

# ***Notice of Annual General Meeting of InterContinental Hotels Group PLC***

to be held at:  
InterContinental London Park Lane,  
One Hamilton Place, Park Lane, London W1J 7QY,  
on Friday, 2 May 2014, 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 otherwise transferred all your shares in InterContinental Hotels Group PLC (the 'Company'), 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 forwarding on to the purchaser or transferee.

A Form of Proxy for the Annual General Meeting (the 'AGM') of the Company is enclosed and, to be valid, should be completed, signed and returned so as to reach the Company's Registrar, Equiniti, by no later than 11.00am on Wednesday, 30 April 2014 (or, if the AGM is adjourned, 48 hours before the time of the adjourned AGM). Completion and return of the Form of Proxy will not prevent you from attending the AGM and voting in person, should you so wish.

Electronic Proxy Appointment is available for this AGM. This facility enables shareholders to lodge their proxy appointment by electronic means through the Registrar's website at [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 this document.

At the AGM itself, the votes will be taken by poll rather than on a show of hands. The results of the polls will be announced as soon as practicable and will appear on the Company's website at [www.ihgplc.com/investors](http://www.ihgplc.com/investors) under Financial library.

# Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting ('AGM') of InterContinental Hotels Group PLC (the 'Company') will be held at the InterContinental London Park Lane, One Hamilton Place, Park Lane, London W1J 7QY on Friday, 2 May 2014, 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 11 will be proposed as ordinary resolutions and numbers 12 to 14 as special resolutions. Explanations of certain resolutions are given on pages 4 to 5 of this Notice of AGM.

### 1 Report and Accounts 2013

THAT the Company's financial statements, together with the Directors' and the Auditor's Reports for the year ended 31 December 2013, be received.

### 2 Directors' Remuneration Policy

THAT the Directors' Remuneration Policy set out on pages 78 to 86 of the Company's Annual Report and Form 20-F for the year ended 31 December 2013 be approved.

### 3 Annual Report on Directors' Remuneration 2013

THAT the Annual Report on Directors' Remuneration (other than the Directors' Remuneration Policy) for the year ended 31 December 2013 as set out on pages 74 to 97 of the Company's Annual Report and Form 20-F 2013 be approved.

### 4 Declaration of final dividend

THAT a final dividend on the ordinary shares of 14 <sup>194</sup>/<sub>329</sub> pence each in the capital of the Company (ordinary share(s)) be declared.

### 5 Election and re-election of Directors

As separate resolutions, THAT (a) Ian Dyson, (b) Paul Edgecliffe-Johnson and (c) Jill McDonald be elected; and (d) Patrick Cescau, (e) David Kappler, (f) Kirk Kinsell, (g) Jennifer Laing, (h) Jonathan Linen, (i) Luke Mayhew, (j) Dale Morrison, (k) Tracy Robbins, (l) Richard Solomons and (m) Ying Yeh be re-elected as Directors of the Company.

### 6 Reappointment of Auditor

THAT Ernst & Young LLP be reappointed as the Auditor of the Company to hold office until the conclusion of the next General Meeting at which accounts are laid before the Company.

### 7 Remuneration of Auditor

THAT the Audit Committee of the Board be authorised to determine the Auditor's remuneration.

### 8 Political donations

i THAT the Company, and those companies which are subsidiaries of the Company at any time during the period for which this resolution has effect, be authorised for the purposes of Part 14 of the Companies Act 2006 (the '2006 Act'), during the period from the date of the passing of this resolution until the conclusion of the Company's AGM in 2015 or the close of business on 1 July 2015, whichever is the earlier:

- (a) to make political donations to political parties and/or independent election candidates;
- (b) to make political donations to political organisations other than political parties; and
- (c) to incur political expenditure;

provided that the aggregate amount of any such donations and expenditure made by the Company or any subsidiary shall not exceed £100,000;

ii THAT all existing authorisations and approvals relating to political donations or expenditure are hereby revoked without prejudice to any donation made or expenditure incurred prior to the date hereof pursuant to such authorisations or approvals; and

iii THAT words and expressions defined for the purposes of the 2006 Act shall have the same meaning for the purposes of this resolution.

## 9 Allotment of shares

i THAT the Directors be and are hereby generally and unconditionally authorised pursuant to, and in accordance with, Section 551 of the 2006 Act to exercise all powers of the Company to allot shares in the Company and to grant rights to subscribe for, or to convert any security into, shares in the Company:

- (a) up to an aggregate nominal amount of £12,604,026; and
- (b) comprising equity securities, as defined in Section 560 of the 2006 Act, up to an aggregate nominal amount of £25,208,052 (including within such limit any shares issued or rights granted under paragraph (a) above) in connection with an offer by way of a rights issue:
  - (1) to holders of ordinary shares in proportion (as nearly as may be practicable) to their existing holdings; and
  - (2) to holders of other equity securities as required by the rights of those securities or, if the Directors consider it necessary, as permitted by the rights of those securities;

and so that the Directors may impose any limits or restrictions and make any arrangements which they consider necessary or appropriate to deal with treasury shares, fractional entitlements, record dates, shares represented by depositary receipts, legal, regulatory or practical problems under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory or any other matter whatsoever.

