



Accor

(a company established with limited liability in France)

€ 800,000,000

5.75% Notes due 2006

Issue Price: 99.661%

The € 800,000,000 5.75% Notes due 2006 (the “**Notes**”) of Accor (the “**Issuer**”) will be issued outside the Republic of France and will mature on 5 July 2006.

Interest on the Notes will accrue at the rate of 5.75% per annum from 5 July 2001 (the “**Issue Date**”) and will be payable in Euro annually in arrear on 5 July in each year, commencing on 5 July 2002. Payments of principal and interest on the Notes will be made without deduction for or on account of taxes of the Republic of France (See “**Terms and Conditions of the Notes - Taxation**”).

Unless previously purchased and cancelled, the Notes may not be redeemed prior to 5 July 2006. The Notes may, and in certain circumstances shall, be redeemed, in whole but not in part, at their principal amount together with accrued interest in the event that certain French taxes are imposed (See “**Terms and Conditions of the Notes - Redemption and Purchase**”).

The Notes will, upon issue on 5 July 2001, be inscribed (*inscription en compte*) in the books of Euroclear France which shall credit the accounts of the Account Holders (as defined in “**Terms and Conditions of the Notes - Form, Denomination and Title**”) including Euroclear Bank S.A./N.V. as operator of the Euroclear System (“**Euroclear**”) and the depository bank for Clearstream Banking, société anonyme (“**Clearstream, Luxembourg**”).

The Notes will be in bearer form in denomination of Euro 1,000. The Notes will at all times be represented in book entry form (*dématérialisé*) in the books of the Account Holders in compliance with Article L.211-4 of the French *Code monétaire et financier*. No physical document of title (including *certificats représentatifs* pursuant to Article 7 of Decree No. 83-359 of 2 May 1983) will be issued in respect of the Notes.

The long term debt of the Issuer has been rated BBB outlook positive by Standard & Poor's and BBB+ outlook stable by Fitch IBCA.

Application has been made to list the Notes on the Luxembourg Stock Exchange.

CDC IXIS Capital Markets

JPMorgan

Natexis Banques Populaires

**Crédit Agricole Indosuez
CMCIC**

**Goldman Sachs International
HSBC CCF**

Lehman Brothers

The date of this Offering Circular is 3 July 2001

The Issuer having made all reasonable enquiries confirms that this Offering Circular contains all information with respect to the Issuer, the Issuer and its subsidiaries and affiliates taken as a whole (the “**Group**”) and the Notes which is material in the context of the issue and offering of the Notes, that the information and statements contained in this Offering Circular relating to the Issuer, the Group and the Notes are in every material particular true and accurate and not misleading, that the opinions and intentions expressed in it with regard to the Issuer and the Group are honestly held, have been reached after considering all relevant circumstances and are based on reasonable assumptions, that there are no other facts in relation to the Issuer, the Group or the Notes the omission of which would in the context of the issue of the Notes make any information or statement in this Offering Circular misleading in any material respect and that all reasonable enquiries have been made by the Issuer to ascertain such facts and to verify the accuracy of all such information and statements. The Issuer accepts responsibility accordingly.

This Offering Circular does not constitute an offer of, or an invitation by or on behalf of the Issuer or CDC IXIS Capital Markets (as defined in “**Subscription and Sale**” below) to subscribe or purchase, any of the Notes. The distribution of this Offering Circular and the offering of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular comes are required by the Issuer and the Managers to inform themselves about and to observe any such restrictions. For a description of certain restrictions on offers and sales of Notes and distribution of this Offering Circular, see “**Subscription and Sale**” below.

No person is authorised to give any information or to make any representation not contained in this Offering Circular and any information or representation not so contained must not be relied upon as having been authorised by or on behalf of the Issuer or the Managers. The delivery of this Offering Circular at any time does not imply that the information contained in it is correct as at any time subsequent to its date.

The Notes have not been and will not be registered under the U.S. Securities Act of 1933 (the “**Securities Act**”). Subject to certain exceptions, the Notes may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act (“**Regulation S**”)).

In this Offering Circular, unless otherwise specified or the context requires, references to “Euro” are to the single currency which was introduced as of 1 January 1999 with the start of the third stage of the European Economic and Monetary Union by which date the Euro became the legal currency in eleven member states of the European Union. References to “francs”, “French Francs” and “FRF” are to the non-decimal denomination of the Euro as defined by the conversion rate irrevocably fixed in accordance with Article 123 (4) sentence 1 of the Treaty on European Union, as amended by the Treaty of Amsterdam.

In connection with this issue, CDC IXIS Capital Markets may over-allot or effect transactions which stabilise or maintain the market price of the Notes at a level which might not otherwise prevail. Such stabilising, if commenced, may be discontinued at any time. Such stabilising will be carried out in compliance with all applicable laws and regulations and will be undertaken solely for the account of the Joint Lead Managers and not for or on behalf of the Issuer.

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INCORPORATION BY REFERENCE

The audited consolidated financial statements and the related notes thereto of the Issuer for the financial years ended 31 December 1999 and 2000 shall be deemed to be incorporated in, and to form a part of, this Offering Circular. Copies of such documents are available free of charge on request at the principal office of (i) the Issuer, (ii) the Fiscal Agent and (iii) the Paying Agent in Luxembourg, subject to the provisions of "**Subscription and Sale**".

TERMS AND CONDITIONS OF THE NOTES

The terms and conditions of the Notes will be as follows:

The issue outside the Republic of France of € 800,000,000 5.75% Notes due 2006 (the “**Notes**”) of Accor (the “**Issuer**”) has been authorised by a resolution of the Management Board (*Directoire*) of the Issuer adopted on 8 June 2001 pursuant to the approval of the Supervisory Board of the Issuer adopted on 27 May 1999 and a resolution of the *Assemblée Générale Mixte* of the shareholders of the Issuer adopted on 27 May 1999. The Issuer has entered into a fiscal agency agreement (the “**Fiscal Agency Agreement**”) dated 5 July 2001 with BNP PARIBAS SECURITIES SERVICES, as fiscal agent and principal paying agent. The fiscal agent and principal paying agent and paying agents for the time being are referred to in these Conditions as the “**Fiscal Agent**”, the “**Principal Paying Agent**” and the “**Paying Agents**” (which expression shall include the Principal Paying Agent), each of which expression shall include the successors from time to time of the relevant persons, in such capacities, under the Fiscal Agency Agreement, and are collectively referred to as the “**Agents**”. References below to “**Conditions**” are, unless the context otherwise requires, to the numbered paragraphs below.

1 Form, Denomination and Title

The Notes are issued in bearer form in denominations of Euro 1,000. Title to the Notes will be evidenced in accordance with Article L.211-4 of the French *Code monétaire et financier* by book-entries (“**dématérialisation**”). No physical document of title (including *certificats représentatifs* pursuant to Article 7 of Decree No. 83-359 of 2 May 1983) will be issued in respect of the Notes.

The Notes will, upon issue, be inscribed in the books of Euroclear France, which shall credit the accounts of the Account Holders. For the purpose of these Conditions, “**Account Holders**” shall mean any authorised intermediary institution entitled to hold accounts, directly or indirectly, with Euroclear France, and includes Euroclear Bank S.A./N.V., as operator of the Euroclear System (“**Euroclear**”) and the depository bank for Clearstream Banking, société anonyme (“**Clearstream, Luxembourg**”).

Title to the Notes shall be evidenced by entries in the books of Account Holders and will pass upon, and transfer of Notes may only be effected through, registration of the transfer in such books.

2 Status and Negative Pledge

(a) Status of the Notes

The obligations of the Issuer in respect of the Notes constitute direct, unconditional, (subject as provided below) unsecured and unsubordinated obligations and rank and will rank *pari passu* and without any preference among themselves and (subject to such exceptions as are from time to time mandatory under French law) equally and rateably with all other present or future unsecured and unsubordinated obligations of the Issuer.

(b) Negative Pledge

So long as any of the Notes remains outstanding (as defined below), the Issuer will not create or permit to subsist any mortgage, charge, lien, pledge or other security interest (*sûreté réelle*) upon the whole or any part of its present or future assets or revenues for the benefit of any holders of any Relevant Debt (as defined below) to secure (1) payment of any sum due in respect of any such Relevant Debt or (2) any payment under any guarantee of or indemnity or other like obligation relating to any Relevant Debt, unless the Issuer's obligations under the Notes are equally and rateably secured (A) by

such mortgage, charge, lien, pledge or security interest or (B) by such other security as shall be approved by the Masse (as defined in Condition 9) pursuant to Condition 9.

