



**INTERCONTINENTAL®**  
**HOTELS GROUP**

## **NOTICE OF ANNUAL GENERAL MEETING**

to be held at:

The Queen Elizabeth II Conference Centre,  
Broad Sanctuary, Westminster, London SW1P 3EE,  
on Thursday, 1 June 2006, at 11.00am.

### **THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

If you are in any doubt as to what action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser authorised under the Financial Services and Markets Act 2000.

If you have sold or transferred all your shares in InterContinental Hotels Group PLC, please pass this document and the accompanying Form of Proxy to the stockbroker, bank or other agent through whom you made the sale or transfer, for transmission to the purchaser or transferee.

A Form of Proxy for the Annual General Meeting is enclosed and should be completed and returned so as to reach the Company's Registrar by no later than 11.00am on Tuesday, 30 May 2006. Completion and return of the Proxy will not prevent you from attending and voting at the Meeting in person, should you so wish.

Electronic Proxy Appointment is available for this Annual General Meeting. This facility enables shareholders to lodge their proxy appointment by electronic means on a website provided by Lloyds TSB Registrars via [www.sharevote.co.uk](http://www.sharevote.co.uk) or, for those who hold their shares in CREST, through the CREST electronic proxy appointment service. Further details are set out in the notes to the Form of Proxy.

At the Meeting itself, the votes will be taken by poll rather than on a show of hands. The final result is more democratic as the proxy results are added to the votes of shareholders present who vote all their shares (rather than one vote per person) using the poll cards provided. The results of the polls will be announced to the London and New York Stock Exchanges and will appear on the Company's website [www.ihgplc.com](http://www.ihgplc.com)

# Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of InterContinental Hotels Group PLC will be held at The Queen Elizabeth II Conference Centre, Broad Sanctuary, Westminster, London, SW1P 3EE on Thursday, 1 June 2006, at 11.00am, or at any adjournment thereof, for the following purposes:

## RESOLUTIONS

To consider and, if thought fit, to pass the following resolutions, of which numbers 1 to 8 will be proposed as ordinary resolutions and numbers 9 and 10 as special resolutions.

- 1 To receive the Company's financial statements for the year ended 31 December 2005, together with the Reports of the Directors and auditors.
- 2 To approve the Directors' Remuneration Report for the year ended 31 December 2005.
- 3 To declare a final dividend on the ordinary shares.
- 4 As separate resolutions, to elect (a) Jennifer Laing and (b) Jonathan Linen and to re-elect (c) Robert C Larson and (d) Stevan Porter as Directors of the Company.
- 5 To reappoint Ernst & Young LLP as auditors of the Company to hold office until the conclusion of the next general meeting at which accounts are to be laid before the Company.
- 6 To authorise the Audit Committee of the Board to agree the auditors' remuneration.

## 7 POLITICAL DONATIONS:

'THAT the Company and any company that is or becomes a subsidiary of the Company during the period to which the resolution relates, be and is hereby authorised, for the purposes of Part XA of the Companies Act 1985, to:

- i make Donations to EU Political Organisations; or
- ii incur EU Political Expenditure in an aggregate amount not exceeding £100,000 during the period ending on the date of the Annual General Meeting in 2007. For the purposes of this resolution, 'Donations', 'EU Political Organisations' and 'EU Political Expenditure' have the meanings ascribed to them in Part XA of the Companies Act 1985 (as amended by the Political Parties, Elections and Referendums Act 2000).'

## 8 ALLOTMENT OF SHARES:

'THAT the authority conferred on the Directors by paragraph 13.2 of Article 13 of the Company's Articles of Association to allot relevant securities be renewed for the period ending on the date of the Annual General Meeting in 2007 or on 1 September 2007, whichever is the earlier, and for such period the Section 80 Amount shall be £13,840,591.'