This authority shall hereby take effect from the date of the passing of this resolution until the conclusion of the Company's AGM in 2015, or the close of business on 1 July 2015, whichever is the earlier, provided that, in each case, the Company may, before this authority expires, make offers and enter into agreements which would, or might, require shares in the Company to be allotted or rights to subscribe for or convert any security into shares to be granted after this authority expires and the Directors may allot shares in the Company or grant rights under any such offer or agreement as if this authority had not expired;

ii THAT subject to paragraph iii below, all existing authorities given to the Directors pursuant to Section 551 of the 2006 Act by way of the ordinary resolution of the Company passed on Friday, 24 May 2013 be revoked by this resolution; and

iii THAT paragraph ii above shall be without prejudice to the continuing authority of the Directors to allot shares or grant rights to subscribe for, or convert any security into, shares pursuant to an offer or agreement made by the Company before the expiry of the authority pursuant to which such offer or agreement was made.

## 10 Adoption of new Long Term Incentive Plan rules

THAT the Company adopt the Long Term Incentive Plan ('LTIP') rules ('LTIP Rules'), in the form produced at the AGM and initialled by the Chairman of the AGM for the purposes of identification, the principal terms of which are summarised in Appendix I to this Notice of AGM, and that the Directors be authorised:

- i to establish sub-plans to the LTIP Rules for the benefit of employees of the Company and/or its subsidiaries who are located outside of the United Kingdom, with such modifications as may be necessary or desirable to take account of applicable exchange control, taxation or securities laws in the relevant jurisdiction, provided that any ordinary shares made available under such sub-plans shall be treated as counting against any individual or overall limits contained in the LTIP Rules; and
- ii to do all other acts and things that they may, in their absolute discretion, consider appropriate to implement the LTIP.

# Notice of Annual General Meeting continued

## 11 Adoption of new Annual Performance Plan rules

THAT the Company adopt the Annual Performance Plan ('APP') rules ('APP Rules'), in the form produced at the AGM and initialled by the Chairman of the AGM for the purposes of identification, the principal terms of which are summarised in Appendix II to this Notice of AGM, and that the Directors be authorised:

- i to establish sub-plans to the APP Rules for the benefit of employees of the Company and/or its subsidiaries who are located outside of the United Kingdom, with such modifications as may be necessary or desirable to take account of applicable exchange control, taxation or securities laws in the relevant jurisdiction, provided that any ordinary shares made available under such sub-plans shall be treated as counting against any individual or overall limits contained in the APP Rules; and
- ii to do all other acts and things that they may, in their absolute discretion, consider appropriate to implement the APP.

## 12 Disapplication of pre-emption rights

THAT, subject to the passing of Resolution 9 above, and in place of the power given to them pursuant to the special resolution of the Company passed on Friday, 24 May 2013, the Directors be given the power pursuant to Sections 570 and 573 of the 2006 Act to allot equity securities (as defined in Section 560 of the 2006 Act) for cash pursuant to the authority given by Resolution 9 as if Section 561 of the 2006 Act did not apply to the allotment. This power shall be limited:

- i to the allotment of equity securities in connection with an offer of equity securities (but in the case of the authority granted under Resolution 9i(b), by way of a rights issue only) to or in favour of:
  - (a) holders of ordinary shares in proportion (as nearly as may be practicable) to their existing holdings; and
  - (b) holders of other equity securities, if this is required by the rights of those securities or, if the Directors consider it necessary, as permitted by the rights of those securities;and so that the Directors may impose any limits or restrictions and make any arrangements which they consider necessary or appropriate to deal with treasury shares, fractional entitlements, record dates, shares represented by depositary receipts, legal, regulatory or practical problems under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory or any other matter whatsoever; and
- ii in the case of the authority granted under Resolution 9i(a), to the allotment (otherwise than under paragraph i above) of equity securities up to an aggregate nominal amount of £1,961,903.

This authority shall hereby take effect from the date of the passing of this resolution until the conclusion of the Company's AGM in 2015, or the close of business on 1 July 2015, whichever is the earlier, provided that before this authority expires the Company may make offers, and enter into agreements, which would, or might, require equity securities to be allotted after this authority expires and the Directors may allot equity securities under any such offer or agreement as if this authority had not expired.

This power applies in relation to a sale of shares which is an allotment of equity securities by virtue of Section 560(3) of the 2006 Act as if, in the first paragraph of this resolution, the words 'pursuant to the authority given by Resolution 9' were omitted.

