Interim Management Report

For the Six Months Ended June 30, 2008

The Group's first-half 2008 results reflect the impact of the strategic initiatives deployed since early 2006: disposals of non-strategic businesses and restructuring of real estate to improve profitability.

Interim consolidated results

(in € millions)	**H1 2007**	**H1 2008**	**% Change reported**	**% Change Like-for-like (2)**
Revenue	4,015	3,766	-6.2%	+5.2%
EBITDAR(1)	1,095	1,088	-0.6%	+7.9%
EBITDAR margin	*27.3%*	*28.9%*	*+1.6 pts*	*+0.8 pts*
Operating profit before tax and non-recurring items	379	393	+3.6%	+16.0%
Net profit, Group share	596	310	-48.0%	
ROCE(3)	12.8%	14.5%	+1.7 pts	

(1) Earnings before interest, taxes, depreciation, amortization and rental expense.
(2) At constant scope of consolidation and exchange rates
(3) Corresponding to EBITDA expressed as a percentage of fixed assets at cost plus working capital.

Consolidated **revenue** amounted to €3,766 million for the first six months of 2008, down 6.2% from the prior-year period due to the asset disposals carried out in 2007. At constant scope of consolidation and exchange rates, however, revenue was up a like-for-like 5.2%, confirming the Group's solid performance in its Services and Hotels businesses.

- Revenue from the **Services** business increased by 9.9% on a reported basis and by 11.8% like-for-like, in line with the Group's medium-term organic growth target of 8% to 16% a year between 2006 and 2010. Acquisitions added 4.0% to first-half growth, while the transfer of the Loyalty Cards business to the Hotels business reduced revenue for the period by 3.2%. The currency effect was a negative 2.8% and primarily concerned certain Latin American currencies.

- **Hotels** revenue amounted to €2,810 million in the first half, down 1.4% as reported due to hotel property disposals carried out as part of the asset-right strategy. Like-for-like, revenue was up 5.1%, of which 3.7% in the first quarter and 6.3% in the second. The expansion strategy, which led to the opening of 11,000 rooms during the first six months of the year, added 3.3% to growth, while disposals carried out as part of the asset management strategy reduced revenue for the period by 7.0%. The currency effect was a negative 2.8% and primarily concerned the dollar and the British pound.

Like-for-like revenue of Upscale and Midscale hotels, Economy hotels grew respectively by 6.2% and 6.1% while US Economy hotels revenue decreased by 0.4%.

EBITDAR (earnings before interest, taxes, depreciation, amortization and rental expense) represents a key financial performance indicator. It amounted to €1,088 million in the first half of 2008, up 7.9% like-for-like compared with the year-earlier period, but down a slight 0.6% (€7 million) as reported.

The reported decline broke down as follows:

- Like-for-like growth: €86 million
- Expansion: €22 million
- Disposals: €(80) million
- Currency effect: €(35) million

The change in the Hotels business model and sustained growth in the Services business helped to drive a 1.6-point improvement in EBITDAR margin, to 28.9% of consolidated revenue from 27.3% in first-half 2007. Like-for-like, EBITDAR margin widened by 0.8 points during the period.

- In the **Services** business, EBIDTAR margin stood at 42.4%, up 0.5 points on a reported basis and 1.1 point like-for-like. The flow-through rate[1], came to 52%. The sharp increase in profitability reflected a like-for-like improvement in EBIDTAR margin of 0.3 points in Europe and 2.0 points in Latin America, with in particular a 3.1-point increase in Brazil.

- In **Upscale and Midscale Hotels**, EBITDAR margin came to 27.7% of revenue, up 1.1 point as reported and 0.5 points like-for-like, with a flow-through rate of 35%. The improvement reflected both sustained business volumes and the positive impact of asset disposals. Revenue in France rose 6.8% with a flow-through rate of 34%. Both EBITDAR and flow-through were adversely affected by the discontinuation of payroll tax relief on low salaries as of January 1, 2008. Adjusted for this impact, the flow-through rate was 49% for the period. Revenue in the rest of Europe gained 3.7% in the first half, with a flow-through rate of 52%.