“**Relevant Debt**” means any present or future indebtedness for borrowed money which is in the form of, or represented by, Notes or notes (*obligations*) which are at the relevant time listed on any stock exchange.

“**Outstanding**” means, in relation to the Notes, all the Notes issued other than: (a) those which have been redeemed in accordance with the Conditions, (b) those in respect of which the date for redemption in accordance with the Conditions has occurred and the redemption moneys (including all interest accrued on such Notes to the date for such redemption and any interest payable under Condition 3 after such date) have been duly paid to the Fiscal Agent and (c) those which have been purchased and cancelled as provided in Condition 4.

3 Interest

The Notes bear interest at the rate of 5.75% per annum, from and including 5 July 2001 (the “**Interest Commencement Date**”) payable annually in arrear on 5 July in each year (each an “**Interest Payment Date**”), commencing on 5 July 2002. The period commencing on and including the Interest Commencement Date and ending on but excluding the first Interest Payment Date and each successive period commencing on and including an Interest Payment Date and ending on but excluding the next succeeding Interest Payment Date is called an “**Interest Period**”. Notes will cease to bear interest from the date provided for their redemption, unless the Issuer default in making due provision for their redemption on said date. In such event, interest will continue to accrue on the principal amount of such Notes at the rate of 5.75% per annum (as well after as before judgment) until whichever is the earlier of (i) the day on which all sums due in respect of such Notes up to that day are received by or on behalf of the relevant holder and (ii) the day after the Fiscal Agent has notified the Noteholders in accordance with Condition “**Notices**” of receipt of all sums due in respect of all the Notes up to that day. If interest is required to be calculated for a period of less than one year, it will be calculated on the basis of a day count fraction which will be calculated by taking the number of days in the relevant period, from and including the date from which interest begins to accrue to but excluding the date on which it falls due, divided by the number of days in the Interest Period in which the relevant period falls (including the first such day but excluding the last).

4 Redemption and Purchase

The Notes may not be redeemed otherwise than in accordance with this Condition 4.

(a) Final Redemption

Unless previously redeemed or purchased and cancelled as provided below, the Notes will be redeemed by the Issuer at their principal amount on the Interest Payment Date falling on 5 July 2006.

(b) Redemption for Taxation Reasons

(i) If, by reason of a change in French law or regulator, or any change in the official application or interpretation of such law, becoming effective after the Issue Date, the Issuer would on the occasion of the next payment due in respect of the Notes, not be able to make such payment without having to pay additional amounts as specified in Condition 6 below, the Issuer may on any Interest Payment Date, subject to having given not more than 45 nor less than

30 days' prior notice to the Noteholders (which notice shall be irrevocable), in accordance with Condition 10, redeem all, but not some only, of the outstanding Notes at their principal amount provided that the due date for redemption of which notice hereunder may be given shall be no earlier than the latest practicable Interest Payment Date on which the Issuer could make payment of principal and interest without withholding for French taxes.

(ii) If the Issuer would on the occasion of the next payment in respect of the Notes be prevented by French law from making payment to the Noteholders of the full amount then due and payable, notwithstanding the undertaking to pay additional amounts contained in Condition 6 below, then the Issuer shall forthwith give notice of such fact to the Fiscal Agent and the Issuer shall upon giving not less than seven days prior notice to the Noteholders in accordance with Condition 10 redeem all, but not some only, of the Notes then outstanding at their principal amount plus any accrued interest on the latest practicable date on which the Issuer could make payment of the full amount payable in respect of the Notes without withholding for French taxes, or, if such date is past, as soon as practicable thereafter.

(c) Purchases

The Issuer may at any time purchase Notes together with rights to interest relating thereto in the open market or otherwise at any price.

(d) Cancellation

All Notes which are redeemed or purchased pursuant to paragraphs (b)(i) or (b)(ii) or (c) of this Condition will forthwith be cancelled and accordingly may not be reissued or sold.

5 Payments

(a) Method of Payment

Payments of principal and interest in respect of the Notes will be made in Euro by credit or transfer to a Euro-denominated account (or any other account to which Euro may be credited or transferred) specified by the payee in a city in which banks have access to the TARGET System.

Such payments shall be made for the benefit of the Noteholders to the Account Holders (including Euroclear Bank S.A./N.V. as operator of Euroclear and the depository bank for Clearstream, Luxembourg) and all payments validly made to such Account Holders in favour of the Noteholders will be an effective discharge of the Issuer and the Paying Agents, as the case may be, in respect of such payments.

Payments of principal and interest on the Notes will be subject in all cases to any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 6.

(b) Payments on Business Days

If any due date for payment of principal or interest in respect of any Note is not a business day, then the holder thereof shall not be entitled to payment of the amount due until the next following day which is a business day and the holder shall not be entitled to any interest or other sums in respect of such postponed payment.

In this Condition “**business day**” means a day (other than a Saturday or a Sunday or any public holiday in France) on which Euroclear France is open for general business and which is a TARGET Business Day.

No commission or expenses shall be charged to the Noteholders in respect of such payments.

(c) Fiscal Agent and Paying Agents

The names of the initial Agents and their specified offices are set out below.

The Issuer reserves the right at any time to vary or terminate the appointment of the Fiscal Agent or Paying Agent and/or appoint additional or other Paying Agents or approve any change in the office through which any such Agent acts, provided that there will at all times be (i) a Fiscal Agent and a Principal Paying Agent having a specified office in a European city and (ii) so long as the Notes are listed on the Luxembourg Stock Exchange and the rules of that exchange so require, a Paying Agent having a specified office in Luxembourg (which may be the Principal Paying Agent). Any termination or appointment shall only take effect (other than in the case of insolvency, when it shall be of immediate effect) after not more than 45 nor less than 30 calendar days' notice thereof shall have been given to the Noteholders by the Issuer in accordance with Condition 10.

6 Tax Status

(a) Tax Exemption

The Notes being issued outside the Republic of France, interest and other revenues in respect of the Notes benefit under present law from the exemption from deduction or withholding at source provided for in Article 131 *quater* of the *Code Général des Impôts* (General Tax Code). Accordingly, such interest and other revenues do not give the right to any tax credit from any French source.

(b) Additional Amounts

If pursuant to French laws or regulations, payments of principal or interest in respect of any Note become subject to deduction or withholding in respect of any present or future taxes, duties, assessments or other governmental charges of whatever nature imposed by or on behalf of the Republic of France or any authority therein or thereof having power to tax, the Issuer shall, to the fullest extent then permitted by law, pay such additional amounts as may be necessary in order that the holder of each Note, after such deduction or withholding, will receive the full amount then due and payable thereon in the absence of such withholding; provided, however, that the Issuer shall not be liable to pay any such additional amounts in respect of any Note:

- (i) to or to a third party on behalf of a Noteholder who is liable to such taxes, duties, assessments or governmental charges in respect of such Note by reason of his having some connection with the Republic of France other than the mere holding of such Note;
- (ii) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to any European Union Directive on the taxation of savings implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 or any law implementing or complying with, or introduced in order to conform to, such Directive or,

- (iii) more than 30 days after the Relevant Date (as defined below), except to the extent that the holder thereof would have been entitled to such additional amounts the last day of such period of 30 days.

For this purpose, the “**Relevant Date**” in relation to any Note means whichever is the later of (A) the date on which the payment in respect of such Note first becomes due and payable, and (B) if the full amount of the moneys payable on such date in respect of such Note has not been received by the Fiscal Agent on or prior to such date, the date on which notice is given to Noteholders that such moneys have been so received, notice to that effect shall have been duly published in accordance with Condition 10.

Any references to these Conditions to principal and interest shall be deemed also to refer to any additional amounts which may be payable under the provisions of this Condition 6.

