International Savings and Retirement Plan

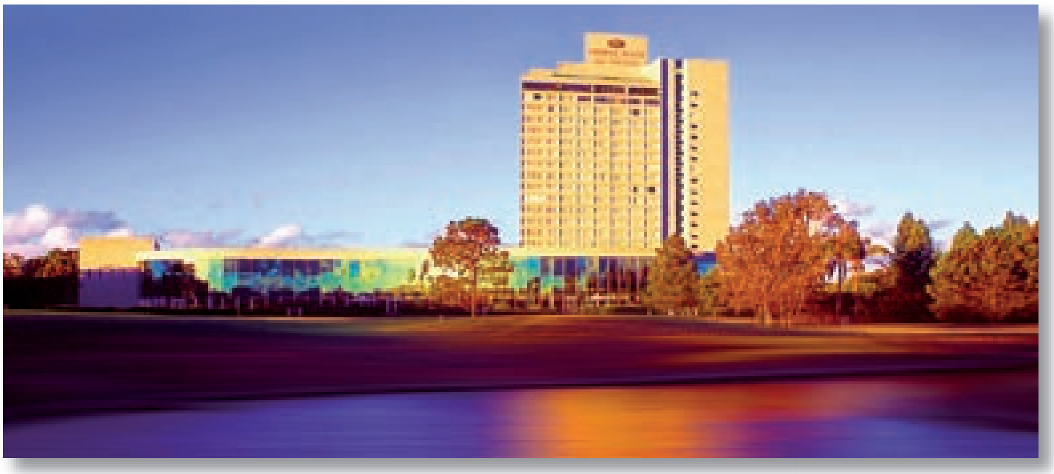
July 2008 Newsletter

InterContinental Hotels Group

I'm delighted to welcome you to this 2008 edition of the Plan newsletter, which has been incorporated as one of the very many aspects of Room for You. We aim to produce another edition towards the end of the year.

In this newsletter, we try to dispel some of the misunderstandings about currency, and inform you of some changes to the Zurich International online website. In the accompanying market update from Zurich there are thoughts on the global 'credit crunch' and also an article on the benefits of regular investing when stock markets are volatile.

David Coles Vice President, Pensions



Currency

Some members have been uncertain about currency issues related to the Plan so this is a brief summary to make this area clear. The main issue to understand is the difference between contribution currency and the currency of the investments.

Contribution Currency

Contributions to the Plan (whether Company contributions or members' additional voluntary contributions) are usually paid in the currency in which your salary is paid. This can be GB Pounds, US Dollars, Euros, Hong Kong Dollars, Japanese Yen, Swiss Francs or Australian Dollars provided at least part of your salary is paid in the chosen currency. If you are not paid in any of these currencies the default currency is US Dollars. **Whilst the contribution currency indicates the currency in which the benefits are likely to be paid eventually, the contribution currency is not the important issue as regards the ultimate value of your benefits**.

Currencies which determine value

The currencies which matter most for determining the ultimate value of your benefits are:

- the currency in which your salary is fixed, since this will determine the value of the contributions at the time they are contributed, and
- the currencies of the investment Funds, as these will help determine the value of your eventual benefits

What you can influence

You have the full choice as to the currency or currencies of your investment Funds regardless of your contribution currency or the currency in which your salary is fixed. For example, if you are paid in US Dollars there is nothing to prevent you from using the Euro Retirement Investment Strategy (RIS). Your investments will then be in the currencies chosen and will be impacted by these currencies up until the time you draw the benefit.

If you have any further queries relating to currency please contact your Plan administrator.

New login process for Zurich International online (ZIO)

Zurich have changed the ZIO login process. The main change is the introduction of a third tier login process that will make your information even safer. Zurich have also made a number of additional smaller changes to improve security and customer experience. The individual changes are:

01 Introduction of a personal identification number (PIN)
in addition to the username and password you currently use when accessing ZIO, you will now be required to enter a PIN. The first time you login you will not need to enter a PIN; simply enter your username and password as per usual - you will then be prompted to choose a PIN.

02 Reminder PIN and password
an automatic password and PIN retrieval process in case you forget one of them. If you have forgotten both your password and PIN you will need to contact the Zurich IT Helpdesk directly.

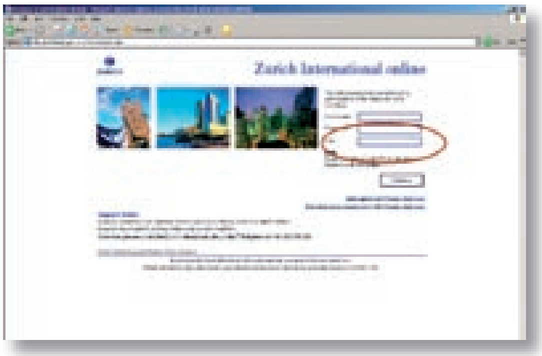
03 Password expiry
the 90 day expiry on passwords will be removed.