- EBITDAR margin in **Economy Hotels outside the United States** stood at 35.8%, up 0.9 points as reported and 1.0 point like-for-like, with a flow-through rate of 53%. Revenue rose 5.4% in France, where the flow-through rate was 22%, or 31% when adjusted for the discontinuation of payroll tax relief on low salaries as of January 1, 2008. The strong performance in economy hotels in Europe was especially apparent in Germany and the United Kingdom, where the transformation rate was respectively 72% and 68%.

- EBITDAR margin in **US Economy Hotels** widened by 0.2 points to 37.9%, led by disciplined cost management in a challenging economy.

Operating profit before tax and non-recurring items, corresponding to EBITDAR less rental expense, depreciation, amortization and provisions expense and net financial expense plus the Group's share of the profits of associates, represents the result of operations after the cost of financing Group businesses and before tax. In the first half of 2008, it rose 3.6% to €393 million as reported, with a like-for-like increase of 16%, or 25% excluding the impact on net financial expense of the return to shareholders.

Rental expense totaled €453 million, compared with €463 million in first-half 2007, while depreciation, amortization and provision expense stood at €210 million for the period. Net financial expense amounted to €50 million, versus €46 million in first-half 2007. The share of profit of associates came to €18 million versus €8 million in the prior-year period.

Impairment losses for the period amounted to €36 million, compared with €184 million in first-half 2007, which primarily corresponded to a €149 million impairment charge recognized on Red Roof Inn goodwill following the announcement of the chain's planned disposal. Excluding the impact of the Red Roof Inn write-down, impairment losses were stable for the period.

[1] Defined as the like-for-like change in EBITDAR expressed as a percentage of the like-for-like change in revenue.

Gains and losses on the management of hotel properties totaled a net €107 million compared with €323 million in first-half 2007. They primarily included an €85 million capital gain on the sale of 49 hotels to AXA Real Estate IM.

Gains and losses on the management of other assets amounted to a net €23 million, versus €210 million in first-half 2007, and mainly reflected a €34 million capital gain on the disposal of the Brazilian foodservices business in the first quarter.

Income tax expense came to €152 million, versus €114 million in first-half 2007. The effective tax rate (expressed as a percentage of operating profit before tax) was 29.0% versus 28.5% a year earlier.

After minority interests of €15 million, **net profit, Group share,** stood at €310 million, compared with €596 million for first-half 2007. The decline was attributable to a decrease in capital gains, to €130 million from the €533 million generated in first-half 2007 from the disposal of Go Voyages and property assets. Adjusted for these gains, operating profit before non-recurring items, net of tax amounted to €263 million, compared with €258 million in first-half 2007.
As a result, **net earnings per share** declined to €1.40 from €2.66 in first-half 2007, based on the weighted average 221,659,000 shares outstanding during the period.

Cash flows

(in € millions)	**H1 2007**	**H1 2008**
Funds from operations before non-recurring items	**515**	**487**
Renovation and maintenance expenditure	(207)	(184)
Free cash flow	**308**	**303**
Expansion expenditure	(676)	(368)
Expenditure on assets held for sale	(31)	(226)
Proceeds from disposals of assets	953	503
Dividends paid	(678)	(714)
Shares issued/(cancelled)	(398)	6
Change in working capital requirement	(222)	(147)
Withholding tax refund	192	0
Other	93	(84)
Decrease/(increase) in net debt	**(459)**	**(727)**

Funds from operations totaled €487 million in first-half 2008. In first-half 2007, they included €39 million from businesses that have since been divested (Go Voyages, Red Roof Inn and the foodservice businesses in Italy and Brazil). At constant scope of consolidation, funds from operations were up 2.3% for the period.