## 9 DISAPPLICATION OF PRE-EMPTION RIGHTS:

'THAT the power conferred on the Directors by paragraph 13.3 of Article 13 of the Company's Articles of Association be renewed for the period ending on the date of the Annual General Meeting in 2007 or on 1 September 2007, whichever is the earlier, and for such period the Section 89 Amount shall be £2,076,089.'

## 10 AUTHORITY TO PURCHASE OWN SHARES:

'THAT, subject to and in accordance with Article 10 of the Company's Articles of Association, the Company is hereby generally and unconditionally authorised to make market purchases for the purpose of Section 166 of the Companies Act 1985 (as defined in Section 163 of that Act) of ordinary shares of 10p each in the capital of the Company (ordinary shares), provided that:

- i the maximum aggregate number of ordinary shares hereby authorised to be purchased is 62,241,139;
- ii the minimum price which may be paid for each ordinary share is 10p per share;
- iii the maximum price which may be paid for a share is an amount equal to the higher of (a) 105 per cent of the average of the closing price of the Company's ordinary shares as derived from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which such share is contracted to be purchased or (b) the higher of the price of the last independent trade and the highest current bid as stipulated by Article 5(1) of Commission Regulation (EC) 22 December 2003 implementing the Market Abuse Directive as regards exemptions for buyback programmes and stabilisation of financial instruments (No 2273/2003); and
- iv the authority hereby conferred shall expire at the conclusion of the Annual General Meeting in 2007 or on 1 September 2007, whichever is the earlier (except in relation to the purchase of ordinary shares the contract for which was concluded before such date and which is executed wholly or partly after such date), unless such authority is renewed prior to such time.'

By order of the Board  
Richard Winter  
Company Secretary  
1 March 2006

Registered in England Number: 5134420  
Registered Office:  
67 Alma Road  
Windsor, Berkshire SL4 3HD

## EXPLANATION OF BUSINESS

The Notice of Meeting contains some items of business which are of a technical nature. These are explained below.

### RESOLUTIONS 4(A) TO 4(D) – DIRECTORS

Jennifer Laing and Jonathan Linen were both appointed to the Board after the last Annual General Meeting of the Company, and are seeking formal election by shareholders for the first time. Robert C Larson, being over the age of 70 and being eligible for re-election, is also seeking re-election by shareholders. If he continues to serve as a Director he will be subject to annual re-election. Stevan Porter is retiring by rotation and is seeking re-election at this Meeting. Biographies of these Directors are shown on page 29 of the Annual Review and Summary Financial Statement 2005.

Each election and re-election will be put as a separate resolution. The Board supports these resolutions for the following reasons.

The current composition of the Board reflects the requirements of the Combined Code for an appropriate balance of Executive and independent Non-Executive Directors. The Board as a whole is fully committed to the successful development of the business, to meeting the Company's strategic objectives and, most importantly, to the delivery of shareholder value. During the year, the Company's total shareholder return has significantly outperformed the FTSE 100 total shareholder return index. Our promise to improve our return on capital is being fulfilled. The proceeds from hotel assets sold since the separation of Six Continents PLC is £2.3bn and returns of £2.75bn to shareholders have been announced.

In the Board's view, the Non-Executive Directors standing for election and re-election (Jennifer Laing, Jonathan Linen and Robert C Larson) meet the criteria for independence as specified in the Combined Code. The Non-Executive Directors contribute valuable external business experience to the Board's deliberations, bringing expertise from different businesses and different parts of the world.

Jennifer Laing was appointed to the Board in August 2005. In the Board's view she brings to the Group significant expertise in advertising, marketing and brand development. She is Associate Dean, External Relations at the London Business School. Prior to this she was Chairman and Chief Executive Officer of North American Operations with Saatchi & Saatchi.

Jonathan Linen was appointed to the Board in December 2005. In the Board's view he brings to the Group a wealth of experience gained in the worldwide travel industry. He recently retired as Vice Chairman of the American Express Company following a distinguished 35-year career with American Express.