## 13 Authority to purchase own shares

THAT the Company be and is hereby generally and unconditionally authorised for the purpose of Section 701 of the 2006 Act to make market purchases (within the meaning of Section 693(4) of the 2006 Act) of ordinary shares on such terms and in such manner as the Directors think fit provided that:

- i the maximum aggregate number of ordinary shares hereby authorised to be purchased is 25,917,030;
- ii the minimum price which may be paid for each ordinary share is 14 <sup>194</sup>/<sub>329</sub> pence per share;
- iii the maximum price (exclusive of all expenses) which may be paid for each ordinary share is an amount equal to the higher of (a) 105 per cent of the average of the middle-market quotations for 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; and (b) that stipulated by Article 5(1) of the Buy-back and Stabilisation Regulations 2003; and
- iv the authority hereby conferred shall take effect on the date of the passing of this resolution and shall expire on the conclusion of the Company's AGM in 2015, or at the close of business on 1 July 2015, 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.

## 14 Notice of General Meetings

THAT a General Meeting of the Company, other than an AGM, may be called on not less than 14 clear days' notice during the period from the date of the passing of this resolution to the date upon which the Company's AGM in 2015 concludes.

### By order of the Board

George Turner  
Company Secretary  
17 February 2014

### Registered in England and Wales

Registered Number:  
5134420

### Registered Office:

Broadwater Park  
Denham, Buckinghamshire  
UB9 5HR

# Explanation of business

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Supporting information on the election and re-election of Directors and an explanation of some of the technical items of business are presented below.

## Resolution 2 Directors' Remuneration Policy

The Directors' Remuneration Policy sets out the Company's proposed policy on Directors' remuneration. In line with the new legislation, the Company is required to seek shareholder approval of its Remuneration Policy. The Remuneration Policy is binding in nature, which means that it will not take effect until it has been approved by shareholders. If approved by shareholders, the Remuneration Policy will be effective immediately after the conclusion of the AGM and will be subject to a binding shareholder vote by ordinary resolution at least every three years. Once the Remuneration Policy commences, all payments by the Company to the Directors and any former Directors (including termination payments) must be made in accordance with the Remuneration Policy unless separately approved by a shareholder resolution. If the Remuneration Policy is not approved for any reason, the Company will, if and to the extent permitted by the 2006 Act, continue to make payments to Directors in accordance with existing contractual arrangements and will seek shareholder approval for a revised policy as soon as reasonably practicable. Full details of the Directors' Remuneration Policy are set out on pages 78 to 86 of the Company's Annual Report and Form 20-F for the year ended 31 December 2013.

## Resolution 3 Annual Report on Directors' Remuneration 2013

The Annual Report on Directors' Remuneration sets out the remuneration received or receivable by Directors in respect of the year ended 31 December 2013. The vote on the Annual Report on Directors' Remuneration is advisory in nature, which means that payments made or promised to Directors will not have to be repaid, reduced or withheld in the event that this resolution is not passed. The Annual Report on Directors' Remuneration is set out on pages 87 to 96 of the Company's Annual Report and Form 20-F for the year ended 31 December 2013. The Company's Auditor, Ernst & Young LLP, has audited those parts of the Annual Report on Directors' Remuneration that are required to be audited.

## Resolution 4 Declaration of final dividend

A final dividend can only be paid after the shareholders have approved it. If approved, the final dividend of 28.1 pence per ordinary share (47.0 cents per American Depositary Receipt) will be paid on 9 May 2014 to shareholders on the register at the close of business on 21 March 2014.

## Resolution 5(a) to 5(m) Election and re-election of Directors

The Company's Articles of Association require that any new Directors appointed by the Board since the last AGM shall retire at the next AGM and be subject to election. All Directors shall retire at least every three years and, if they wish to continue serving in office, they shall be subject to re-election. Ian Dyson and Jill McDonald were appointed to the Board as Non-Executive Directors on 1 September 2013 and 1 June 2013 respectively and Paul Edgecliffe-Johnson was appointed as an Executive Director and Chief Financial Officer on 1 January 2014. They are, therefore, seeking formal election for the first time. In reviewing the recommendations of the Nomination Committee concerning the election of Ian Dyson, Jill McDonald and Paul Edgecliffe-Johnson, the Board concluded that all three Directors make effective and valuable contributions to the Board and demonstrate commitment to the role, and that Ian Dyson and Jill McDonald, as Non-Executive Directors, are independent in character and judgment. In accordance with the recommendations of the UK Corporate Governance Code (the 'Code'), all other Directors are retiring and seeking re-election at this AGM.