Net debt amounted to €931 million at June 30, 2008, reflecting:

- €368 million in financing for **expansion expenditure.**
- The €226 million **cost of acquiring assets held for sale** (mainly by exercising call options on hotel properties as part of the strategic restructuring of the hotel property portfolio.
- €503 million in proceeds from **asset sales** as part of:
    - The sustained implementation of the Group's refocusing strategy, which led to the disposal of €115 million in non-strategic assets in the first half of 2008. In particular, the remaining 50% interest in the Brazilian foodservices business was sold to Compass Group for €88 million (after tax and earn-out payments).

- Property disposals, which amounted to €388 million for the period. They primarily included the sale and variable leaseback of 49 hotels in Switzerland and France to AXA Real Estate IM for €260 million and the sale and management-back of three hotels (including the Sofitel Amsterdam The Grand) for €69 million.

- **Dividends** paid in first-half 2008 amounted to €714 million, including €332 million in a special dividend of €1.50 per share.

Financial ratios

The main financial ratios attest to the solidity of Accor's balance sheet at June 30, 2008.

Net debt amounted to €931 million at June 30, 2008, up €727 million from December 31, 2007. Gearing stood at 28% at the period-end, compared with 25% at June 30, 2007.

The ratio of funds from operations before non-recurring items to adjusted net debt is calculated according to a method used by the main rating agencies, with net debt adjusted for the 8% discounting of future lease payments. The ratio stood at 24.2% at June 30, 2008, compared with 23.6% at June 30, 2007 and 26.2% at December 31, 2007.

Return of capital employed rose sharply during the first half, to 14.5% at period end from 12.8% at June 30, 2007.

First-half 2008 operating highlights

Divestments of non-strategic businesses

Disposal of all of the Brazilian foodservices business

In the first quarter, the Group's remaining 50% interest in the Brazilian foodservice operations was sold to Compass Group for €117 million. In 2007, the business contributed €248 million to consolidated revenue and €13 million to EBITDAR.

Property disposals

Sale of 49 hotel properties in France and Switzerland to AXA Real Estate IM and CDC

During the first half, Accor implemented a sale and leaseback agreement involving the sale of 56 hotels in France and Switzerland to a consortium including Caisse des Dépôts et Consignations and two investment funds managed by AXA Real Estate Investment Managers. The Novotel, Mercure, Ibis, all seasons, Etap Hotel and Formule 1 properties involved in the transaction represent a total of 8,200 rooms.

Under the terms of the transaction, which was valued at €518 million on the basis of a yield of 5.7%, the new owner will also finance a €52-million renovation program.

As of June 30, 2008, 49 properties representing 6,400 rooms had been sold for a total of €399 million, with a net impact on adjusted net debt of €309 million. The sale of seven additional hotels, representing 1,800 rooms, will close in the second half, resulting in another €119 million in proceeds and a €72 million reduction in adjusted net debt.
Accor will continue to operate the hotels under the same brands through 12-year variable-rent leases, whose rents are based on an average 16% of revenue a year with no guaranteed minimum. The leases are renewable six times, for a total of 84 years.

Sale and management-back of the Sofitel Amsterdam The Grand

As part of the ongoing implementation of the asset-right strategy, the 182-room Sofitel Amsterdam The Grand hotel was sold on June 20 under a sale and management-back arrangement. The transaction was based on an enterprise value of €92 million, or 18 times 2007 EBITDA. The property was sold for a consideration of €60 million (€330,000 per room), with the buyer agreeing to finance €32 million in renovation work. Including the renovation costs, the total price per room comes to €505,000.
Accor will continue to run the hotel under a 25-year management contract and retain a 40% interest in the owning company.

Acquisitions in Services and expansion in Hotels

Acquisition of 62% of Motivano UK

In January, Accor Services acquired a 62% stake in Motivano UK, a leading online employee benefits provider. The acquisition has strengthened Accor Services' position as a leading player in the employee benefits, incentive and motivation markets.

Outlook for 2008

Business in July

In the **Services** business, revenue increased by 16.3% like-for-like in July.

