**Press Release**
Paris – May 13, 2009

# Increasing Responsiveness at Every Level

Faced with an unprecedented recession, which caused business to decline more quickly in the first quarter and offers few prospects for an improvement in the second, **Accor is focused more than ever on the battle for revenue in the Hotels business and on stepping up its marketing initiatives in Prepaid Services and has decided to take a certain number of additional measures to reduce costs and scale back capital expenditure.**

Enhancing responsiveness also requires lean, agile governance structures. Accor shareholders are therefore asked at today's Annual Meeting to approve **a reduction in the number of Board members from 17 to 12.** In the same commitment to speeding up the decision-making process in a time of crisis, the Group has also streamlined its management structures by **reducing the number of Executive Committee members to 9** (see the May 11, 2009 press release) and the **number of operating regions in the Hospitality business to 3**.

## Marketing responsiveness

- **Focusing more than ever on the battle for revenue in Hotels**

With its efficient distribution platforms, particularly in online channels, Accor is able to launch major super sale promotions that can have an immediate impact on revenue. Through the end of May, for example, the "Happy Nights" campaign will offer online bookers more than 700,000 rooms at cut-rate discounts in three succeeding waves, starting in Germany and Austria (100,000 rooms), followed by France, Italy and Belgium (500,000) and ending in the United Kingdom (100,000 rooms).

- **Stepping up marketing initiatives in Prepaid Services**

The Prepaid Services business is continuing to launch **new products** and win **new markets**, with, for example, Holiday Vouchers in Romania and the CESU Social human services vouchers in France (a market worth €300 million).

The business is deploying an ever-greater number of programs to **win new customers** and retain **existing ones**. Marketing initiatives launched since the beginning of the year are designed to attract 800,000 additional users in 2009.

In addition, **sales forces have been increased** in fast growing regions, such as Italy, Romania, Asia and Chile.

## Reducing operating costs in owned or leased hotels by €120 million

In the current business environment, Accor has targeted a fixed operating cost response ratio[1] of 35% in the owned and leased hotels in 2009. This ratio, which would limit the negative impact on EBITDAR of a decline in revenue, corresponds to a **5% reduction in fixed costs in owned and leased hotels, for total savings of €120 million.**

Operating costs will be reduced by optimizing operating structures, reviewing purchasing policies and aligning service offerings with hotel occupancy.

When these measures deliver their benefits, a one-point change in RevPAR would feed through to a €32 million increase or decrease in profit before tax in the Hotels' business.

## Reducing support costs by 15%, or €125 million

**Accor has decided to increase the reduction in support costs from €100 million to €125 million,** corresponding to a 15% reduction of costs. Of the total savings, **€80 million will be realized in 2009 and €45 million in 2010.**

The first step in implementing this plan has been to **adjust the Group's organization**, resizing teams to bring them in line with the smaller number of projects and freezing hiring.

A detailed review of all the projects undertaken in recent years has led to some of them being cancelled or postponed. This was particularly the case for hotel renovation projects, back-office, IT and distribution projects and image campaigns. At the same time, the corporate sponsoring programs and the partnership agreements were also reviewed.

Lastly, the Group has **reduced all of its corporate overheads.**

## Reducing renovation capital expenditure by €170 million

Annual renovation capital expenditure has been scaled back to **€315 million in 2009 and 2010**, corresponding to **a €170 million reduction in 2009.**

Almost all of these cutbacks concerned the Hotels business, whose renovation budget has been reduced to €270 million, of which €120 million for security and maintenance work, €30 million for major refurbishments and €120 million for product renovations and IT infrastructure upgrades.

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[1] Response ratio = 1 – [flow-through] = 1 – [change in like-for-like EBITDAR / change in like-for-like revenue]

## Accor is staying on course

In a challenging business environment, the Group is leveraging its two strategically related core businesses to improve its ability to weather cyclical downturns. It enjoys a solid financial position. With a more streamlined organization, Accor is staying on course and keeps on investing for the future.

The Group has indeed targeted to invest **€400 million in hotel expansion capital expenditure in 2010** (instead of 2011 as previously announced). It corresponds to **€100 million less than in 2009**. Of the total €400 million, €300 million will be committed to driving organic growth and €100 million has been set aside for possible acquisitions. In the Prepaid Services, the Group confirms to dedicate €100 million for acquisitions.

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**Accor**, a major global group and the European leader in hotels, as well as the global leader in services to corporate clients and public institutions, operates in nearly 100 countries with 150,000 employees. It offers to its clients over 40 years of expertise in two core businesses:
- **Hotels**, with the **Sofitel, Pullman, MGallery, Novotel, Mercure, Suitehotel, Ibis, all seasons, Etap Hotel, Formule 1** and **Motel 6 brands**, representing 4,000 hotels and nearly 500,000 rooms in 90 countries, as well as strategically related activities, such as **Lenôtre.**
- **Services**, with 32 million people in 40 countries benefiting from Accor Services products in employee and constituent benefits, rewards and incentives, and expense management.

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