this requirement and upon request of one or several shareholders together holding at least 3% of the voting rights, the shares in excess of the relevant threshold will be stripped of voting rights for a period of two years following the date at which the non-disclosure was notified.

The Company may make use of legal procedures relative to the identification of holders of voting shares and any securities convertible, exchangeable, redeemable, or otherwise exercisable for voting shares.

Rules concerning disclosure thresholds were first approved at the Annual Meeting of May 26, 1987 and modified at the Annual Meeting of December 15, 1999.

Information About the Company's Capital

Capital stock

At December 31, 2001, the Company's capital stock amounted to €597,775,650, divided into 199,258,550 common shares with a par value of €3.00, all fully paid-up and of the same category. Shares may be held in either registered or bearer form. The Company avails itself of legal procedures to identify its shareholders. Shares are freely transferable within legal and regulatory limits. The transfer of shares, regardless of price or terms, is made by transfer of accounts, pursuant to regulations in force.

Authorization to trade in the Company's shares

The Annual Meeting of May 7, 2002 authorized the Management Board to trade in the Company's shares on the stock market for a period expiring the next Annual Meeting, called to approve the accounts for the year ending December 31, 2002. The information memorandum concerning this share buyback program was registered on April 11, 2002 with the Commission des Opérations de Bourse, under visa no. 02-362.
Shares may not be purchased at a price of more than €60.00 per share or sold at a price of less than €35.00 per share. The number of shares acquired and held in treasury may not exceed 14 million. As of March 18, 2003, the Company had not used this authorization.

Potential capital

Issue of shares or share equivalents

Date of authorization:	May 29, 2001
Date of expiration:	July 26, 2003
Nominal amount authorized:	€200,000,000
Amount used:	–

Increase in capital through the capitalization of reserves

Date of authorization:	May 29, 2001
Date of expiration:	July 26, 2003
Nominal amount authorized:	€200,000,000
Amount used:	–

Convertible bonds

Date of authorization:	May 29, 2001
Date of expiration:	July 26, 2003
Nominal amount authorized:	€200,000,000
Amount used:	–

The cumulative nominal value of these authorizations may not exceed €350 million.

Share equivalents

Convertible bonds

If all the convertible bonds (see page 60) were converted into new Accor shares before January 7, 2005, shares outstanding would be increased by 1,138,475 shares, or 0.57% of the share capital at December 31, 2002.

Stock options granted to employees and/or corporate officers

There were 8,952,373 share options outstanding at December 31, 2002, or 4.49% of the share capital at that date (see page 82). The exercise of all these options would result in the creation of 8,952,373 new shares and raise total shares outstanding to 208,210,923.

There are no other share equivalents outstanding.

Five-year summary of changes in share capital

Year	Type of transaction	Increase in capital (in €) Par value of new shares	Additional paid-in capital	New share capital (in €)	New shares outstanding
1998	Conversion of 320 1991 bonds	5,671	42,012	546,572,245	35,852,789
	Exercise of stock options at €74.70	261,603	1,020,250	546,833,847	35,869,949
	Exercise of stock options at €94.06	684,496	3,538,845	547,518,343	35,914,849
	Exercise of stock options at €162.35	38,112	367,783	547,556,456	35,917,349
	Exercise of stock options at €89.94	3,409,522	16,706,659	550,965,978	36,140,999
1999	Conversion of the share capital into euros	– 8,850,993	8,850,993	542,114,985	
	Conversion of 108,390 1991 bonds	1,869,906	13,991,347	543,984,891	36,265,659
	Exercise of stock options at €74.70	528,000	2,101,441	544,512,891	36,300,859
	Exercise of stock options at €77.29	1,050,000	4,360,416	545,562,891	36,370,859
	Exercise of stock options at €94.06	1,624,500	8,562,311	547,187,391	36,479,159
	Employee share issue at €194	987,510	11,784,286	548,174,901	36,544,993
	Payment of contributed assets	8,271,045	294,258,604	556,445,946	37,096,396
	Five-for-one stock split (€3 from €15)				185,481,982
2000	Conversion of 1,964,670 1991 bonds	33,890,949	253,650,965	590,336,895	196,778,965
	Exercise of stock options at €13.23	1,636,770	5,582,790	591,973,665	197,324,555
	Exercise of stock options at €15.46	495,000	2,055,625	592,468,665	197,489,555
	Exercise of stock options at €18.81	169,500	893,390	592,638,165	197,546,055
	Exercise of stock options at €32.47	37,500	368,395	592,675,665	197,558,555
	Employee share issue at €35.83	2,298,150	25,149,421	594,973,815	198,324,605
2001	Exercise of stock options at €15.46	1,050,000	4,360,416	596,023,815	198,674,605
	Exercise of stock options at €13.23	398,430	1,358,988	596,422,245	198,807,415
	Exercise of stock options at €18.81	258,000	1,359,850	596,680,245	198,893,415
2002	Exercise of stock options at €15.46	150,000	623,000	596,830,245	198,943,415
	Exercise of stock options at €33.95	3,000	30,950	596,833,245	198,944,415
	Employee share issue at €37.19	942,405	10,740,276	597,775,650	199,258,550