04 Terms and conditions
after logging in for the first time after the introduction of these changes you will need to accept the terms and conditions. You will not need to accept the terms and conditions on future visits to ZIO.

05 Change my details
once you have successfully logged into ZIO you will have the opportunity to change your login details, such as password, PIN and username.

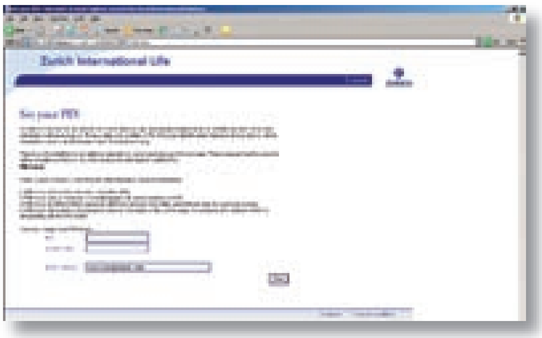
These changes became effective from July 2008.
Whilst some of the login screens will now be different, your use of ZIO will remain unchanged, and your confidential information now even more secure.

Example of the new login screen:

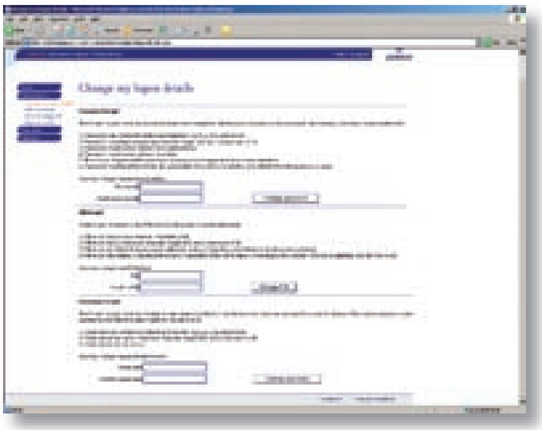


Shows the extra box for PIN. On first logon users will only enter username/password

After the terms and conditions page, users will then be asked to enter a PIN. The PIN guidelines are listed:



The home page now provides a direct link to a new change of details screen where users can change their password, PIN and/or username:



Valuation statements on ZIO

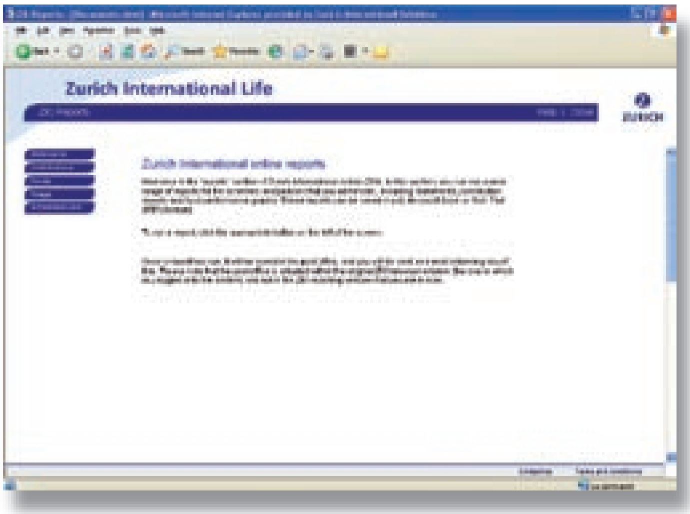
Please remember that information about your Plan is available via ZIO 24 hours a day, seven days a week. There are many useful reports that you can access, including valuation statements which show your contributions and how much your plan is worth at any given time.

Follow the instructions below to access up to date valuation statements for your employer and employee accounts.

01 **Login** as usual

02 Select **Reporting** from the blue bar at the top of the screen

From this screen you can access a range of reports, including valuations as show below:



Keep beneficiary nomination information up-to-date

It's important that Zurich hold up-to-date beneficiary information for all members of the Plan. If you haven't done so already, please take the time to complete a beneficiary nomination form which is available on ZIO. To access the form simply log on, go to the beneficiary section and follow the process completing the information as required. Then print the form, sign it and send to Zurich Trust Limited, P.O. Box 227, One Castle Street, St Helier, Jersey, JE4 9SR.

This is a requirement for all Plan members, so whether you have just joined the Plan or have been a member for a number of years, it is essential that you complete the information. It's also important to regularly review your nominations, especially if your personal circumstances change. ZIO can be accessed via: https://online.zurichinternationalsolutions.com

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Market update from Zurich International Life

This update is designed to provide information on trends in various areas which impact long-term investments. However, Zurich International Life (Zurich) does not provide investment advice and you should consult your relevant financial professional before making or changing your investment choices as all investment involves risk and past performance is not a guide to future performance.