7 Events of Default

If any of the following events (each an “**Event of Default**”) shall have occurred and be continuing:

- (i) default in any payment when due of interest on any of the Notes, if such default shall not have been remedied within 5 business days (as defined in Condition 5(a)) thereafter; or
- (ii) default in the performance of, or compliance with, any other obligation of the Issuer under the Notes other than as referred to in Condition 7(i) above, if such default shall not have been remedied within 30 calendar days after receipt by the Fiscal Agent of written notice of such default given by the Representatives (as defined in Condition 9); or
- (iii) the Issuer makes any proposal for a general moratorium in relation to its debts; or applies for the appointment of a *mandataire ad hoc* or a conciliator (*conciliateur*) in each case in the context of solvency concerns; or enters into an amicable settlement (*accord amiable*) with its creditors pursuant to Articles L.611-3 to L.611-6 of the *Code de Commerce*; or a judgement is issued for the judicial liquidation (*liquidation judiciaire*) or for the transfer of the whole of the business (*cession totale de l'entreprise*) of the Issuer; or, to the extent permitted by applicable law, if the Issuer is subject to any other insolvency or bankruptcy proceedings; or if the Issuer makes any conveyance, assignment or other arrangement for the benefit of, or enters into a composition with, all or a substantial number of its creditors with a view to a restructuring or rescheduling of its indebtedness; or if the Issuer is wound up or dissolved except with the prior approval of the *Masse* for the purposes of an amalgamation, reorganisation, consolidation or merger which is implemented; or
- (iv) any other present or future indebtedness of the Issuer for or in respect of borrowed money becomes due and payable (*exigible*) prior to its stated maturity by reason of the occurrence of a default, event of default or other similar condition or event (however described) with equivalent effect (together, “**default**”), provided that the aggregate amount of the relevant indebtedness equals or exceeds € 100,000,000 or its equivalent unless such default is contested in good faith by the Issuer before a competent court or by other appropriate proceedings provided that the claim alleging the occurrence of such default is withdrawn, dismissed or stayed within 90 calendar days from the date on which the relevant indebtedness was first alleged to have become due and payable; or

- (v) all or any substantial part of the property, assets or revenues of the Issuer shall be attached or shall become subject at any time to any order of court or the enforcement of any security interests (*sûretés réelles*) and such attachment or order shall remain in effect and not be discharged for, or the steps taken to enforce any such security interests shall not be withdrawn or stayed within 30 calendar days;

then the Representatives may, by notice in writing to the Issuer and the Fiscal Agent given on behalf of the Noteholders before all continuing Events of Default shall have been remedied, cause the Notes to become immediately due and payable whereupon they shall become immediately due and payable without further formality at the principal amount of the Notes together with any accrued interest thereon.

8 Issuer Authorisations

If at any time an authorisation becomes necessary to permit the Issuer to pay the principal of, or interest on, the Notes as a result of any change in the official application of, or any amendment to, the laws or regulations of France, the Issuer shall immediately apply for the necessary authorisations and forthwith provide copies of such application to the Fiscal Agent. The Issuer shall provide copies of such authorisations to the Fiscal Agent within a reasonable period after they are obtained.

9 Representation of the Noteholders

The Noteholders will be grouped automatically for the defence of their respective common interests in a masse (hereinafter referred to as the "**Masse**").

The *Masse* will be governed by the provisions of the French *Code de Commerce* with the exception of Articles L.228-48, L.228-59, L.228-71 and L.228-72 thereof (the "**Law**"), by the decree no. 67-236 of 23 March 1967, as amended, with the exception of Articles 222, 224, 226 and 234 thereof, and by the conditions set out below, provided that notices calling a general meeting of the Noteholders (a "**General Meeting**") and the resolutions passed at any General Meeting and any other decision to be published pursuant to French legal and regulatory provisions will be published only as provided under Condition 10 below:

(a) Legal Personality

The *Masse* will be a separate legal entity, by virtue of Article L.228-46 of the French *Code de Commerce* acting in part through two representatives (the "**Representatives**") and in part through a General Meeting.

The *Masse* alone, to the exclusion of all individual Noteholders, shall exercise the common rights, actions and benefits which now or in the future may accrue with respect to the Notes.

(b) Representatives

The office of Representative may be conferred on a person of any nationality. However, the following persons may not be chosen as Representatives:

- (i) the Issuer;
- (ii) any entity holding (directly or indirectly) at least 10% of the share capital of the Issuer or at least 10% of the share capital of which is held by the Issuer;
- (iii) any entity guaranteeing all or part of any obligations of the Issue;

- (iv) any member of the Supervisory Board (*Conseil de Surveillance*) or of the Management Board (*Directoire*) of the Issuer, the Statutory Auditors of the Issuer, or any employee, managing director or director (or their respective ascendants, descendants and spouses) of the entities referred to in (i), (ii) and (iii) above; and
- (v) persons who have been prohibited from practising as a banker or who have been deprived of the right to direct, administer or manage an enterprise in any capacity whatsoever.

The initial Representatives shall be:

Christian Le Hir	Sébastien Giacomoni
electing domicile at	electing domicile at
56, rue de Lille	115, rue Montmartre
75356 Paris 07 SP	75002 Paris

In the event of death, retirement or revocation of one or both Representatives, a replacement will be elected by a General Meeting.

The Representatives will not be entitled to any remuneration in connection with their functions as Representatives.

All interested parties will at all times have the right to obtain the names and the addresses of the Representatives at the head office of the Issuer and at the offices of any of the Paying Agents.

(c) Powers of the Representatives

The Representatives shall, in the absence of any decision to the contrary of the General Meeting of Noteholders, have the power to take all acts of management to defend the common interests of the Noteholders.

All legal proceedings against the Noteholders or initiated by them must be brought against the Representatives or by them, and any legal proceedings which shall not be brought in accordance with this provision shall not be legally valid.

The Representatives may not interfere in the management of the affairs of the Issuer.

(d) General Meetings

General Meetings may be held at any time, on convocation either by the Issuer or the Representatives. One or more Noteholders, holding together at least one-thirtieth of outstanding Notes may address to the Issuer and the Representatives a demand for convocation of the General Meeting; if such General Meeting has not been convened within two months from such demand, such Noteholders may commission one of themselves to petition the competent court in Paris to appoint an agent (*mandataire*) who will call the meeting.

Notice of the date, hour, place, agenda and quorum requirements of any General Meeting will be published as provided in Condition 10 not less than 15 days prior to the date of the General Meeting.

Each Noteholder has the right to participate in General Meetings in person or by proxy. Each Note carries the right to one vote.

(e) Powers of General Meetings

A General Meeting is empowered to deliberate on the fixing of the remuneration of the Representatives and on their dismissal and replacement, and also may act with respect to any other matter that relates to the common rights, actions and benefits which now or in the future may accrue with respect to the Notes, including authorising the Representatives to act at law as plaintiff or defendant.

A General Meeting may further deliberate on any proposal relating to the modification of these Conditions, including:

- (i) any proposal, whether for arbitration or settlement, relating to rights in controversy or which were the subject of judicial decisions; and
- (ii) any proposal relating to the issue of securities carrying a right of preference compared to the rights of Noteholders);

it being specified, however, that a General Meeting may not increase amounts payable by the Noteholders, nor establish any unequal treatment between the Noteholders, nor decide to convert the Notes into shares of the Issuer or any other entity.

General Meetings may deliberate validly on first convocation only if Noteholders present or represented hold at least one-quarter of the principal amount of the Notes then outstanding. On second convocation, no quorum shall be required. Decisions at meetings shall be taken by a simple majority of votes cast by the Noteholders attending such meeting or represented thereat.

(f) Information to the Noteholders

Each Noteholder or representative thereof will have the right, during the 15 day period preceding the holding of each General Meeting, to consult or make a copy of the text of the resolutions which will be proposed and of the reports which will be presented at the meeting, which will be available for inspection at the principal office of the Issuer, at the offices of the Paying Agents and at any other place specified in the notice of meeting.

(g) Expenses

The Issuer will pay all reasonable expenses incurred in the operation of the *Masse*, including expenses relating to the calling and holding of meetings and the expenses which arise by virtue of the remuneration of the Representatives, and more generally all administrative expenses resolved upon by a General Meeting of the Noteholders, it being expressly stipulated that no expenses may be imputed against interest payable on the Notes.

(h) Notice of Decisions

Decisions of the meetings shall be published in accordance with the provisions set out in Condition 10 not more than 90 days from the date thereof.

10 Notices

Any notice to the Noteholders shall be validly given in a leading newspaper having general circulation in Luxembourg, which, so long as the Notes are listed on the Luxembourg Stock Exchange and the rules of that stock exchange so require, is expected to be the *Luxemburger Wort*, or if publication therein shall not be practicable, in such other newspaper as the Fiscal Agent shall deem necessary to give fair and reasonable notice to the Noteholders. Any such

notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which such publication is made.

11 Prescription

Claims against the Issuer for the payment of principal and interest in respect of the Notes shall become prescribed 10 years (in the case of principal) and five years (in the case of interest) from the due date for payment thereof.

12 Further Issues

The Issuer may, from time to time without the consent of the Noteholders, issue further Notes to be assimilated (*assimilables*) with the Notes as regards their financial service, provided that such further Notes and the Notes shall carry rights identical in all respects (or in all respects except for the first payment of interest thereon) and that the terms of such further Notes shall provide for such assimilation. In the event of such assimilation, the Noteholders and the holders of any assimilated Notes will, for the defence of their common interests, be grouped in a single *Masse* having legal personality.

13 Governing Law and Jurisdiction

The Notes are governed by the laws of the Republic of France.