Robert C Larson served as a Non-Executive Director of Six Continents PLC (formerly Bass PLC) from 1996. Having reached the age of 70 last year, in accordance with the Companies Act 1985 and the Company's Articles of Association he is once again vacating office at this year's Annual General Meeting. The Company has received Special Notice in accordance with Section 293 of the Companies Act 1985 in connection with the proposed re-election of Mr Larson as a Director. The Board supports this resolution because of its respect for Mr Larson's knowledge and experience (including in the field of real estate). His directorship provides valuable continuity and he makes a major contribution to the Board's ongoing deliberations.

The Executive Director standing for re-election is Stevan Porter, President, The Americas. He is a highly respected hotels executive with 24 years' experience of franchising and management. During the year he took on additional responsibility as Global Leader, Franchise Strategy focusing on the development and deployment of best practice in franchising, using his considerable expertise in this area for the benefit of the whole Group. In the Board's view he has managed his regional business for value, including development and growth in all the Group's brands, and his performance is judged effective.

Following the performance evaluation of the Board, its main Committees and individual Directors, conducted shortly after the 2005 year end, it is the view of the Board that all the Directors continue to perform effectively and that it is appropriate for the above-mentioned individuals to continue to serve as Directors of the Company.

### RESOLUTION 7 – POLITICAL DONATIONS

Authority is sought to enable the Company to support organisations which may fall within the legal definition of 'Political Organisations'.

The Company has no intention of changing its current practice of not making donations to political parties. However, the Political Parties, Elections and Referendums Act 2000 (the Act), contains restrictions on companies making donations or incurring expenditure in relation to EU Political Organisations. The Act defines EU Political Organisations very widely and, as a result, it is possible that EU Political Organisations may include, for example, bodies concerned with policy review and law reform, with the representation of the business community or sections of it, or with the representation of other communities or special interest groups, which it is in the shareholders' interest for the Company to support. Expenditure could include the sponsorship of industrial forums and involvement in seminars and functions to which politicians may be invited. Amongst other things, the Act prohibits the Company or its subsidiaries from making donations or incurring expenditure in relation to EU Political Organisations in a 12-month period in excess of an aggregate of £5,000, unless such donations have been authorised by the Company's shareholders.

The Company believes that the authority proposed under the resolution to allow it or any of its subsidiaries to fund donations to a limit of £100,000 is necessary. Such authority will enable the Company to be sure that it does not, because of uncertainty as to the bodies covered by the definition of EU Political Organisation, unintentionally commit a technical breach of the Act. The Company does not intend that such authority will be used to fund political parties or other organisations for political purposes, or that such authority will be used, in whole or part, with political bias or for political influence.

The Act requires that this resolution should not purport to authorise particular donations or expenditure. In accordance with the Act, however, the Company will make disclosure in its next Annual Report of any donation made by it or its subsidiaries to an EU Political Organisation or of any EU Political Expenditure incurred, which is in excess of £200.

## **RESOLUTIONS 8 AND 9 – AUTHORITY TO ALLOT SHARES AND DISAPPLICATION OF PRE-EMPTION RIGHTS**

The Articles of Association permit the Directors to allot shares and other securities, in accordance with Section 80 of the Companies Act 1985, up to an amount authorised by the shareholders in general meeting. At this Annual General Meeting, the Directors are seeking authority to allot shares up to an aggregate nominal amount of £13,840,591 for a further year from the passing of the resolution. This is the 'Section 80 Amount' and is equivalent to approximately 33 per cent of the current issued share capital of the Company.

The Directors are also seeking authority to allot shares for cash without first being required to offer such securities to existing shareholders and to dispose of shares held in treasury, other than by way of a rights issue up to an aggregate nominal amount of £2,076,089 for a further year from the passing of the resolution. This is the 'Section 89 Amount' and is equivalent to approximately 5 per cent of the current issued share capital of the Company.