Each election and re-election will be put as a separate resolution. The Board believes that the current composition of the Board provides an appropriate balance of Executive Directors and independent

Non-Executive Directors who collectively have the appropriate balance of skills, experience, independence and knowledge to enable the Board to discharge its duties and responsibilities effectively. A Board performance evaluation was conducted for 2013 by an independent facilitator and it was concluded that each Board member continues to make an effective contribution and retains a strong commitment to the role. All Non-Executive Directors, excluding the Chairman, remain independent in judgement and character, including David Kappler who has served as a Director for over nine years and who will be retiring from the Board on 31 May 2014.

Notwithstanding David Kappler's length of tenure, the Board is satisfied that he continues to demonstrate independence in character and judgement and that it remains appropriate to regard him as independent under provision B.1.1 of the Code. David therefore continues to serve on the Board as Senior Independent Non-Executive Director until he retires on 31 May 2014 and will be stepping down as Chairman of the Audit Committee with effect from 1 April 2014.

The Board as a whole is fully committed to the successful development of the business, to meeting the Company's strategic objectives and to the delivery of shareholder value.

Biographies of all Directors are shown on pages 57 to 59 of the Company's Annual Report and Form 20-F for the year ended 31 December 2013 and on the Company's website at [www.ihgplc.com/investors](http://www.ihgplc.com/investors) under Our management. Biographies of the Directors seeking formal election are also set out below.

**Ian Dyson** was appointed as Non-Executive Director in September 2013. He is also a Non-Executive Director of Punch Taverns plc, a Non-Executive Director and Chairman of the Audit Committee of Betfair Group plc and Senior Independent Non-Executive Director of ASOS plc. He was previously Group Finance & Operations Director for Marks & Spencer Group plc, Chief Executive Officer of Punch Taverns plc, Finance Director for the Rank Group, and Group Financial Controller and Finance Director for the hotels division of Hilton Hotels & Resorts.

**Paul Edgecliffe-Johnson**, was appointed as an Executive Director and Chief Financial Officer in January 2014. He is a chartered accountant and a fellow of the Institute of Chartered Accountants. He was previously Chief Financial Officer of IHG's Europe and Asia, Middle East and Africa regions, a position he held since September 2011. He joined IHG in August 2004 and has held a number of senior level finance positions. He is responsible, together with the Board, for overseeing the financial operations of the Group and setting its financial strategy.

**Jill McDonald** was appointed as Non-Executive Director in June 2013. She is also currently Chief Executive Officer UK and President for the North West Europe Division for McDonald's. Prior to that Jill was Chief Executive Officer UK and President for the Northern Division (2010 to 2013) and previously Senior Vice President, Chief Marketing Officer UK and Northern Division (2006 to 2010). She also spent 16 years with British Airways Plc.

**The Board recommends that all Directors continue to serve as Directors of the Company<sup>1</sup>.**

## Resolution 8 Political donations

It remains the policy of the Company not to make political donations or incur political expenditure. However, to avoid inadvertent infringement of the widely drafted 2006 Act, the Directors are seeking shareholders' authority for the Company and its UK subsidiaries to make political donations and to incur political expenditure, up to a maximum aggregate amount of £100,000 during the period from the date of this AGM until the conclusion of the Company's AGM in 2015 or the close of business on 1 July 2015, whichever is the earlier.

<sup>1</sup> Copies of contracts of service or letters of appointment for each of the Directors will be available to members for inspection at the Registered Office of the Company during normal business hours from the date of this Notice of AGM until the date of the AGM and, on that day, at the place of the AGM at least 15 minutes prior to the commencement of the AGM until its conclusion.

## *Explanation of business continued*

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Neither the Company nor any of its subsidiaries made any political donations during the year and the Company proposes to maintain its policy of not making such payments.

### **Resolution 9 Allotment of shares**

The Association of British Insurers' ('ABI') guidelines state that ABI members will permit, and treat as routine, (i) a request for authorisation to allot up to one-third of the current total issued share capital of the Company, together with the number of shares required to be allotted in respect of share incentive schemes; and (ii) a request for authorisation to allot up to a further one-third of the Company's current total issued share capital, provided that such additional allotment is only applied to fully pre-emptive rights issues. The Board considers it appropriate that the Company should follow these guidelines.

Accordingly, under Resolution 9(a), the Directors are seeking authority to allot shares and grant rights to subscribe for, or convert securities into, shares up to an aggregate nominal amount of £12,604,026 pursuant to Section 551 of the 2006 Act, which is equivalent to approximately one-third of the total issued share capital of the Company (excluding treasury shares<sup>2</sup>) as at 17 February 2014, the latest practicable date prior to publication of this Notice of AGM ('Latest Practicable Date'). Under Resolution 9(b), the Directors are seeking authority to allot ordinary shares in connection with a rights issue in favour of ordinary shareholders up to a further aggregate nominal amount of £12,604,026, which is equivalent to approximately one-third of the total issued share capital of the Company (excluding treasury shares<sup>2</sup>) as at the Latest Practicable Date.