What's ahead in 2008

Year end summary and market outlook
Produced in association with BlackRock.

The credit crunch and recessionary fears
In early 2007, financial headlines started to talk about the 'subprime mortgage crisis' which later in the year became known as the 'credit crunch'. Subprime mortgages are those offered to people whose credit history is not sufficient to get a conventional mortgage. The regular payments from many of these mortgages are packaged up and then sold on to investors including banks and other financial institutions. However, the chance that subprime mortgages will not be paid back, i.e. that they 'default' is much higher than conventional mortgages. When they default, it affects all the investors and not just the company that provided the original mortgage. This is why, when more and more subprime mortgages defaulted last year, people in the financial industry began to get concerned and fears about which investments might have subprime exposure spread throughout the global financial markets.

These events led to a reduction in the supply of money in the financial markets as banks limited their short-term lending.

Throughout the year, the credit crunch combined with the slowdown in economic growth, fuelled large movements in share prices, or volatility.

To combat the negative effects of the credit crisis, central banks around the world injected massive amounts of money into the markets and, even more noticeably, they began cutting interest rates.

From our perspective, we believe we have not yet seen the end of credit related issues. What we are witnessing appears to be the bursting of a credit bubble, whereby both supply and demand for credit are decreasing along with a general deterioration in loan quality. Unfortunately, bubble-bursting tends to take a long time to complete, and we expect to see further evidence of a weakening economy in the coming months.

2007 by the numbers

2007 is likely to be remembered as a year of intense market volatility, but still one that resulted in gains for most asset classes. Global equity markets benefited from the strong first half of 2007, which helped to generate a positive performance for the year as a whole. In the United States, the Dow Jones Industrial Average registered a total return of 8.9%.

Outside the United States, the results were even better, thanks in no small part to the weaker dollar. As a whole, international stocks outperformed their U.S. counterparts, with the MSCI WorldSM ex-U.S. Index (a broad measure of non-U.S. stock performance) posting a 12.4% return. A closer look, however, shows that these results are skewed somewhat by the remarkably strong performance of emerging markets. Markets in Brazil, India, Turkey and Indonesia all advanced in excess of 40% for the year, while returns in China approached 100%. Most developed markets, in fact, trailed the United States, with U.K. stocks posting a 3.4% return and French stocks notching a 1.3% gain. German markets, in contrast, surged 22.3%, while Japanese stocks once again were hurt by the struggling domestic economy and trailed the rest of the pack, falling 11.0% for the year.

Produced using text from 'What's Ahead in 2008' a market summary and outlook document written by Bob Doll, BlackRock Vice Chairman and Global CIO of Equities as of January 1, 2008. BlackRock is a global investment manager with USD1.36 trillion under management (as at 31 March 2008) and manage a number of the Zurich International Life Managed funds. The opinions presented here are those of Bob Doll and may change as subsequent conditions vary.

When change is the only constant

The benefits of unit cost averaging in volatile markets

In volatile markets it can sometimes seem like market movements are a constant theme. In such an environment it is understandable for you to be concerned about the value of your investments. Here we look at how maintaining a strategy of regular investing can work to your advantage in times of market volatility.

Unit cost averaging

The main benefit of investing regularly is known as 'unit-cost averaging'. The principle is simple; if the market falls, then your next monthly investment will benefit from the higher number of units that can be purchased at the lower price. Of course, in a rising market, this will result in less units being purchased, but the existing units should be showing a profit.

A regular commitment

Over a period of years, unit-cost averaging can result in the average price paid for units being lower than the average unit price for that period, as more units are bought when prices are low and fewer when prices are high. This means that the risk of paying for all the units at the highest price during the investment period is eliminated, and the size of any potential loss is reduced in comparison to a client who has invested a single lump sum. Equally, the possibility of paying for all the units at the lowest price during the investment period is also eliminated, so the size of any potential gains will also effectively be reduced.

No need to time the market

We all know that markets can go up and down, but often these movements can be quite extreme. In volatile markets, investing regularly means that you don't have to worry so much about the potential loss on your investment compared with putting your money into equities just before prices fall.

There is no guarantee that investing regularly will result in better returns than investing a lump-sum and you should be aware that the value of investments and the income from them can go down as well as up and you may not get back the original amount invested. It is important to consider the risks associated with all types of investment, particularly those associated with equity markets.

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The protection applies to the solvency of Zurich International Life Limited and does not extend to protecting the value of the assets held within any unit-linked funds linked to your policy.

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