



Letter to Shareholders

No. 25 – January 2006

Gilles Pélisson,
Chief Executive Officer
Presents His Executive Committee



Dear Shareholders,

I'm very excited and moved to be joining the 168,000 Accor employees who embody the Accor spirit and our service professions, as together, we lead the Group into a new stage in its development. Our ambition is to become the world leader in Hotels and Services, recognized for our brands and quality of service.

After resigning as Co-Chairman of Novotel in 1995, I spent the past ten years at the Walt Disney Company and then at Bouygues Telecom, where I discovered a strong passion for innovation and customer service. It was this passion that has led me to come back to Accor.

We wanted to set up a larger, close-knit team comprising both corporate support and operating executives. The 12 professionals I have chosen will be able to work as a team, something I feel is essential. Their personalities fit perfectly together and they come from a variety of cultural and national backgrounds.

We're going to build on our recognized brands around the world, to enhance our leadership positions or be the first to expand in emerging markets. With our revitalized marketing strategy and brands and our streamlined organization focused on shared objectives, we enjoy considerable potential for future growth.

Over the past two months, I have been able to start realizing this potential, thanks to the support of Jean-Marc Espalioux and the Management Board. I would like to thank Jean-Marc for so effectively helping me to improve my understanding of the Group he has led for the past nine years. We're going to work differently and embody the new dynamic that we'll be instilling in Accor in the years to come.

Our new corporate governance structure, which you approved on January 9 along with a corresponding change in the bylaws, will enable us to function with a simple, clear organization. I'm pleased that the new Board of Directors has expressed its confidence in me by appointing me Chief Executive Officer.

In the next Letter to Shareholders I will present our main strategic objectives. I would like to thank you in advance for your confidence in the new executive team. Serge Weinberg, Chairman of the Board, told me that the team has his full support and we are already working closely and effectively with him.

As the new year begins, my wish is that 2006 will see your company grow and prosper.

The Executive Committee

Gilles Pélisson, Chief Executive Officer. A graduate of France's ESSEC Business School and the Harvard Business School (MBA), Gilles Pélisson began his career with Accor in 1983, in the United States and then in the Asia-Pacific region. In particular, he served as Co-Chairman of the Novotel hotel chain. He was appointed Chief Executive Officer of Euro Disney in 1995 and Chairman and Chief Executive Officer in 1997. He joined Suez in 2000. He moved to Bouygues Telecom in 2001, where he served as Chief Executive Officer before being appointed Chairman and Chief Executive Officer in February 2004. Gilles Pélisson is also Director of Bic S.A. and Chairman of the Supervisory Board of Groupe ESSEC.

Philippe Adam, who has rejoined Accor, is appointed **Executive Vice President, Strategy and Hotel Development.** A graduate of the Strasbourg Institut d'Etudes Politiques, Philippe Adam holds a law degree and an MBA from the University of Kansas. After gaining initial experience as a financial analyst, he joined Accor in 1986 as Deputy Finance Director of Ibis Hotels, moving on to become Chief Financial Officer and Human Resources Director at Hotelia, then Chief Financial Officer at Accor Services/Eurest International. In 1996, he joined Compass Group, where he successively held the positions of Executive Vice President - International Division, Chairman and CEO - Western Division and Group Executive Vice President - Mergers and Acquisitions. Until 2005, he was involved in setting up and developing Novae Restauration.



Firmin António, Chief Operating Officer, Accor Latin America. After graduating with degrees in Economics and Management from the Conservatoire National des Arts et Métiers in Paris, Firmin António started working for Accor in 1968. In 1974, he created the Ticket Restaurant subsidiary in Portugal, before setting up the Brazilian subsidiary, Ticket Serviços in 1976, marking Accor's entry into the Brazilian market. Today, Firmin António heads Accor Brasil, a joint venture between Accor, Brascan and Espírito Santo, and Accor Hotels in South America. He is also Chairman of the Boards of GRSA (a joint venture with Compass Group International), Dalkia Brasil (a joint venture with Veolia Environnement), Carlson Wagonlit Travel Brazil and Accor TOP (a joint venture with Espírito Santo Viagens).