Therefore, the total authorisation sought by Resolution 9 is equal to approximately two-thirds of the total issued share capital of the Company (excluding treasury shares<sup>2</sup>) as at the Latest Practicable Date.

The Directors have no present intention of exercising this authority other than in connection with the Company's share incentive schemes, but they consider it desirable to have the maximum flexibility permitted by corporate governance guidelines. If such authority is exercised, the Directors intend to follow best practice with respect to its use as recommended by the ABI, including that all Directors will stand for re-election.

This authority will expire on the conclusion of the Company's AGM in 2015 or at the close of business on 1 July 2015, whichever is the earlier.

### **Resolution 10 and 11 LTIP and APP Rules**

The existing rules of the LTIP and APP (together the 'Plans') are due to expire in 2015. Accordingly, Resolutions 10 and 11 seek to renew the rules of the Plans, under substantially the same terms as the existing Plans, for a further 10 years. The Plans will be implemented in accordance with the Directors' Remuneration Policy.

Appendices to this Notice of AGM set out the main terms of the Plans as proposed for renewal. The full rules of the Plans for Resolutions 10 and 11 are available for inspection at the Company's Registered Office and at Freshfields Bruckhaus Deringer LLP, 65 Fleet Street, London EC4Y 1HS during normal business hours from the date of this Notice of AGM until the close of the AGM and will be available at the AGM for at least 15 minutes prior to the AGM until its conclusion.

### **Resolution 12 Disapplication of pre-emption rights**

The Directors, pursuant to Section 561 of the 2006 Act, are seeking authority to allot shares for cash without first being required to offer such securities to existing shareholders in proportion to their existing shareholdings and to dispose of shares held in treasury, other than by way of a rights issue or in connection with any other pre-emptive offer, up to an aggregate nominal

amount of £1,961,903, which is equivalent to approximately 5 per cent of the total issued share capital of the Company as at the Latest Practicable Date.

In line with the Pre-Emption Group's Statement of Principles, the Directors do not intend to allot shares for cash on a non-pre-emptive basis (other than pursuant to a rights issue or pre-emptive offer) in excess of an amount equal to 7.5 per cent of the total issued ordinary share capital of the Company (excluding treasury shares) within a rolling three-year period, without prior consultation with the shareholders.

This authority will expire on the conclusion of the Company's AGM in 2015, or at close of business on 1 July 2015, whichever is the earlier.

### **Resolution 13 Authority to purchase own shares**

The Company is seeking authority to purchase up to 25,917,030 ordinary shares, being approximately 10 per cent of its total issued share capital (excluding treasury shares<sup>2</sup>) as at the Latest Practicable Date, 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 this authority to purchase ordinary shares only if they considered it to be in the best interests of shareholders and if the purchase could be expected to result in an increase in earnings per share. The Company may either cancel any shares it purchases under this authority or transfer them into treasury. The Company announced a share buyback programme on 7 August 2012. In the period from 25 May 2013 to the Latest Practicable Date, 7,980,739 ordinary shares were purchased and held as treasury shares and none were cancelled under the authority granted at the Company's AGM on Friday, 24 May 2013.

At the Latest Practicable Date, there were outstanding options to subscribe for 45,370 ordinary shares, representing 0.02 per cent of the Company's current total issued share capital (excluding treasury shares<sup>2</sup>). If full authority to purchase shares (both the existing authority and that sought at this year's AGM) was utilised, the options outstanding would represent 0.02 per cent of the total issued share capital (excluding treasury shares<sup>2</sup>) as at the Latest Practicable Date.

This authority will expire on the conclusion of the Company's AGM in 2015, or at close of business on 1 July 2015, whichever is the earlier.

### **Resolution 14 Notice of General Meetings**

Under the Companies (Shareholders' Rights) Regulations 2009 the notice period for General Meetings (other than AGMs) has been extended to not less than 21 clear days. The Company is able to preserve the authority to call a General Meeting, other than an AGM, on not less than 14 clear days' notice, provided shareholders have approved this by passing a special resolution annually. Accordingly, Resolution 14 is seeking to renew the authority granted at the AGM in 2013. The Company will give due consideration to whether to use the reduced notice period for the calling of a General Meeting, as permitted by the passing of this resolution, and will not use it as a matter of routine but only where such flexibility is necessary. If this authority is used, the Company will comply with the requirement to provide appropriate facilities for shareholders to vote by electronic means at General Meetings held on less than 21 clear days' notice. If given, this authority will be valid until the Company's AGM in 2015, at which it is intended that a similar resolution will be proposed.