For the benefit of the Noteholders, the Issuer submits to jurisdiction of the competent courts in Paris. This submission shall not limit the right of any Noteholder to take proceedings in any other court of competent jurisdiction.

FISCAL AGENT AND PRINCIPAL PAYING AGENT

BNP PARIBAS SECURITIES SERVICES

Les Collines de l'Arche
92057 La Défense
France

PAYING AGENT

BNP PARIBAS Luxembourg

10A Boulevard Royal
L-2093 Luxembourg

USE OF PROCEEDS

The net proceeds from the issue of the Notes, which will be approximately € 794,888,000, will be used for the general purposes of the Issuer.

DESCRIPTION OF ACCOR

Accor was established on the 22 April 1960 and duly registered with the *Registre du commerce et des sociétés* of Evry under the registration no. RCS EVRY B602036444. Accor, present in 140 countries with 145,000 employees, is the leading European and one of the leading world Group in its two worldwide activities, **hotels** and **services**. Accor is also involved in travel agency activities, casinos, catering and on-board train services.

HOTELS

Accor is the third ranking hotel group in the world, with 3,488 hotels and 389,437 rooms in 88 countries at December 31, 2000. In the hotel activity, Accor's position is unique, with a presence across all market segments, from 1 to 5 stars. Accor is a leading player in Economy and Budget hotels with Ibis, Etap Hotel, Formule 1, Motel 6 and Red Roof Inns, and in Business and Leisure hotels through the Mercure, Novotel and Sofitel brands, as well as labels such as Coralia (leisure), Atria (conference centers) and Thalassa (spas), plus the Parthenon hotel residences in Brazil.

Accor's unique position is also characterised by the worldwide presence of its brands. Leader in Europe (according to MKG Conseil – February 2001) with a network of 191,777 rooms representing 49% of its entire portfolio, Accor deploys its expertise in every region of the world, 34% of its rooms being offered in North America, 4% in Latin America, 5% in Africa and the Middle East, and 8% in Asia and the Pacific.

Geographical Breakdown of Hotel Portfolio at December 31, 2000

	France		Rest of Europe		North America		Latin America		Africa Middle East		Asia-Pacific		Total	
	Number of hotels	<i>Number of rooms</i>	Number of hotels	<i>Number of rooms</i>	Number of hotels	<i>Number of rooms</i>	Number of hotels	<i>Number of rooms</i>						
Sofitel	36	6,487	30	4,660	9	2,776	16	2,508	30	5,935	23	4,585	144	26,951
Novotel	116	14,108	104	16,708	9	2,400	18	2,862	23	3,673	59	12,737	329	52,488
Mercure	290	26,230	167	20,999	-	-	77	7,539	34	4,957	72	9,085	640	68,810
Ibis	309	27,472	192	22,978	-	-	9	1,163	10	1,148	18	3,085	538	55,846
Etap Hotel	146	10,676	62	4,962	-	-	-	-	1	120	-	-	209	15,758
Formule 1	283	20,723	38	2,757	-	-	-	-	23	1,597	8	652	352	25,729
Red Roof Inns	-	-	-	-	351	38,952	-	-	-	-	-	-	351	38,952
Motel 6	-	-	-	-	814	86,438	-	-	-	-	-	-	814	86,438
Other	20	2,388	55	10,629	2	442	4	857	25	3,655	5	494	111	18,465
Total	1,200	108,084	648	83,693	1,185	131,008	124	14,929	146	21,085	185	30,638	3,488	389,437
Total in %	34%	28%	19%	21%	34%	34%	4%	4%	4%	5%	5%	8%	100%	100%

Accor also holds a unique position because its hotels are operated in several different ways. Most of Accor's hotels are operated directly, with 65% of rooms being owned or leased. Some 19% of rooms are operated under management contract and 15% of rooms are franchised.

For Accor, a worldwide presence of its brands across all market segments and adapting the appropriate type of operation is the key to a balanced hotel portfolio and to a reduced exposure to cycles.

Breakdown of Hotel Portfolio by Type of Operation at December 31, 2000

	Owned		Leased		Managed		Franchised		Total		Breakdown in % of number of rooms
	Number of hotels	Number of rooms									
Sofitel	28	4,942	29	6,620	80	14,115	7	1,274	144	26,951	7%
Novotel	97	14,209	95	13,815	106	20,697	31	3,767	329	52,488	13%
Mercure	90	11,026	151	19,381	238	25,861	161	12,542	640	68,810	18%
Ibis	202	20,641	113	15,711	58	7,604	165	11,890	538	55,846	14%
Etap Hotel	67	5,547	83	5,921	6	528	53	3,762	209	15,758	4%
Formule 1	289	21,271	44	3,059	9	720	10	679	352	25,729	7%
Red Roof Inns	113	13,546	150	16,974	-	-	88	8,432	351	38,952	10%
Motel 6	223	24,170	482	54,874	2	117	107	7,277	814	86,438	22%
Other	20	3,308	9	1,543	32	4,420	50	9,194	111	18,465	5%
Total	1,129	118,660	1,156	137,898	531	74,062	672	58,817	3,488	389,437	100%
Total in %	32%	30%	33%	35%	15%	19%	19%	15%	100%	100%	

SERVICES

Accor has a global presence and leads the market for service vouchers. Present in 31 countries with 12 million daily users, Accor Services counted 330,000 corporate customers and 960,000 affiliated providers at December 31, 2000.

The showcase product of this Accor activity is the Ticket Restaurant. This, created at the end of the sixties to enable workers with no canteen to buy themselves a subsidised meal, has given birth to a range of new products:

- Food vouchers: these offer a flexible, economic alternative to canteens (Ticket Restaurant, Ticket Alimentation, Ticket Canasta);
- Expense management: this offers practical solutions for management of certain professional expenses incurred by staff, mostly in the area of company car management (Ticket Car, Ticket Combustible) and for dry cleaning of professional clothing (Clean Way);
- Services and Personal assistance: this contributes to improving the social welfare of staff, and includes assistance programmes (FamilyLife Solutions, Americare) or childcare services (Childcare Vouchers);
- Services to Public Sector: this strengthens efficacy of programmes backing up State assistance (purchases of basic necessities, transport for jobseekers);
- Incentive/Events: these concern employee incentive and reward programmes (Top Premium, Incentive House).

The operating principle for these service vouchers is as follows: corporate customers buy the vouchers issued by Accor for their face value plus a service commission. They then sell them on to their staff at a price lower than the face value, and benefit from a tax rebate, the amount of which varies from country to country (the price in France has been FRF 30, since January 1, 2001). The user spends the vouchers at their face value in affiliated networks such as restaurants, which then apply to Accor for the payment of the face value less a refund commission. Between the moment Accor is paid the value of the tickets sold, and the moment it has to pay back the recipient of the voucher, the funds are invested and produce financial revenue which, in addition to the service and refund commissions, constitute the revenue from this activity.

Service vouchers have economic and social usefulness which is valid in both developed and emerging countries.

Since 1995, Accor Services has been involved in a process of technological migration. The service voucher on paper is beginning to be replaced by magnetic strip or smart cards, of which there were almost 600,000 holders at end 2000.

OTHER ACTIVITIES

Travel Agencies

Accor is the world number 2 in business travel, in terms of traffic recorded, through its 50% holding in Carlson Wagonlit Travel. This joint-venture is the product of the merger between Accor and the American Carlson Companies, in January 1997, which followed on from the commercial agreement signed in 1994. Carlson Wagonlit Travel, present in 140 countries, advises the large international groups and companies of all sizes on their travel policy and management of business travel expenses. Today, the development of Carlson Wagonlit Travel has begun to focus on the new technologies and on services with high added value, with the creation of an Internet portal B2B, which offers its clients direct access to information, in particular an online booking tool and statistical reports on the travel expenses.

Casinos

Accor holds the third position in France in the casino activity, and its ambition is to become a leading European player in this activity. Over the year 2000, Accor Casinos opened two casinos in France, located in Les Sables-d'Olonne and Besançon, and one in Dinant, Belgium. At December 31, 2000, Accor Casinos controlled 13 operational casinos.

Restaurants

Accor is present in all sectors of the gourmet food industry via its subsidiary Lenôtre, which is Accor's world-famous luxury brand. Lenôtre deals in top-of-the-range catering, demonstrating its prowess more especially during the Sydney Olympic Games in the catering for the French Olympic and Sports Committee. Lenôtre also manages a network of 36 shops spread over 8 countries, including Germany, the United States, Japan, South Korea, and Kuwait. In France, Lenôtre has a network of 7 shops and runs three prestigious restaurants in Paris, including the Pré Catelan and the Pavillon Elysées. It trains some 3,000 professional chefs in its own school. Lenôtre currently boasts 10 Meilleurs Ouvriers de France, ("best cook award" prizewinners), one "sommelier" elected best head wine waiter in the world in 2000, and a portfolio of over 30,000 recipes. Ultimately, Accor wishes to develop the synergy between Lenôtre and its hotel catering activities.