Treasury shares are shares in the Company which are owned by the Company itself. Legislation came into force on 1 December 2003 which enables certain listed companies, following purchase of their own shares, to hold such shares in treasury instead of cancelling them, as previously required. Such shares may subsequently be resold for cash, transferred to an employee share scheme or cancelled. Any shares bought back by the Company and held in treasury will not rank for dividends and will not carry any voting rights.

The Company's Articles of Association, adopted at the time of the capital reorganisation in 2005, made the necessary provisions for dealing with Treasury shares including ensuring that the sale of Treasury shares by the Company is now subject to the same pre-emption rights (and exceptions) as the allotment of new shares. The Company does not currently hold any Treasury shares and although the Directors have no present intention of exercising these authorities, it is considered prudent to maintain the flexibility they provide. Some 11,140,000 shares were repurchased in the second half of 2005. Had they been held in treasury, at 31 December 2005 these would have represented 2.57 per cent of the Company's issued share capital.

These authorities will expire at the next Annual General Meeting, or on 1 September 2007, whichever is the earlier. These resolutions comply with Institutional Investment Committee guidelines.

## **RESOLUTION 10 – AUTHORITY TO PURCHASE OWN SHARES**

The Company is seeking authority to purchase up to 62,241,139 ordinary shares, this being approximately 14.99 per cent of its ordinary share capital at, or between, the minimum and maximum prices specified in this resolution. This power would be used only after careful consideration by the Directors, having taken into account market conditions prevailing at that time, the investment needs of the Company, its opportunities for expansion and its overall financial position. The Directors would exercise the authority to purchase ordinary shares only if they considered it to be in the best interest of shareholders and if the purchase could be expected to result in an increase in earnings per share.

There were outstanding at 24 February 2006, options to subscribe for 23,124,477 ordinary shares, representing 5.34 per cent of the current issued share capital. If the full 14.99 per cent share repurchase authority were utilised, the options outstanding would represent 6.23 per cent of the issued share capital. The authority sought at the Annual General Meeting will expire at the conclusion of the next Annual General Meeting, or on 1 September 2007, whichever is the earlier.

**The Directors believe that the adoption of all the resolutions set out in the Notice of Meeting is in the best interests of the Company and its shareholders as a whole. Accordingly, the Directors unanimously recommend that you vote in favour of the resolutions, as each Director intends to do in respect of his or her own beneficial holdings.**

## **NOTES**

- 1 Only holders of ordinary shares, or their duly appointed representatives, are entitled to attend and vote at the Meeting. A member so entitled may appoint (a) proxy(ies), who need not be (a) member(s), to attend and vote on his/her behalf. A proxy may not speak at the Meeting, except with the permission of the Chairman of the Meeting.
- 2 A Form of Proxy is enclosed. The appointment of a proxy will not prevent a member from subsequently attending and voting at the Meeting in person.
- 3 The Register of Directors' Interests, together with copies of contracts of service or letters of appointment between the Directors and the Company or any of its subsidiaries (or a memorandum of the terms thereof), will be available at the Registered Office of the Company during normal business hours until the date of the Annual General Meeting and on that day, at the place of the Meeting from at least 15 minutes prior to the Meeting until its conclusion.
- 4 The Company, pursuant to the Uncertificated Securities Regulations 2001, specifies that only those shareholders on the Register of Members as at 6.00pm on 30 May 2006 shall be entitled to attend or vote at the Annual General Meeting in respect of the number of shares registered in their names at that time. Changes to entries on the ordinary register after 6.00pm on 30 May 2006 shall be disregarded in determining the right of any person to attend or vote at the Meeting.
- 5 CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for this Meeting by using the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf. In order to be valid the appropriate CREST Proxy Instruction must be transmitted so as to be received by the Company's agent (ID 7RA01) by the latest time(s) for receipt of proxy appointments specified in the Notice of Meeting.



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