

5 May 2006

**InterContinental Hotels Group PLC ("InterContinental Hotels Group" or the "Company")
Special Dividend and Share Consolidation**

On Thursday 2 March 2006 the Board of InterContinental Hotels Group announced its intention to return £500 million to Shareholders by way of a Special Dividend. The Board today announces it is publishing a circular (the "**Circular**") setting out full details of this proposed Special Dividend and associated Share Consolidation and convening an Extraordinary General Meeting to be held at 12.00pm on Thursday 1 June 2006, immediately after the Company's Annual General Meeting.

It is proposed that the payment of the Special Dividend of 118 pence per Existing Ordinary Share be accompanied by a consolidation of the Company's ordinary share capital. The Special Dividend will be paid as an interim dividend in respect of the financial year ending 31 December 2006 and is expected to be paid to Shareholders on Thursday 22 June 2006. The Company has elected to pay the Special Dividend to all ADR holders in US Dollars. The rate to be paid by the Company will be US\$2.17 per existing ADS.

The Share Consolidation will replace every 8 Existing Ordinary Shares with 7 New Ordinary Shares. Fractional entitlements arising from the Share Consolidation will be aggregated and sold in the market on behalf of the relevant Shareholders. The proceeds of the sale are expected to be sent to Shareholders on Thursday 22 June 2006. The value of any Shareholder's fractional entitlement will not exceed the value of one New Ordinary Share.

As at the close of business on Tuesday 2 May 2006 (being the last practicable date prior to the posting of the Circular), when the closing mid-market price per Existing Ordinary Share was 967 pence and there were 427,334,961 Existing Ordinary Shares in issue, the total amount of the Special Dividend was equivalent to 12.14 per cent. of the market capitalisation of the Company. The effect of the Share Consolidation will be to reduce the number of Ordinary Shares in issue by approximately the same percentage.

As all ordinary shareholdings in the Company will be consolidated, Shareholders' percentage holdings in the issued share capital of the Company immediately before and after the implementation of the Share Consolidation will (save in respect of fractional entitlements) remain unchanged.

Authority to purchase own shares

The Board will also submit to its Shareholders at the Extraordinary General Meeting a proposal for a renewed authority to enable the Company to continue to make market purchases of its Ordinary Shares following the Share Consolidation. Details of this proposal are set out in the Circular.

Expected timetable

Latest date and time for receipt by the ADR Depository of completed voting instruction cards from holders of ADRs	3.00 p.m. (New York Time) on Thursday 25 May 2006
Latest time and date for receipt of Forms of Proxy	12.00 p.m. on Tuesday 30 May 2006
Extraordinary General Meeting	12.00 p.m. on Thursday 1 June 2006, or as soon as the Annual General Meeting of the Company to be held on that date concludes or is adjourned
Record Date for the Special Dividend and for the Share Consolidation	6.00 p.m. on Friday 9 June 2006

Shares marked ex-Special Dividend	Monday 12 June 2006
Commencement of dealings in New Ordinary Shares and new ADRs	8.00 a.m. on Monday 12 June 2006
CREST accounts credited with New Ordinary Shares	Monday 12 June 2006
Exchange of existing ADRs commences	Tuesday 20 June 2006
Payment of the Special Dividend. Despatch of cheques for fractional entitlements and certificates for New Ordinary Shares	Thursday 22 June 2006

If any of the above times and/or dates change, the revised times and/or dates will be notified to Shareholders by announcement through a Regulatory Information Service.

The Circular will be posted to Shareholders and submitted to the UK Listing Authority today. It will shortly be available for inspection at the UK Listing Authority's Document Viewing Facility which is situated at: Financial Services Authority, 25 The North Colonnade, Canary Wharf, London, E14 5HS, telephone 020 7066 1000.

All definitions used in the Circular to Shareholders dated 5 May 2006 have the same meaning when used in this announcement.

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JPMorgan Cazenove, which is regulated in the United Kingdom by the Financial Services Authority, is acting exclusively for InterContinental Hotels Group and for no one else in connection with the Special Dividend and Share Consolidation and will not be responsible to any other persons for providing the protections afforded to the customers of JPMorgan Cazenove, nor for providing advice to any other person in relation to the Special Dividend and Share Consolidation.

Note to Editors

InterContinental Hotels Group PLC of the United Kingdom [LON:IHG, NYSE:IHG (ADRs)] is the world's largest hotel group by number of rooms. InterContinental Hotels Group owns, manages, leases or franchises, through various subsidiaries, over 3,600 hotels and 537,500 guest rooms in nearly 100 countries and territories around the world. The Group owns a portfolio of well recognised and respected hotel brands including InterContinental® Hotels & Resorts, Crowne Plaza® Hotels & Resorts, Holiday Inn® Hotels and Resorts, Holiday Inn Express®, Staybridge Suites®, Candlewood Suites® and Hotel Indigo™, and also manages the world's largest hotel loyalty programme, Priority Club® Rewards.

InterContinental Hotels Group offers information and online reservations for all its hotel brands at www.ichotelsgroup.com and information for the Priority Club Rewards programme at www.priorityclub.com.

For the latest news from InterContinental Hotels Group, visit our online Press Office at www.ihgplc.com/media.