Accor is also present in public restaurants in Italy, with its subsidiary Gemeaz Cusin, and in Brazil via a joint-venture with the British group Compass.

On-board train services

Accor is the European leader for food services on board trains, via its subsidiary the Compagnie des Wagons-Lits. More particularly present on the northern and southern European railway networks, the Compagnie des Wagons-Lits makes travellers' journeys pleasanter with sleeping and catering services.

Personnel of managed activities

	1998	1999	2000
Hotels	83,037	90,546	101,317
Services	3,228	3,548	3,933
Other activities			
Travel agencies	8,224	7,015	7,702
Casinos	876	1,123	2,607
Restaurants	19,768	19,811	22,557
On-board train services	6,128	4,816	5,130
Other	451	1,991	3,260
Total	121,712	128,850	146 506

RECENT DEVELOPMENTS, OUTLOOK & STRATEGY

IMPORTANT EVENTS IN THE BEGINNING OF 2001

First activity trends

In hotels, the trends for the first four months of 2001 show gains in activity points in all segment of the market.

In business and leisure hotels in Europe, the growth of RevPAR at the end of April rose to 7.4%. In economy and budget hotels, RevPAR grew by 8.7% in Europe and 3.0% in the United States.

Activity trends in hotels as of April, 2001 (cumulated)

	Occupancy rate		Average room rate	RevPAR
	(in %)	(var. in points)	(var. in %)	(var. in %)
Business and leisure Europe	61.2%	+0.5	+6.4%	+7.4%
Economy Europe	71.4%	+1.2	+6.9%	+8.7%
Economy USA	63.6%	+1.1	+1.2%	+3.0%

In the services business, volume of issuance over the first four months of 2001 rose in every geographical zone in which we do business, with very strong growth in Latin America and Central Europe. Over the services business as a whole, issue volumes amounted to € 2,430 million at the end of April 2001, an increase of 11.3% year on year.

Development

In the hotel business, early 2001 was also marked by the opening of 2 Sofitel, one in Peru - the Sofitel Royal Park in Lima - and one in Poland, with the Krakow Sofitel. A Novotel was opened in early 2001 in Praha, the Praha City Novotel, which is the first in the Czech Republic, and another was opened in Cuzco, Peru. Accor also acquired Nikko Hotel in Paris, which will be Novotel rebranded in 2002 as well as a minority share in the Hong Kong based Hotel management company Century International Hotels which operates 20 hotels and resorts (5,800 rooms) in six Asian countries.

The new chain Suitehotel was rolled out in the European market in early 2001. Suitehotel is a new hotel concept, in the 3-star category, designed to meet the requirements of individual, independent business clients, seeking a place in which to relax, work, receive guests, eat and stay with family.

In the services sector, Accor acquired Pilote Distribution in France, which is a leading distributor of gifts, gift vouchers and individual incentive travel, designed to motivate and reward corporate sales forces and their distribution networks. This acquisition enables us to reinforce the Accor Services Incentive / Events branch in France, adding to Incentive House and Market Place. Another significant event in the first four months of 2001 was the acquisition of the customer base and affiliated contracts with retail dry cleaners of Cleaning Tokens Ltd. in the United Kingdom, as well as the acquisition of Employee Advisory Resource (EAR) in England, one of the leaders in employee assistance programmes. EAR supplies its client companies' employees with telephone assistance offering individual advice on debt, taxation, legal issues, and stress management. This acquisition is in line with Accor's strategy to become a major player in integrated services in the framework of its second international business.

Awards

Our online reservation and sales web site www.accorhotels.com has just received the Silver Click prize for the best e-commerce web site, on the occasion of the fifth Web Grand Prix, which was inaugurated in 1997 by the magazine CB News and Yahoo!. This award was for the web site's online transcription of the entire offer of Accor hotel chains, its homogeneity and its functions, as well as its design and the ergonomics and quality of the content and services on offer.

OUTLOOK AND STRATEGY

Hotels

In the hotel business, Accor is deploying a strategy of selective development, along with a policy to improve the profitability of its existing portfolio of hotels. This strategy is grounded in the balanced character of the Accor hotel portfolio, which has a unique position and is benefiting from a favourable climate on long-term profitable markets.

Growth in demand higher than growth in supply

As regards demand for rooms, the fundamentals in this sector are very favourable. With the increase in households' available income and leisure time, and across-the-board falls in airline prices, as well as the booming development of online travel services, demand for middle-of-the range and economy hotel products has soared.

In the space of twenty years, between 1980 and 2000, the number of international travellers has risen from 290 million to 700 million, and should reach 1,600 million by 2020 according to the forecasts of the World Tourism Organisation.

The fundamentals in this sector are also very favourable for Accor, as regards hotel room offer. Over the year 2000 alone, room supply grew only slightly, by +0.8% in Europe and +3.7% in the economy range in the United States according to MKG Conseil (February 2001) and Price Waterhouse Coopers (January 2001).

According to Price Waterhouse Coopers (January 2001), the forecast for the year 2001 of growth in supply in the US is 2.5% in the economy and budget segment.

Europe: a very fragmented market

Given this market configuration, characterised by growth in demand which exceeds that in supply, Accor will carefully select its investments to give priority to Europe. This preference for Europe is first of all due to the size and structure of the market, which represents 50% of the world market as against 30% for the United States. Although the hotel chains in the United States hold some 70% of the overall room supply (so 30% represents the independent hotel offer), the European market remains highly fragmented (chains representing 19% of the market, according to MKG Conseil (February 2001)). This offers opportunities for consolidation.

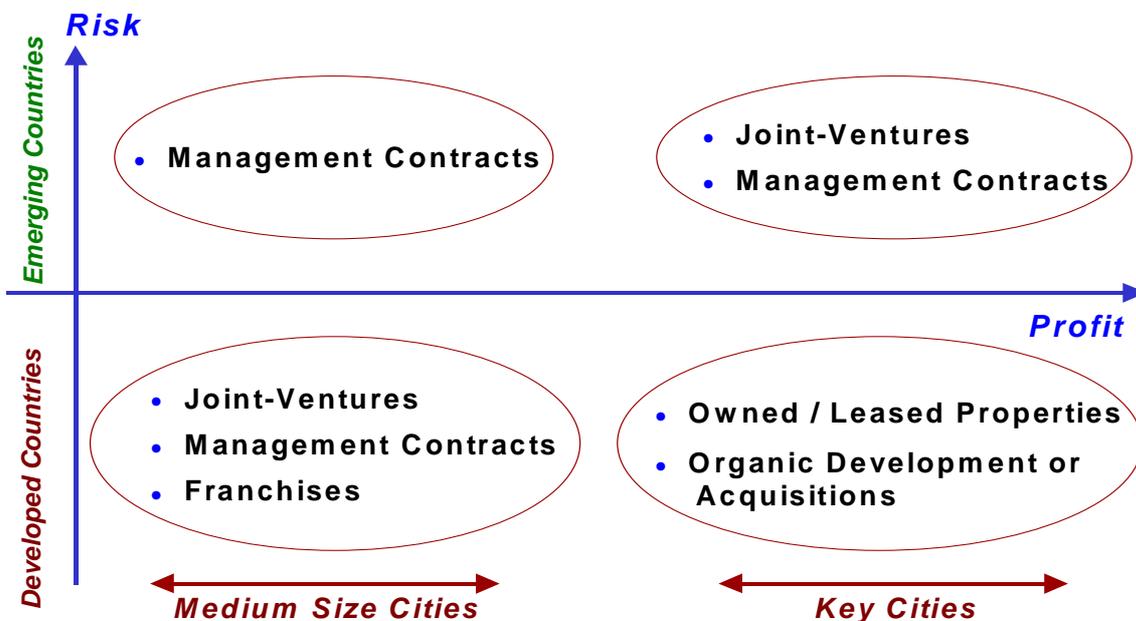
Europe and large cities: 90% of Accor's investments

Accor's investment choices are based on a selective development strategy, itself grounded in optimisation of the profit-risk ratio. Accor has chosen to make direct investments in geographical zones with better economic and political visibility, mainly in Europe, but also in the main international gateways.

Elsewhere, Accor will choose suitable financing formulas, by taking minority shareholdings in joint-ventures with local partners, or by setting up management contracts without capital investment. Accor

thus hopes to open 22,000 rooms in 2001 via organic growth, to which possible acquisitions could be added, mainly in local markets.