During the month, like-for-like RevPAR in the **Upscale and Midscale Hotels in Europe** rose by 3.0%, with increases of 4.2% in France, 4.7% in Germany and 0.4% in the rest of Europe. In **Economy Hotels in Europe**, like-for-like RevPAR was up 1.7% overall, rising 3.1% in France, 1.0% in Germany, and 0.4% in the rest of Europe. These trends confirm the resistance of the Group's two core markets, France and Germany.

In **Economy Hotels in the US**, RevPAR was down 3.0% in July, in line with the market.

2008 earnings objective

Over the **full year**, the Group is aiming to report **profit before tax** and non-recurring items of between **€910 million to €930 million**. This target takes into account the following factors:

- Growth in profit before tax and non-recurring items (excluding the impact of the return to shareholders) of 25% in the first half and of around **10% in the second, in light of the less favorable economic environment.**

- An additional negative **€85-million** impact on profit before tax of the Group transformation which is made of a negative **€55-million** impact on net financial expense of the return to shareholders (share buybacks and the payment of special dividends in 2007 and 2008) and a negative **€30-million** impact of assets divested in 2007 (Go Voyages, the foodservice businesses in Italy and Brazil, and Red Roof Inn).

- An estimated negative **€40-million** currency effect due to the weak US dollar and British pound.

- An estimated negative **€17-million** impact of expansion (hotel openings or acquisitions).

This earnings objective would represent around **16% growth in profit before tax like-for-like for the year**, excluding the impact of the return to shareholders.

Cost-savings plan

Anticipating an economic environment that might remain difficult in 2009, Accor will implement a **€75-million** cost savings plan over **2009 and 2010**, covering particularly corporate overheads, organization of head offices in Latin America and the United States, marketing expenditure, purchasing, and new IT projects.

Main risks and uncertainties

The main risks and uncertainties that may affect the Group in the last six months of the year are presented in the 2007 Registration Document under “Risk Factors”.

Main related-party transactions

The main related-party transactions are presented in detail in Note 47 to the interim consolidated financial statements.

Subsequent events

None

Statement by the Person Responsible for the 2008 Half-Year Financial Report

I hereby declare that, to the best of my knowledge, the consolidated financial statements have been prepared under generally accepted accounting principles and give a true and fair view of the assets, liabilities, financial position and results of all the companies within the consolidation taken as a whole and that the interim management report includes a fair review of the material events that occurred in the first six months of the financial year and their impact on the interim accounts, a description of the principal risks and uncertainties for the remaining six months of the year and the main related-party transactions.

Paris, August 27, 2008

Gilles C. Pélisson
Director and Chief Executive Officer

Auditors' Report on the 2008 Half-year Financial Information

Period as from January 1, 2008 to June 30, 2008

This is a free translation into English of the statutory auditor's review report issued in French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders,

In compliance with the assignment entrusted to us by your Annual General Meeting and in accordance with the requirements of articles L. 232-7 of the French Commercial Law (the Code de commerce) and L. 451-1-2 III of the Monetary and Financial Code (the Code monétaire et financier), we hereby report to you on:

- the review of the accompanying condensed half-year consolidated financial statements of Accor, for the period January 1 to June 30, 2008,
- the verification of information contained in the half-year management report.

These condensed half-year consolidated financial statements are the responsibility of the Board of Directors. Our role is to express a conclusion on these financial statements based on our review.

1. Conclusion on the financial statements

We conducted our review in accordance with professional standards applicable in France. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently can only provide moderate assurance that the financial statements, taken as a whole, do not contain any material misstatements. This level of assurance is less than that obtained from an audit.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed half-year consolidated financial statements do not give a true and fair view of the assets and liabilities and of the financial position of the Group as at June 30, 2008 and of the results of its operations for the period then ended in accordance with IFRSs as adopted by the EU.

2. Specific verification

We have also verified the information provided in the interim management report commenting the half-year consolidated financial statements subject to our review.

We have no matters to report as to its fair presentation and consistency with the half-year consolidated financial statements.

Neuilly-sur-Seine, August 27, 2008

The statutory auditors
French original signed by

DELOITTE & ASSOCIES

David Dupont-Noel

ERNST & YOUNG et Autres

Bruno Bizet