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in 2006
First-Half
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of the Businesses

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on its two fast-growing businesses:
Services and Hotels

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October 2006

Letter to Shareholders

Creating Value for Shareholders

Dear Shareholders,

The interim results announced on September 6 were of good quality and our financial situation is solid. Thanks to completed and planned disposals of non-strategic assets, we are refocusing the business base on two businesses with strong growth potential, Hotels and Services. Proceeds from these disposals and any remaining cash will be returned to shareholders through share buybacks or the payment of an exceptional dividend.

Over the past few months the Board of Directors, along with the senior management team, has conducted an in-depth review to define the Company's strategic vision, with the goal of driving profitable growth and strengthening Accor's market leadership. The actions announced to deploy this vision and implemented by highly motivated teams are providing Accor with the resources to achieve its ambitions, which will create value for our shareholders.

Serge Weinberg
Chairman of the Board
of Directors

A New Dynamic to Reinforce our Leadership

Dear Shareholders,

Our interim results were up sharply. Business improved almost everywhere around the world and operating margin rose considerably. Accor's financial situation was also strengthened and return on capital employed

continued its steady improvement. Based on this performance, we forecast an increase in profit before tax of more than 20% for the full year.

Accor has refocused on its two core businesses - Services and Hotels - through the disposal of a number of non-strategic investments. Additional assets will be disposed of in the short term for more than €500 million.

At the same time, we reviewed our operations from three angles - marketing, business and expansion - to guide us in making key decisions that will enable us to achieve our goals.

In Services, the focus is on the "Ticket" umbrella brand in order to unify voucher products and growth drivers that will enable us to achieve sustained organic development, as well as acquisitions made through €500 million in investments between now and 2010.

In Hotels, the focus is on management contracts, franchise agreements and variable leases in order to meet our objective of opening 200,000 new rooms by 2010, backed by a €2.5 billion investment plan. In line with this goal, the portfolio of hotel brands will be revitalized through the creation of a new, non-standardized economy hotel brand in Europe, the repositioning of the Sofitel chain, and the relaunch of the Novotel, Formule 1 and Ibis brands with redesigned rooms. With the worldwide operating organization structured around our expertise platforms, we will be able to offer a unique system of know-how. Free cash and the proceeds from our assets management strategy (with a sharp acceleration in property disposals) will be invested in projects that generate a return on capital employed of at least 15%.



Gilles C. Pélisson
Chief Executive Officer