Selective Development Strategy



Main openings in 2000

	Owned/Leased	Management	Franchises
	Paris (2), New York, Philadelphia	Angkor, Rabat, Smir	
	London, Sydney, Canberra	Geneva, Havana, Cartagena, Sao Paolo, Beijing, Shanghai, Jodhpur, Jerusalem	
	London, Berlin, Rome	Hammamet, Yaounde, Algiers, Budapest, Sydney (3), Delhi	Perpignan (France)
	Berlin (2), London, Barcelona, Lisbon, Amsterdam, Stockholm, Warsaw, Sydney, Sao Paolo	Zurich	Dinant (Belgium), Granville (France)
	Paris (4), London	Zurich, Tiberias (Israel)	St Malo, Manosque (France)
	Paris (2), Liverpool, Bremen, Zurich	Newcastle (Australia), Jonkoping (Sweden)	
			
	12		44

Improving profitability in existing hotel portfolio

The other important aspect of Accor's hotel strategy is improving hotel profitability by increasing burgeoning development of online sales on the web sites, the new fidelity programmes set up at Group level, and the increased efficiency of our sales due to the new central booking system, will all have a positive effect on sales figures. The sophisticated market techniques of yield management, by which hotel room occupation and prices are administered for an entire town, whatever the hotel chain, represent an original approach that Accor is beginning to adopt in France and internationally. This still offers room for growth in sales.

Cuts in hotel operating costs can also contribute to an increase in Accor's cost effectiveness. At purchasing level, coming improvements will be due to the setting up of an Enterprise Resource Planning (ERP) system by the end of 2002, and the development of a marketplace. Another important aspect of this strategy is the promotion of direct distribution methods. Given that the cost of selling a room for a night via a web site is far lower than that for one booked via a call centre, the productivity gains expected from any measure to optimise distribution costs remain very high.

Finally, in addition to technological advances, Accor has seen higher cost effectiveness due to the economies of scale which result from each new addition to its network.

Services

In services, Accor is pursuing a robust, steady growth strategy, driven by three growth factors: organic and geographical development, product diversification and technological migration.

Organic and geographical development

Organic and geographical development is the first source of growth in Accor services. This strategy is first of all based on existing opportunities for growth in Accor Services' traditional client countries, and is materialised by signature of new contracts. This is, for instance, the case for the offer of Ticket Restaurant to the French and Italian civil services in 2000. Accor Services opens up an average of two new markets a year. In 2000, Lebanon and China were added to the list of existing client countries, in addition to some Central European countries in 1999.

Product diversification

Product diversification is the second factor of growth in Accor services. On the back of the continuing success of its showcase product the Ticket Restaurant, Accor decided to adopt a strategy of product diversification in order to conquer new markets. This, started in 1995, has already recorded good results. Although Food Voucher sales continue to rise (€ 6.0 billion in 2000 as against € 4.5 billion in 1996), the share of Food Services in the overall issue volume of Accor Services has fallen (87% of issue volume in 2000 as against 99.5% in 1996), to the benefit of innovative services. Among these innovative services, Accor has gained significant recognition in its integrated services such as employee assistance programmes and incentive products, fields in which Accor hopes to become a leading world player.

Technological migration

Technological migration is the third factor in the growth of the Services business. This strategy, rolled out in 1997, aims to replace paper supports by magnetic and smart cards. This technological migration allows Accor to offer not only secure services to its users and clients, but also a wider range of services. By the end of 2000, Accor Services counted some 600,000 card holders.

Technological migration is also taking place in order-taking, with the setting up of web sites. These sites allow Accor Services to cut operating costs while at the same time improving the quality of the services offered. In Brazil, for instance, online orders accounted for 47% of all orders in 2000.

CONSOLIDATED FINANCIAL STATEMENTS OF ACCOR

CONSOLIDATED BALANCE SHEET

Assets (at December 31)

in millions	1998	1999	2000
	€	€	€
Intangible fixed assets	457	530	581
Goodwill (net of amortization)	1,247	1,684	1,911
Property, plant and equipment net of accumulated depreciation	3,458	4,518	4,696
Long-term loans	243	280	294
Investments in associated equity companies	152	204	303
Other financial assets	333	163	176
Financial assets	728	647	773
Fixed assets	5,890	7,379	7,961
Inventories	114	78	85
Trade accounts receivables	1,070	1,052	1,201
Other receivables	499	584	614
Service vouchers reserve funds	205	230	259
Financial receivables related to vehicle buy-back	415	-	-
Receivables on short-term asset disposals	22	265	102
Short-term loans	58	138	79
Marketable securities	491	619	792
Cash and equivalents	445	488	599
Current assets	3,319	3,454	3,731
Prepaid expenses	167	159	189
Deferred charges	48	60	73
Prepaid expenses and deferred charges	215	219	262
Total assets	9,424	11,052	11,954

CONSOLIDATED BALANCE SHEET

Liabilities and Shareholders' Equity (at 31 December 31)

in millions	1998	1999	2000
	€	€	€
Share capital	551	556	591
Additional paid-in capital	1,560	1,655	1,894
Reserves (retained earnings)	516	627	724
Translation adjustments	(50)	89	187
Net income for the year	297	352	447
Shareholders' equity	2,874	3,279	3,843
Minority interests	175	185	141
Shareholders' equity and minority interests	3,049	3,464	3,984
Provisions	519	604	609
Repackaged Perpetual Subordinated Floating Rate Notes (TSDI)	402	363	270
Convertible bonds	307	291	-
Exchangeable bonds	-	434	434
Other long-term debt	1,176	1,667	2,477
Capital leases	205	242	216
Long-term debt	2,090	2,997	3,397
Non-current liabilities and shareholders' equity	5,658	7,065	7,990
Trade accounts payable	705	584	677
Other payables	790	1,031	1,154
Service vouchers in circulation	1,030	1,142	1,325
Short-term debt	867	831	251
Due to banks	308	347	470
Current liabilities	3,700	3,935	3,877
Accrued liabilities	66	52	87
Total liabilities and shareholders' equity	9,424	11,052	11,954

CONSOLIDATED INCOME STATEMENT (at December 31)

in millions	1998	1999	2000
	€	€	€
Revenues	5,554	6,044	6,946
Other operating revenues	69	61	62
Consolidated sales	5,623	6,105	7,007
Operating expenses	(4,272)	(4,545)	(5,117)
EBITDAR	1,351	1,560	1,891
Rental expense	(402)	(478)	(616)
EBDIT	949	1,082	1,275
Depreciation and operating provision expense	(307)	(359)	(428)
EBIT	642	723	847
Net financial expense	(158)	(143)	(121)
Net income from associated equity companies, Group share	12	15	25
Total income from operations	496	595	751
Result from management of hotel portfolio	(15)	18	19
Current income before taxes	481	613	770
Result from management of other assets	21	(29)	23
Goodwill amortization	(60)	(68)	(96)
Income taxes	(153)	(222)	(256)
Exceptional items (net of taxes)	37	82	35
Minority interests	(29)	(24)	(28)
Consolidated net income, Group share	297	352	447
Average number of shares outstanding (in thousands)	179,670	181,280	196,002
Earnings per share (in €)	1.65	1.94	2.28
Net income, fully diluted	1.62	1.89	2.27

CONSOLIDATED STATEMENT OF SOURCES AND USES OF FUNDS (at December 31)

in millions	1998	1999	2000
	€	€	€
Consolidated net income, Group share	297	352	447
Minority interests	29	24	28
Depreciation, amortization and provision	367	426	524
Net income from associated equity companies, Group share, net of actual dividends received	(4)	1	(11)
Deferred taxes	28	10	77
Financial provisions and provisions on assets management	153	105	12
Consolidated cash flow (1)	870	918	1 078
Net realized capital (gains)/ losses on asset sales (2)	(208)	(213)	(149)
Non-operating losses/ (profit)	34	73	56
Consolidated cash flow from operations	696	778	984
Investments for renovation and maintenance (3)	(357)	(431)	(422)
Free cash flow	339	347	562
New capital and technology expenditure (4)	(731)	(2,680)	(1,251)
Proceeds from asset disposals (excluding Europcar) (5)	1,438	1,428	843
Net impact of the sale of Europcar (6)	-	440	-
Decrease/ (increase) in working capital (7)	(24)	14	116
Non-operating gains (losses)	(34)	(72)	(56)
Net sources / (uses) from operations	988	(523)	214
Dividends (8)	(210)	(218)	(248)
Capital increases / (decrease) (9)	26	101	274
Currency translation adjustments on fixed assets and shareholders' equity (10)	29	(243)	(97)
Changes in the scope of consolidation on provisions and minority interests (11)	(27)	52	(24)
Decrease/ (increase) in net indebtedness	806	(831)	119
Net indebtedness (beginning of the period)	(2,640)	(1,834)	(2,665)
Net indebtedness (end of the period)	(1,834)	(2,665)	(2,547)
Decrease/ (increase) in net indebtedness	806	(831)	119
Cash flows from operating activities (1)+(2)+(7)	638	719	1 044
Cash flows from investing activities (3)+(4)+(5)+(6)	350	(1,243)	(830)
Cash flow (8)+(9)	(184)	(117)	26
Miscellaneous (10)+(11)	2	(190)	(121)
Decrease/ (increase) in net indebtedness	806	(831)	119

CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY (before minority interests)

in € millions	Number of shares outstanding	Share capital	Additional paid-in capital	Translation adjustments*	Reserves (retained earnings)	Consolidated Shareholders' equity
At December 31, 1998	180 704 995	551	1 560	(50)	813	2 874
Capital increases:						
• Conversions of bonds	623,302	2	14	-	-	16
• Exercise of stock options	1,067,500	3	15	-	-	18
• Through merger / transfer of assets	2,757,015	8	46	-	-	54
• Through employee subscription	329,170	1	12	-	-	13
Dividend	-	-	-	-	(187)	(187)
Translation adjustments	-	-	-	139	-	139
Conversion of share capital into €	-	(9)	8	-	1	-
Net income for 1999	-	-	-	-	352	352
At December 31, 1999	185,481,982	556	1 655	89	979	3 279
Change in accounting method CRC 99-02	-	-	-	-	(30)	(30)
Capital increases:						
• Conversions of bonds	11,296,983	34	254	-	-	288
• Through merger / transfer of assets	-	-	-	-	-	-
• Exercise of stock options	779,590	2	9	-	-	11
• Treasury shares	(1,282,070)	(4)	(48)	-	-	(52)
• Through employee subscription	766,050	3	24	-	-	27
Dividend	-	-	-	-	(225)	(225)
Translation adjustments	-	-	-	98	-	98
Net income for 2000	-	-	-	-	447	447
At December 31, 2000	197,042,535	591	1,894	187	1,171	3,843

* including € (14) million for the Euro countries at December 31, 1998, € (18) million at December 31, 1999, € (17) million at December 31, 2000.

The change in translation adjustments between 1998 and 1999, and between 1999 and 2000 primarily stems from the impact on the Group's North American assets - mainly the Motel 6 and Red Roof Inns chain - of the higher or lower US dollar exchange rate relative to the French Franc (December 31, 1998: 5.6221, December 31, 1999: 6.52953 and December 31, 2000: 7.04951). In addition, part of the change in translation adjustments during 1999 is attributable to the impact of the devaluation of the Brazilian Real. The Brazilian Real versus French Franc exchange rates used for the financial statements at December 31, 1998, December 31, 1999 and December 31, 2000 were 4.65310, 3.64057 and 3.615084, respectively.

Key Management Ratios

	Notes	1998	1999	2000
Gearing	a	60.0%	77.0%	64.0%
FFO/Net Debt	b	19.6%	21.0%	23.4%
Financial Charge Cover	c	4.8	4.6	5.1
Return On Capital Employed	d	11.2%	11.2%	11.7%
Economic Value Added (in € millions)	e	214	224	265

Note a: Gearing is the ratio used by the Group to assess its indebtedness. It is the ration of net debt to shareholders' equity including minority interests.

Note b: Funds from operations/Net debt. Pursuant to the methodology applied by major rating agencies, the ratio of funds from operations to net debt is established as follows:

- Consolidated cash flow from operations (see consolidated statement of sources and uses of funds) are adjusted to reflect 2/3 of rents paid during the year;
- Net debt is restated to take into account investments and divestitures, prorated on the basis of their impact in the income statement. For example, proceeds generated by a divestiture occurring on December 31 of year N will be fully restated under "Net debt". In addition, restated net debt is adjusted to include five times rents paid during the current year.

Note c: Financial Charge Cover is the ratio of EBITDAR to net financial expense, adjusted to reflect 1/3 of rents paid during the year. In 1998 and 1999, this ratio was published at 4.6 and 5.2 respectively in the total Financial Income. As of 2000, the ratio is now calculated only from the interest base and in compliance with the major rating agencies.

Note d: Return on Capital Employed, or ROCE.

Note e: Economic Value Added (EVA).

The calculation of Economic Value Added at the end of 1998, 1999 and 2000 was established as follows:

in € millions	1998	1999	2000
Cost of equity ¹	7.86%	8.74%	8.60%
Cost of debt after tax	3.60%	3.39%	3.68%
Equity/Debt Ratio			
- Equity	62.45%	56.18%	61.01%
- Debt	37.55%	43.82%	38.99%
WACC²	6.26%	6.39%	6.68%
ROCE net of Income Taxes³	8.72%	8.69%	9.04%
Capital employed	8,699	9,757	11,214
EVA⁴	214	224	265

¹ The Beta used in calculating the Cost of Equity during 1998, 1999 and 2000 is 0.8, 0.9 and 0.9 respectively. With a risk premium of 4% and an OAT - 10 years of 5%, cost of equity is 8.6% in 2000.

² The WACC is determined as follows:

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

³ ROCE net of Income taxes is determined as follows:

$$\frac{\text{EBITDA} - [(\text{EBITDA} - \text{operational amortization}) \times \text{tax rate}]}{\text{Capital employed}}$$

For example, in the year 2000, the data is as follows:

EBITDA	: 1,315M€	Tax rate	: 33.2%
Amortization	: 408M€	Capital employed	: 11,214M€

⁴ The EVA is determined as follows:

$$(\text{ROCE net of Income taxes} - \text{WACC}) \times \text{Capital employed}$$

The variation of the Beta of +/-0.1 during 1998, 1999 and 2000 is € 27 million, € 20 million and € 27 million respectively.

CAPITALISATION OF ACCOR

in EUR millions	As of December 31st, 2000	
	<u>Actual</u>	<u>as adjusted (1)</u>
Cash and cash equivalents	1,391	1,391
Short-term financial debt:		
Bank debt	470	470
Debentures	251	251
Total short-term financial debt	721	721
Long-term financial debt:		
Notes offered hereby	0	800
Capital leases	216	216
Other long-term debt	2,477	1,682
Exchangeable bonds	434	434
Repackaged subordinated perpetual notes (TSDI)	270	270
Total long-term financial debt	3,397	3,402
Total financial debt	4,118	4,123
Share capital	591	591
Other shareholders' equity	3,252	3,252
Total shareholder's equity	3,843	3,843
Total consolidated capitalisation	7,961	7,966

Except as disclosed in this Offering Circular, there has been no material change in the capitalisation of Accor since December 31st, 2000.

Note: (1) to take into account this € 800,000,000 5.75% Notes issue.

MANAGEMENT AND SUPERVISION OF ACCOR

In accordance with the French *code de commerce*, Accor is administered by a five-member Management Board (*directoire*) responsible for Group management and a Supervisory Board (*conseil de surveillance*) responsible for overseeing Group management. The Supervisory Board is comprised of eleven members, including six representatives of major shareholders, and five independent members.

Management Board

Jean-Marc Espalioux,
Chairman and CEO

Sven Boinet

Benjamin Cohen

John du Monceau

Paul Dubrule

Co-Chairmen and Founders

Paul Dubrule, Gérard Pélisson

Supervisory Board

Chairman

Gérard Pélisson

Vice-President

Etienne Davignon,*

Vice-President, Société Générale de Belgique

BNP-Paribas,

represented by Baudouin Prot, CEO,

Isabelle Bouillot,

Chairman of the Management Board of CDC Ixis

CDC Participations,

represented by Willy Stricker, Chairman

Renaud d'Elissagaray,*

Former Management Board member, Banque Louis Dreyfus

Jean-Marie Fourier,*

Honorary CEO, Groupe Thomson

IFIL Finanziaria di Partecipazioni SpA,

represented by Gabriele Galateri di Genola, CEO

Jérôme Seydoux,*

Chairman of the Supervisory Board, Pathé

Maurice Simond,*

former Group Director IBM Europe

Société Générale,

represented by Patrick Duverger, Honorary CEO.

* Independent members

STATUTORY AUDITORS' REPORT
ON THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2000

In carrying out the mission assigned to us by your Annual General Meeting, we proceeded to check the consolidated financial statements of Accor, expressed in euros, relative to the financial year ended on December 31, 2000, as appended to the present report.

The consolidated financial statements were prepared by your Board of Directors. It is our duty to express an opinion on these financial statements based on our audit.