David Baffsky, Chief Operating Officer, Accor Asia Pacific. A graduate in law from the University of Sydney, David Baffsky was the founder, and until January 1991, senior partner of a Sydney legal firm. In 1986 he was appointed Chairman of Citistate Corporation Limited, an Australian public company specializing in property development and corporate investment. In 1993, he became the Chairman of Accor Asia Pacific. Mr. Baffsky was a director of Club Méditerranée (Australia) Pty Ltd from 1985 to 2000 and is a director of Tourism Asset Holdings Ltd.



Yann Caillère, who recently joined Accor, is appointed **Chief Operating Officer, Hotels Southern Europe, Middle East, Africa and is in charge of operations for Sofitel.** A graduate of the Thonon-les-Bains Ecole Hôtelière, Yann Caillère began his career in the international arena, before joining Pullman (Frantel, then Société Française des Wagons Lits following successive mergers), where he held various operational positions. In 1995, he joined Disneyland Resort Paris, as Chief Executive Officer, Luxury Hotels and Conventions, moving on to become Chief Operating Officer then Chief Executive Officer of the resort. In October 2004, he joined the Louvre Hôtels Group as Chairman and Chief Executive Officer.

Roberto Cusin, Chief Operating Officer, Accor Italy. Born in San Paolo di Piave, Italy, Roberto Cusin began his career by launching his own food services business, and in 1960 set up Gemeaz Cusin, Italy's pioneer provider of food services to companies, bars and restaurants. In 1975, he founded Scapa Italia, a central food purchasing agency, and in 1976 he created Gemeaz Cusin - Ticket Restaurant, Italy's first meal voucher issuer. Following Accor's creation in 1982, Roberto Cusin set up Sifalberghi, the Italian hotel subsidiary who currently manages 41 hotels.





Michael Flaxman, Chief Operating Officer, Hotels Northern Europe.

A graduate of Westminster Hotel School in London, Michael Flaxman began his career at Forte Hotels in North America. After working in various operational positions for Thistle Hotels and Trusthouse Forte Hotels, he joined Accor in 1983 as Vice President, Development for North America. In 1992, he was appointed Development Director for Novotel and was also Regional Operations Director responsible for several countries in Europe, Asia and Africa. In 1994, he became Managing Director Novotel UK, in 1997 taking responsibility for Accor Business & Leisure Hotels UK and Ireland. In 1999, he became Managing Director, Hotels, Northern, Central and Eastern Europe. Michael is also responsible for Sales, Distribution and Loyalty Strategy for Accor Hotels in Europe, the Middle East and Africa.

Cathy Kopp, Executive Vice President, Human Resources and Sustainable Development.

After earning master's degrees in mathematics, Cathy Kopp joined IBM France in 1973 as an engineer. After holding a number of operational positions, she moved into IBM France as Director of Human Resources in 1992, before being appointed Vice President Human Resources of the Storage Division, based in California, USA, in 1996, subsequently becoming Vice President Global Employee Relations, Human Resources for the IBM Corporation in 1998. Cathy Kopp was named Chief Executive Officer for IBM France in 2000, then Chairman and CEO. She joined the LVMH Group in 2001 as Vice President, Corporate Human Resources, before becoming Accor's Human Resources General Manager in November 2002.

Cathy Kopp is a non-voting director of Schneider Electric and was appointed to the French Authority to Combat Discrimination (HALDE) by the French Prime Minister.



Georges Le Mener, Chief Operating Officer, Accor North America.

A graduate of Ecole Hôtelière in Paris, Georges Le Mener began his career with Accor in 1969, serving in a variety of leadership positions, including Executive Vice President of Operations, Vice President of Human Relations and Director of the Office of the Chairman. In 1992, he joined Motel6 in the United States as Chief Executive Officer, becoming President of Accor North America with the development of Midscale and Upscale Accor hotels in the United States.

Serge Ragozin, Chief Operating Officer, Accor Services.