**The Directors believe that the adoption of all the Resolutions set out in this Notice of AGM are 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.**

<sup>2</sup> Treasury shares are shares in the Company which are owned by the Company itself. The Company, following purchase of its own shares, is able to hold such shares in treasury instead of cancelling them. 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 provide for dealing with treasury shares, including ensuring that the sale of treasury shares by the Company is subject to the same pre-emption rights (and exceptions) as the allotment of new shares. As at the Latest Practicable Date, the Company held 9,773,912 ordinary shares as treasury shares representing approximately 3.77% of the total issued share capital (excluding treasury shares).

# ***Appendix I to the Notice of AGM – LTIP Summary***

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## **Operation**

The Company's LTIP will be operated and administered by the Board or a duly authorised committee (together the 'Committee'). The Committee shall have full authority to operate the LTIP as it considers reasonable in all circumstances. Where applicable, any discretion exercised by the Committee shall be in accordance with the then current Directors' Remuneration Policy. The LTIP will not be operated more than 10 years after approval by shareholders, and the Board will continue to review the operation of the LTIP during this period.

The LTIP may be operated both in the UK and overseas and, if operated overseas, it may be varied as the Committee reasonably considers necessary for legal, tax, regulatory or administrative reasons to facilitate the operation of the LTIP. The LTIP shall be governed by English law and all Group subsidiaries and participants shall submit to the jurisdiction of the English courts.

## **Eligibility**

Employees of the Company, its subsidiaries and any other company associated with the Company and so designated by the Committee (together the 'Group') are eligible to participate in the LTIP at the absolute discretion of the Committee, in accordance with the then current Directors' Remuneration Policy.

## **Awards**

Awards may consist of (i) a conditional award of ordinary shares in the Company; (ii) a conditional award of cash; or (iii) an option to acquire ordinary shares in the Company (each an 'Award'). No payment will be required for the grant of an Award. Awards may not form part of pensionable earnings. Awards may be subject to a performance period and performance conditions as determined by the Committee.

Awards may be made in the 42 days following (i) the date on which the Company announces results for any period; (ii) any day on which Directors decide, in accordance with the then current Directors' Remuneration Policy, that exceptional circumstances exist which justify the grant of Awards; (iii) any day on which changes to law or regulation affecting share plans are announced, made or effective; or (iv) the lifting of dealing restrictions which prevented the granting of Awards during any period specified above.

## **Individual limits**

The maximum market value of the Award that may be made to a participant in any financial year shall not exceed three times the participant's basic annual salary.

## **Overall limits**

The LTIP may operate over new issue shares, treasury shares or shares purchased in the market. The number of ordinary shares which may be issued (or have the possibility to be issued) under the LTIP and any other employee share plan operated by the Company in any 10-year period shall not exceed 10 per cent of the Company's issued ordinary share capital. This limit is reduced to 5 per cent for ordinary shares which may be issued under any discretionary share schemes. Treasury shares will count towards these limits for so long as institutional investor guidelines consider they should be so counted.

## **Vesting of awards**

Awards will normally vest the business day after the announcement of the Company's results for the last financial year of the Award's performance period and only to the extent that any performance condition has been satisfied, as determined by the Committee, in accordance with the then current Directors' Remuneration Policy.

## **Cessation of employment**

If a participant's employment with the Group terminates before the vesting period, their Awards will normally lapse. If the termination is due to death, ill health, injury, disability, redundancy, retirement, transfer of employing entity to a non-Group entity (a 'Good Leaver'), or any other reason determined by the Committee, in accordance with the then current Directors' Remuneration Policy, then the vesting of the Award will be reduced to reflect the extent to which any performance conditions were satisfied and the proportion of any performance period had elapsed on the date of termination. In the case of death, or any other circumstance deemed reasonable by the Committee, in accordance with the then current Directors' Remuneration Policy, the vesting of the Award may be accelerated to vest as soon as reasonably practicable, in accordance with the then current Directors' Remuneration Policy.

## **Corporate events**

In the event of a reconstruction or takeover of the Company involving:

- (i) a significant change in the ultimate shareholders of the Company, unvested Awards may be accelerated, subject to determination by the Committee, in accordance with the then current Directors' Remuneration Policy, of the proportion of any performance period that has elapsed and the degree to which any performance condition has been satisfied; or
- (ii) an exchange of shares for shares in another company or companies, the Committee may determine that, in accordance with the then current Directors' Remuneration Policy, an Award may be replaced by a right to an appropriate number of shares in that other company or companies.

## **Rights and entitlement to dividends**

A participant shall not be entitled to vote, receive dividends or have any other rights in respect of shares under an Award until the shares are issued or transferred to the participant. The Company may grant dividend equivalents in relation to an Award.

## **Reduction of awards**

The Committee may reduce one or more Awards granted to any one or more participants in circumstances it considers appropriate, in accordance with the then current Directors' Remuneration Policy, including (i) misconduct of a participant leading to significant reputational damage, or a material adverse effect on the financial position, business opportunities or prospects for sustained performance or profitability of the Company, any Group subsidiary or relevant business unit; or (ii) a material misstatement or restatement in the Company's or any Group subsidiary's audited financial accounts.