Note: There are no options to purchase existing shares of the Company. All options outstanding are options to purchase new shares.

Ownership Structure

Shareholder structure at December 31, 2002

	Number of shares	Number of voting rights	% Capital	% Voting rights
Caisse des Dépôts et Consignations	8,908,617	8,916,302	4.5%	4.2%
Founders	7,445,368	14,541,220	3.7%	6.9%
Société Générale	4,570,890	4,571,390	2.3%	2.2%
BNP-Paribas	1,227,080	2,454,160	0.6%	1.2%
Worms & Cie (IFIL)	1,209,808	2,419,616	0.6%	1.1%
Other shareholders (1)	175,896,787	179,066,564	88.3%	84.4%
Total	**199,258,550**	**211,969,252**	**100.00%**	**100.0%**

(1) of which 1,528,731 shares directly held and 3,941,965 shares held by subsidiaries stock. None of these shares carry voting rights.

Source : Euroclear France

Shareholders at December 31, 2002

A survey of financial institutions holding at least 200,000 shares and of shareholders holding more than 250 shares, conducted on December 31, 2002 by Euroclear France, identified 20,000 shareholders owning an aggregate 92.4% of the Company's capital. A supporting analysis by TLB, based on its panels of retail shareholders, indicates that Accor has approximately 170,000 shareholders in all.

As of December 31, 2002, Accor's ownership structure broke down as follows:
- Supervisory Board and Management Board: 14.9% (including non-voting shares held directly or by subsidiaries);
- individual investors: 13.7%;
- French institutional investors: 19.7%;
- international institutional investors: 51.7%.

Members of the Management Board together owned 3,094,868 Accor shares (1.55% of the capital) and 5,651,288 voting rights (2.67% of total voting rights) at December 31, 2002.

At December 31, 2002, employees owned 1,805,530 shares (0.91% of the capital) through employee stock ownership programs. In addition, the following registered intermediaries or fund managers have informed the Company that they hold Accor shares:

Date of disclosure	Registered intermediaries or fund managers	Number of shares	% share capital
February 27, 2003	Putnam	10,194,925	5.1%
February 20, 2003	Northern Trust	5,961,730	3.0%
January 23, 2003	Franklin Resources Inc	3,344,940	1.7%

To the best of the Company's knowledge, no other single shareholder directly or indirectly holds 1% or more of the share capital or voting rights. There are no shareholder pacts.