A graduate of France's HEC business school, Serge Ragozin served as Marketing Manager of General Foods, Marketing Manager of Nabisco Brands France, General Manager of Mainland Europe Area at Williams Holding and General Manager of Hôtels Concorde. He joined Accor in 1997, where he was Vice President for Hotels, then Executive Senior Vice President International Supports. He was appointed Chief Executive Officer, Accor Services in June 2005.



Jacques Stern, Chief Financial Officer, in charge of Purchasing and Information Technology Systems.

A certified public accountant and graduate of the École Supérieure de Commerce de Lille, Jacques Stern began his career with Price Waterhouse as an external auditor. He joined Accor in 1992 as Consolidation Officer and became Group Financial Planning Officer in 1996. He was then successively appointed Group Controller (2000), Executive Deputy Chief Financial Officer (2002) and Chief Financial Officer (2003). In March 2005, he was appointed Member of the Management Board, in charge of Finance.



Pierre Todorov, Corporate Secretary and Secretary of the Board of Directors.

A graduate of Ecole Normale Supérieure and of ENA, and a teaching degree in philosophy, Pierre Todorov began his career with France's Council of State. In 1990, he joined the Lagardère Group, where he was Deputy Chief Executive Officer – International Operations in the Magazine Publishing Division (Hachette Filipacchi Medias). In 1997, he joined Accor as General Secretary, acting as secretary to the Management Board and the Supervisory Board. He is now secretary to the Board of Directors.



An **Executive Vice-President, Hotels and Brands Marketing** will soon join the Group.

The Board of Directors

Last January 9, a large majority of shareholders approved the change in the Group's corporate governance structure, to a Board of Directors instead of a Supervisory Board and a Management Board, along with the related change in the company bylaws.

These changes correspond to a new stage in the Group's history and reflect a desire to strengthen its governance structures. The creation of a Board of Directors will enable its members to be more directly involved in major corporate decisions, while separating executive and non-executive responsibilities, exercised respectively by Gilles Pélisson and myself.

Under the new bylaws, as Founding Co-Chairmen, Paul Dubrule and Gérard Pélisson will attend Board meetings in an advisory capacity. They will no longer play a role in the Group's governance bodies, but will continue to share their experience with us as long as they remain significant shareholders.

To strike a sound balance on the Board, nine of the recently elected 17 directors are independent. The Board also wanted to expand its international membership, to reflect the Group's global scope, with five non-French directors.

Lastly, to enhance the quality of our strategic thinking, the Board has created a new Strategy Committee, alongside the Commitments Committee, the Audit Committee and the Compensation and Nominations Committee.

These changes have given Accor the governance structures and resources it needs to drive robust, profitable growth.



Serge Weinberg
Chairman of the Board of Directors

- Thomas J. Barrack, Founder, Chairman, and Chief Executive Officer of Colony Capital LLC
- Sébastien Bazin, Principal, Managing Director Europe and Chief Executive Officer of Colony Capital SAS
- Isabelle Bouillot*, Consultant, Board Member of several companies
- Philippe Camus*, Co-Managing Partner of Groupe Lagardère
- Aldo Cardoso*, Board Member of several companies
- Philippe Citerne, Director and Chief Operating Officer of Société Générale
- Etienne Davignon, Vice-Chairman of Suez Tractebel
- Gabriele Galateri di Genola*, Chairman of Mediobanca S.p.A.
- Sir Roderic Lyne*, former Ambassador of the UK
- Dominique Marcel, Vice-President, Finance and Strategy, and member of the Executive Committee of Caisse des Dépôts et Consignations
- Francis Mayer, Chief Executive Officer of Caisse des Dépôts et Consignations
- Gilles Pélisson, Director and Chief Executive Officer of Accor
- Baudouin Prot, Director and Chief Executive Officer of BNP-Paribas
- Franck Riboud*, Chairman and Chief Executive Officer of Danone
- Jérôme Seydoux*, Chairman and Member of the Executive Board of Pathé SAS
- Theo Waigel*, former Minister of Finance of Germany
- Serge Weinberg*, Chairman Weinberg Capital Partners

* Independent Director.

Information concerning the Combined Ordinary and Extraordinary Meeting of Shareholders of January 9, 2006 is available at www.accor.com

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