## **Variation**

The Committee may amend the LTIP from time to time, provided that prior shareholder approval is obtained for amendments to the advantage of participants in relation to: (i) eligibility; (ii) limits on participation; (iii) the basis for determining entitlement to the shares or the cash comprised in an Award; and (iv) the treatment of variation in capital and any rights attaching to the Awards or the Shares. Minor amendments to benefit administration, to take into account legislative changes or to obtain or maintain favourable taxation, exchange control or regulatory treatment for participants or Group subsidiaries may be made by the Committee without shareholder approval.

# Appendix II to the Notice of AGM – APP Summary

## Operation

The Company's APP will be operated and administered by the Board or a duly authorised committee (together the 'Committee'). The Committee shall have full authority to operate the APP as it considers reasonable in all circumstances. Where applicable, any discretion exercised by the Committee shall be in accordance with the then current Directors' Remuneration Policy. The APP will not be operated more than 10 years after approval by shareholders, and the Board will continue to review the operation of the APP during this period.

The APP may be operated both in the UK and overseas and, if operated overseas, it may be varied as the Committee reasonably considers necessary for legal, tax, regulatory or administrative reasons to facilitate the operation of the APP. The APP shall be governed by English law and all Group subsidiaries and participants shall submit to the jurisdiction of the English courts.

## Eligibility

Employees of the Company, its subsidiaries and any other company associated with the Company and so designated by the Committee (the 'Group') are eligible to participate in the APP at the absolute discretion of the Committee.

## Awards

Awards may consist of (i) a conditional award of cash ('Cash Award'); (ii) a deferred share award of ordinary shares ('Share Award'); or (iii) a combination of the two (together 'Awards'). No payment will be required for a grant of Awards. Awards may not form part of pensionable earnings. Awards may be subject to a performance period and performance target as determined by the Committee, in accordance with the then current Directors' Remuneration Policy.

A Share Award may be in the form of a conditional award ('Conditional Award'), under which a participant is entitled to receive a specified number of shares on a release date ('Release Date'), provided they remain an employee of the Group until that date; or a forfeitable award ('Forfeitable Award') under which a specified number of shares are transferred to the participant for their absolute benefit, but such that they may forfeit them if they cease to be an employee of the Group before the Release Date, and subject to any terms determined by the Committee, in accordance with the then current Directors' Remuneration Policy.

The relevant number of shares for a Share Award will be calculated by reference to the average of the middle-market quotation of an ordinary share for the three business days following the announcement of the Company's results for the relevant financial year, or by such other method and for such other days as the Committee may determine, in accordance with the then current Directors' Remuneration Policy.

Awards may be made in the 42 days following (i) the date on which the Company announces results for any period; (ii) any day on which Directors decide, in accordance with the then current Directors' Remuneration Policy, exceptional circumstances exist which justify a grant of Awards; (iii) any day on which changes to law or regulation affecting share plans are announced, made or effective; or (iv) the lifting of dealing restrictions which prevented the granting of Awards during any period specified above.

## Individual limits

The maximum Award that may be made to a participant in any financial year shall not exceed twice the participant's basic annual salary.

## Overall limits

The APP may operate over new issue shares, treasury shares or shares purchased in the market. The number of ordinary shares which may be issued (or have the possibility to be issued) under the APP and any other employee share plan operated by the Company in any 10-year period shall not exceed 10 per cent of the Company's issued ordinary share capital. This limit is reduced to 5 per cent for ordinary shares which may be issued under any discretionary share schemes. Treasury shares will count towards these limits for so long as institutional investor guidelines consider they should be so counted.

## Award payments

Cash awards will be paid as soon as reasonably practicable by the Company and within 90 days of the end of any performance period.

On the Release Date, participants are entitled to shares under Forfeitable Awards without any restrictions, and are eligible to receive shares under a Conditional Award to the extent that the participant has fulfilled any terms as specified by the Committee upon making of the Award.