Changes in ownership structure over the past three years

	2000 (1)			2001 (2)			2002 (2)		
	Number of shares	% Share capital	% Voting rights	Number of shares	% Share capital	% Voting rights	Number of shares	% Share capital	% Voting rights
Caisse des Dépôts et Consignations	7,308,796	3.7%	6.5%	6,343,226	3.2%	3.0%	8,908,617	4.5%	4.2%
Founders	6,527,542	3.3%	5.5%	6,407,995	3.2%	5.9%	7,445,368	3.7%	6.9%
Société Générale	1,585,214	0.8%	0.7%	3,773,177	1.9%	1.8%	4,570,890	2.3%	2.2%
BNP-Paribas	1,227,224	0.6%	1.1%	1,227,080	0, 6%	1.2%	1,227,080	0, 6%	1.2%
Worms & Cie (IFIL)	2,377,640	1.2%	2.2%	2,377,640	1.2%	2.2%	1,209,808	0, 6%	1.1%
Other shareholders	177,752,549	90.4%	84.0%	178,764,297	89.9%	85.9%	175,896,787	88.3%	84.4%
Total	196,778,965	100.0%	100.0%	198,893,415	100.0%	100.0%	199,258,550	100.0%	100.0%

(1) at October 10 (2) at December 31 Source : Euroclear France

To the best of the Company's knowledge, no individual or legal entity, directly or indirectly, jointly or separately exercises or could exercise control over Accor.

The Market for Accor Securities

The market for Accor shares

Accor shares are traded on the Euronext Paris first market (Euroclear 12040).

American Depositary Receipts (ADRs) are traded on the US over-the-counter market (ACRFY, CUSIP 00435F 101).

Share price performance and trading volumes

In €	Average	High	Low	Trading volume
2001				
September	33.23	44.18	25.72	33,611,161
October	32.74	35.78	29.12	24,358,150
November	36.77	40.25	32.60	23,054,995
December	39.45	41.65	36.40	13,867,456
2002				
January	41.38	42.90	40.13	23,384,050
February	40.18	42.82	38.03	19,780,290
March	45.66	47.71	42.14	22,656,466
April	46.54	49.00	44.06	24,516,050
May	44.83	47.48	42.39	31,889,959
June	41.08	43.66	37.47	29,558,055
July	34.68	41.00	30.53	28,048,035
August	34.49	38.34	30.90	20,583,213
September	32.21	35.69	28.80	20,686,902
October	30.92	35.85	26.75	27,798,671
November	34.59	36.68	32.47	24,127,989
December	31.79	36.69	28.20	19,698,756
2003				
January	28.25	31.00	25.38	27,488,855
February	28.89	30.88	27.39	23,952,472

Source: Euronext.

Shareholder services, including transfers and dividend payments

Société Générale - 32, rue du Champ de Tir - BP 81236 - 44312 Nantes Cedex 3 - France.

Dividends

	Number of shares with dividend rights	Dividend paid for the year (in €)			Paid	Share price (in €)			Yield (2)
		Before tax credit	Tax credit	Total revenue		High	Low	Year-end	
1998	180,704,995	0,80	0,40	1.20	June 14, 99	54.42	27.48	36.90	3.25%
1999	185,481,982	0,90	0,45	1.35	June 14, 00	50.36	34.40	47.97	2.81%
2000	198,324,605	1.00	0,50	1.50	June 14, 01	51.00	35.39	45.00	3.33%
2001	198,893,415	1.05	0,525	1,575	June 3, 02	52.40	25.72	40.83	3.86%
2002 (1)	199,258,550	1.05	0,525	1,575	June 2, 03	49.00	26.75	28.86	5.46%

(1) Subject to shareholder approval
(2) based on year-end closing price

The Management Board has asked shareholders to approve the payment of a dividend of €1.05 before tax credit (€1.575 including tax credit) to each of the 199,258,550 shares carrying dividend rights as of January 1, 2002.
No interim dividend has been paid. Dividends will be paid through Euroclear France. Dividends not claimed within five years from the date of payment are forfeited.