We carried out our audit according to the professional standards applicable in France. Those standards require that we plan and perform the audit to obtain the reasonable assurance that the consolidated financial statements are free of material misstatements. An audit entails examining, on a test basis, evidence supporting the amounts and disclosures in these financial statements. An audit also entails assessing the accounting principles used and significant estimates made by management in preparing the accounts, as well as evaluating the overall presentation. We believe that our audit provides a reasonable basis for the opinion expressed hereafter.

We certify that the consolidated statements, prepared in compliance with the generally accepted accounting rules and principles applicable in France, are true and sincere and fairly present the financial position, and the results of all Group entities included in the consolidation.

We have also reviewed the information given in the Directors' management report. We have no special comment to make regarding their fairness and conformity with the consolidated financial statements.

Neuilly, March 14, 2001

The Statutory Auditors

Barbier Frinault & Autres
Arthur Andersen

Deloitte Touche Tohmatsu –
Audit

Members of the Versailles Chamber of Auditors

Christian Chochon

Alain Pons

The Revisers

Deloitte Touche Tohmatsu

SUBSCRIPTION AND SALE

Subscription Agreement

CDC IXIS Capital Markets, J.P. Morgan Securities Ltd. and Natexis Banques Populaires (the “**Joint Lead Managers**”) and Crédit Agricole Indosuez, Crédit Commercial de France, CIC, Goldman Sachs International and Lehman Brothers International (Europe) (together with the Lead Managers, the “**Managers**”) have, pursuant to a Subscription Agreement dated 3 July 2001 (the “**Subscription Agreement**”), jointly and severally agreed with the Issuer, subject to the satisfaction of certain conditions, to subscribe for the Notes at a price equal to 99.661 % of the principal amount of the Notes, less (i) a selling concession of 0.15 per cent and, (ii) a combined management and underwriting commission (the “**Underwriting Commission**”) of 0.15 %, in each case of the principal amount of the Notes. In addition, the Issuer will pay certain costs incurred by it and the Joint Lead Managers in connection with the issue of the Notes.

The Joint Lead Managers are entitled to terminate the Subscription Agreement in certain limited circumstances prior to the issue of the Notes. The Issuer has agreed to indemnify the Managers against certain liabilities in connection with the offer and sale of the Notes.

General Restrictions

Each Manager has agreed to comply with all applicable laws and regulations in each jurisdiction in or from which it may offer or sell Notes. Furthermore, each Manager has agreed that it will not, directly or indirectly, offer, sell or deliver any Notes or distribute or publish any prospectus, form of application, offering circular (including the Offering Circular in proof or in final form), advertisement or other offering material in or from any country or jurisdiction except under circumstances that will result in compliance with any applicable laws and regulations, and all offers, sales and deliveries of Notes will be made in accordance with the terms of this clause. Unless otherwise herein provided, no action will be taken to obtain permission for public offering of the Notes in any country where action would be required for such purpose.

France

Each of the Managers and the Issuer has agreed that the Notes are being issued outside the Republic of France and that it has not offered and will not offer, directly or indirectly, any Notes in the Republic of France and has not distributed and will not distribute or cause to be distributed in the Republic of France the Offering Circular or any other offering material relating to the Notes, except to qualified investors (*investisseurs qualifiés*), as defined in Article L.411-2 of the French *Code monétaire et financier* and Decree n°98-880 dated 1 October 1998.

United States

The Notes have not been and will not be registered under the Securities Act, and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act (“**Regulation S**”).

Each Manager has agreed that, except as permitted by the Subscription Agreement, it will not offer or sell the Notes (i) as part of their distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering and the Closing Date, within the United States or to, or for the account or benefit of, U.S. persons, and it will have sent to each dealer to which it sells Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S.

The Notes are being offered and sold outside the United States to non-U.S. persons in reliance on Regulation S.

In addition, until 40 days after the commencement of the offering of the Notes, an offer or sale of Notes within the United States by a dealer that is not participating in the offering may violate the registration requirements of the Securities Act.

United Kingdom

Each of the Managers has represented and agreed that:

- (i) it has not offered or sold and, prior to the date six months after the date of issue of the Notes, will not offer or sell, any Notes to persons in the United Kingdom except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or otherwise in circumstances which have not resulted and will not result in an offer to the public in the United Kingdom within the meaning of the Public Offers of Securities Regulations 1995;
- (ii) it has complied and will comply with all applicable provisions of the Financial Services Act 1986 with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom; and
- (iii) it has only issued or passed on, and will only issue and pass on, in the United Kingdom any document received by it in connection with the issue of the Notes to a person who is of a kind described in Article 11(3) of the Financial Services Act 1986 (Investment Advertisements) (Exemptions) Order 1996, as amended or is a person to whom any such document may otherwise lawfully be issued or passed on.

GENERAL INFORMATION

- 1 The Notes have been accepted for clearance through Clearstream, Luxembourg and Euroclear with the Common Code number of 013144036 and Euroclear France with the number 48640. The International Securities Identification Number (ISIN) for the Notes is FR0000486409.
- 2 In connection with the application to list the Notes on the Luxembourg Stock Exchange, a legal notice relating to the issue of the Notes and copies of the *Statuts* of the Issuer will be deposited with the Chief Registrar of the District Court in Luxembourg (*Greffier en Chef du Tribunal d'Arrondissement de et à Luxembourg*) where such documents may be examined and copies obtained.
- 3 The Issuer has obtained all necessary consents, approvals and authorisations in the Republic of France in connection with the issue and performance of its obligations under the Notes. The issue of the Notes was authorised by a resolution of the Management Board (*Directoire*) of the Issuer dated 8 June 2001, acting pursuant to the approval of the Supervisory Board of the Issuer dated 27 May 1999 and a resolution of the *Assemblée Générale Mixte* of the shareholders of the Issuer passed on 27 May 1999.
- 4 Except as disclosed in this Offering Circular, there has been no change (nor any development or event involving a prospective change) which is materially adverse to the Condition (financial or other), prospects, results of operations or general affairs of Accor since 31 December 2000.
- 5 Except as disclosed in this Offering Circular, neither Accor, nor any of its subsidiaries are involved in any litigation, arbitration or administrative proceedings relating to amounts which, individually or in the aggregates, are material in the context of the issue of the Notes and, to the best of the knowledge of Accor, there are no such litigation, arbitration or administrative proceedings pending or threatened.
- 6 So long as any of the Notes remain outstanding, copies of the Offering Circular and the *Statuts* of the Issuer and copies of the most recent annual and semi-annual consolidated financial statements of the Issuer will be obtainable, free of charge, at the specified offices for the time being of the Fiscal Agent in Paris and of the Paying Agent in Luxembourg during normal business hours. The Issuer does not publish annual or interim financial statements on a non-consolidated basis.
- 7 Barbier Frinault & Autres and Deloitte Touche Tohmatsu-Audit, the statutory auditors of Accor, have audited, and rendered unqualified reports on, the consolidated financial statements of Accor at, and for the three years ended, 31 December 2000. They have also given and have not withdrawn their written consent to the issue of this Offering Circular with the inclusion of their audit report on the consolidated financial statements of Accor at, and for the year ended, 31 December 2000. At the date of this Offering Circular, Accor has not published any audited financial statements for the year ended 31 December 2000.
- 8 Legal opinions relating to the validity of the Notes under French law will be given by Mr. Pierre Todorov, General Counsel to Accor and Linklaters, legal advisers to the Managers as to French law.
- 9 The European Union is currently considering proposals for a new directive regarding the taxation of savings income. Subject to a number of important conditions being met, it is proposed that Member States will be required to provide to the tax authorities of another Member State details of payments of interest or other similar income paid by a person within its jurisdiction to an individual resident in that other Member State, subject to the right of certain

Member States to opt instead for a withholding system for a transitional period in relation to such payments.

REGISTERED OFFICE OF ACCOR

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France

STATUTORY AUDITORS OF ACCOR

Barbier, Frinault et Autres

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41, rue Ybry
92576 Neuilly-sur-Seine
France

Deloitte Touche Tohmatsu - Audit

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

LEGAL ADVISORS

To Accor

Pierre Todorov
General Counsel

To the Managers

Linklaters
25, rue de Marignan
75008 Paris
France

FISCAL AGENT AND PRINCIPAL PAYING AGENT

BNP PARIBAS SECURITIES SERVICES

Les Collines de l'Arche
92057 La Défense

PAYING AGENT

BNP PARIBAS Luxembourg

10A Boulevard Royal
L-2093 Luxembourg

LUXEMBOURG LISTING AGENT

BNP PARIBAS Luxembourg

10A Boulevard Royal
L-2093 Luxembourg