Investor Relations

Publications

Accor's investor relations process is designed to provide increasingly transparent information. Institutional and individual investors, employees, customers, suppliers and partners can find everything they need to form an opinion about the quality of Accor's fundamentals.
A wide array of documents, whose information exceeds regulatory requirements, is available to stakeholders upon request or on the Accor investor relations website, www.accor.com/gb/finance:

- The annual report and the financial statements filed with the Commission des Opérations de Bourse (COB), France's securities regulator. These publications were awarded prizes by the French financial community in, respectively, 2000 and 1997.
- The Identity Card, which provides a brief introduction to Accor along with illustrations.
- The Letter to Shareholders, whose content was considerably enhanced in 2002. The Letter is mailed twice a year to shareholders owning at least 250 bearer shares and to all shareholders listed in the Company's share register, as well as to members of the Accor Shareholders Club. A special edition translated into eight languages is sent to employee-shareholders.
- Revenues, earnings and other financial announcements published in the press.
- Information memoranda filed with the COB concerning corporate actions.
- The Shareholder Guide.
- Notices of shareholder meetings, sent personally to registered shareholders and members of the Accor Shareholders Club.

The www.accor.com/finance website

The Finance section of the www.accor.com website won awards for the second year in a row in 2002. Boursorama and TLB awarded the site four Boursoscan, prizes, including the gold medal for the best site for its own shareholders.

www.accor.com/gb/finance is designed as a practical guide and extensive financial library. It carries live and deferred webcasts of annual and interim earnings presentations to analysts and of the Annual Meeting, as well as audio retransmissions of conference calls with analysts held in conjunction with revenue releases. Visitors can download a variety of corporate publications, track the Accor share price (updated every twenty minutes), review the calendar of Group events and financial releases, browse through the "shareholder information" page and view the Group's summarized and detailed consolidated financial statements. The latest version of the site has been on line since February 2003.

Meetings with investors

In 2002, Accor expanded its already extensive contacts with financial analysts, investors and shareholders. In addition to the meetings traditionally organized to present financial results, analysts were invited to two days of visits and discussions about current issues and Group businesses. They were also invited to attend the opening of the Sofitel St James in London. At the same time, investor relations were strengthened with 30 roadshows in Europe and the United States, including one for bondholders. Accor also participated in three international hotel industry conferences during the year.

Accor remains very close to its individual shareholders. On November 22 and 23, the Group participated in the annual Actionaria investor fair in Paris for the fifth straight year, welcoming around 1,400 people to the corporate booth. Nearly 300 people attended a special meeting with shareholders, led by Benjamin Cohen, Vice-Chairman of the Management Board. In addition, shareholder meetings were organized in Paris, in association with Euronext and Cortal, and in other French cities in collaboration with Euronext, the French Federation of Investment Clubs and the French Investor Relations Association (CLIFF). Some 300 shareholders attended the meeting in Toulouse, 400 in Lille, 300 in Nice and 500 in Paris, with each event including a Shareholders Club visit to Accor sites.

The Accor Shareholders Club

Created in May 2000, the Accor Shareholders Club had 5,000 members as of December 31, 2002. It offers shareholders owning at least 50 registered or bearer Accor shares a number of benefits:

- Regular news about Accor, through the Letter to Shareholders, the Club Newsletter, Annual Meeting documents and other publications.
- Invitations to onsite visits. In 2002, 220 Club members had the opportunity to go "back stage" at several Group hotels in Paris and other French cities, as well as at the Accor Academy.
- A special welcome desk for Club members at the Annual Meeting.

Since 2002, the membership card also allows holders to benefit from the advantages offered by the Mouvango network. In particular, they can earn points not only in Accor hotels, but also with network partners like TotalFinaElf, Europcar and Courtepaille.

Accor in sustainable development stock indexes

Rating agencies appreciate Accor's commitments and achievements in the area of sustainable development. The company's stock is included in the three leading socially responsible indexes: ASPI, published by Vigeo (formerly Arese), FTSE4Good from FTSE Group and the Dow Jones Sustainability Index.

Investor Relations and Financial Communications

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75755 Paris Cedex 15
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Fax: +33 1 45 38 85 95

E-mail: comfi@accor.fr

Website: www.accor.com/finance

PERSONS RESPONSIBLE FOR THE "REFERENCE DOCUMENT" AND AUDITORS

Persons responsible for the "Reference Document"

Jean-Marc Espalioux,
Chairman of the Management Board and Chief Executive Officer

Benjamin Cohen,
Vice-Chairman of the Management Board

Statement by the persons responsible for the "Reference Document"

To the best of our knowledge, the information contained in this reference document concerning Accor is correct and includes all the information required to permit an investor to reach an informed opinion concerning the assets and liabilities, business, financial position, results and outlook of Accor. No information has been omitted that would be likely to alter an investor's opinion.

Jean-Marc Espalioux
Benjamin Cohen

Statement by the Statutory Auditors and the Independent Accountants on the "Reference Document"

As statutory auditors and independent auditors of Accor and in accordance with Rule 98-01 of the Commission des Opérations de Bourse and professional standards applicable in France, we have performed certain procedures on the information contained in this "Reference Document" relating to the historical financial statements of the company.

The company's Chairman of the Management Board is responsible for the preparation of the "Reference Document". Our responsibility is to report on the fairness of the information presented in the "Reference Document" relating to the financial situation and the financial statements.

We have conducted our work in accordance with professional standards applicable in France. Those standards require that we assess the fairness of the information presented relating to the financial situation and the financial statements and its consistency with the financial statements on which we have issued a report. Our procedures also include reading the other information contained in the "Reference Document" in order to identify material inconsistencies with the information relating to the financial situation and the financial statements and to report any apparent material misstatement of facts that we may have found in reading the other information based on our general knowledge of the company obtained during the course of our engagement. When reading the forward looking information determined according to a structured process, we took into account the assumptions used by management and the amounts obtained by applying these assumptions.

We have audited in accordance with professional standards applicable in France the financial statements of the Company and the consolidated group for each of the years ended December 31, 2000, 2001 and 2002, prepared by the Management Board. We expressed an unqualified opinion on such financial statements.

Based on the procedures performed, we have no matters to report regarding the fairness of the information relating to the financial situation and the financial statements presented in the "Reference Document".

Neuilly-sur-Seine – March 21, 2003

The Statutory Auditors

Barbier Frinault & Autres	Deloitte Touche
Réseau Ernst & Young	Tohmatsu Audit
Christian Chochon	Alain Pons

Members of the Versailles Chamber of Auditors

The Independent Auditors
(for the consolidated financial statements)
Deloitte Touche Tohmatsu

Auditors

Statutory
Barbier Frinault & Autres
Réseau Ernst & Young
Christian Chochon
41, rue Ybry – 92576 Neuilly-sur-Seine
Re-appointed for six years by the May 29, 2001 Annual Meeting.
Date of first mandate: June 16, 1995.

Deloitte Touche Tohmatsu Audit
Alain Pons
185, avenue Charles de Gaulle
BP 136
92203 Neuilly-sur-Seine Cedex
Re-appointed for six years by the May 29, 2001 Annual Meeting.
Date of first mandate: June 16, 1995.

Alternate Auditors
BEAS
7, villa Houssaye
92200 Neuilly-sur-Seine
Appointed for six years by the May 29, 2001 Annual Meeting.

Christian Chiarasini
41, rue Ybry – 92576 Neuilly-sur-Seine
Appointed for six years by the May 29, 2001 Annual Meeting.

Independent Accountants

Deloitte Touche Tohmatsu
185, avenue Charles-de-Gaulle
BP 136
92203 Neuilly-sur-Seine Cedex

Fees paid to the Auditors

in € thousands	Ernst & Young	Deloitte Touche Tohmatsu	Total	%
Audit Services:				
– Statutory and contractual audits	2,120	6,841	8,961	76%
– Other assignments	126	1,311	1,437	12%
Sub-total	**2,246**	**8,152**	**10,398**	**89%**
Other services:				
– Legal and tax advice	74	982	1,056	9%
– IT consulting	–	178	178	2%
– Internal audit assistance	–	9	9	0%
– Other	50	58	108	1%
Sub-total	**124**	**1,226**	**1,350**	**11%**
Total	**2,370**	**9,378**	**11,748**	**100%**

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