## Cessation of employment

If a participant's employment with the Group terminates, the following provisions apply in the table shown below:

	<b>During any performance period</b>	<b>After any performance period but before making of Award</b>	<b>After making of any Award but before Release Date</b>
<b>Death</b>	Receive Award as Cash Award, reduced to reflect proportion of performance period occurred before termination, as soon as reasonably practicable	Receive Award as Cash Award <sup>1</sup> , as soon as reasonably practicable	Receive Award in form originally specified, as soon as reasonably practicable <sup>1</sup>
<b>Ill health, injury, disability, redundancy, retirement or transfer of employing entity to a non-Group entity</b>	Receive Award in form originally specified <sup>1</sup> , reduced to reflect proportion of performance period occurred before termination <sup>2</sup>	Receive Award in form originally specified <sup>1</sup> No acceleration of awards <sup>1</sup>	Receive Award in form originally specified <sup>3</sup>
<b>Takeover or reconstruction</b>	Receive Award as Cash Award <sup>1</sup> , reduced to reflect proportion of performance period occurred before termination <sup>2</sup>	Receive Award as Cash Award <sup>1</sup>	Receive Award in form originally specified, as soon as reasonably practicable <sup>1</sup>
<b>Any other reason</b>	No Award made <sup>1</sup>	Receive any Cash Award; Share Award forfeited <sup>1</sup>	Share Award forfeited <sup>1</sup>

<sup>1</sup> Subject to Committee discretion, in accordance with the then current Directors' Remuneration Policy, to determine otherwise.

<sup>2</sup> Subject to Committee discretion, in accordance with the then current Directors' Remuneration Policy, to pro-rate to a later date.

<sup>3</sup> Subject to Committee discretion, in accordance with the then current Directors' Remuneration Policy, to accelerate vesting.

## Corporate events

In the case of a reconstruction or takeover involving exchange of shares for shares in another company or companies, the Committee may determine, in accordance with the then current Directors' Remuneration Policy, that an Award may be replaced by a right to an appropriate number of shares in that other company or companies.

## Rights and entitlement to dividends

A participant shall not be entitled to vote, receive dividends or have any other rights in respect of shares under a Share Award until the shares are issued or transferred to the participant. The Company may grant dividend equivalents in relation to a Conditional Award.

## Reduction of awards

The Committee may reduce one or more Awards granted to any one or more participants in circumstances it considers appropriate, including (i) misconduct of a participant leading to significant reputational damage, or a material adverse effect on the financial position, business opportunities or prospects for sustained performance or profitability of the Company, any Group subsidiary or relevant business unit; or (ii) a material misstatement or restatement in the Company's or any Group subsidiary's audited financial accounts.

## Variation

The Committee may amend the APP from time to time, provided that prior shareholder approval will be obtained for amendments to the advantage of participants in relation to: (i) eligibility; (ii) limits on participation; and (iii) any rights attaching to the Awards or the Shares. Minor amendments to benefit administration, to take into account legislative changes or to obtain or maintain favourable taxation, exchange control or regulatory treatment for participants or Group subsidiaries may be made by the Committee without shareholder approval. No amendment shall take effect to the extent that it causes the APP to cease to be an 'employees' share scheme' as defined in Section 1166 of the 2006 Act.

## Technical notes

- 1 A member is entitled to appoint another person, who need not be a member, as his/her proxy to exercise all or any of his/her rights to attend, speak and vote at this AGM or any adjournment thereof. A member may appoint more than one proxy in relation to the AGM, provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that member.
- 2 A Form of Proxy is enclosed. To be valid, the Form of Proxy must be received by the Company's Registrar, Equiniti, by no later than 11.00am on Wednesday, 30 April 2014 or, if the AGM is adjourned, 48 hours before the time of the adjourned AGM. The appointment of a proxy will not prevent a member from subsequently attending, speaking and voting at the AGM in person.
- 3 If you wish, you may register the appointment of a proxy for this AGM electronically, by logging on to the Registrar's website at [www.sharevote.co.uk](http://www.sharevote.co.uk) where details of the procedure are shown. The Voting ID, Task ID and Shareholder Reference Number shown on your Form of Proxy will be required to complete the procedure. Electronic Proxy Appointment will not be valid if received after 11.00am on Wednesday, 30 April 2014 or, if the AGM is adjourned, 48 hours before the time of the adjourned AGM, and will not be accepted if found to contain a computer virus.
- 4 CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for this AGM by using the procedures described in the CREST Manual available by logging in to the Euroclear website at [www.euroclear.com](http://www.euroclear.com). 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 (CREST participant ID RA19) by 11.00am on Wednesday, 30 April 2014 or, if the AGM is adjourned, 48 hours before the time of the adjourned AGM. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Application Host) from which the Company's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means. CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear does not make available special procedures in CREST for any particular message. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed (a) voting service provider(s), to procure that his/her CREST sponsor(s) or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members (and, where applicable, their CREST sponsors or voting system providers) are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
- 5 Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that if two or more representatives purport to vote in respect of the same shares: (i) if they purport to exercise the power in the same way as each other, the power is treated as exercised in that way; and (ii) in other cases, the power is treated as not exercised.
- 6 The right to appoint a proxy does not apply to persons whose shares are held on their behalf by another person and who have been nominated to receive communications from the Company in accordance with Section 146 of the 2006 Act ('Nominated Persons'). Nominated Persons may have a right under an agreement with the member who holds the shares on their behalf to be appointed (or to have someone else appointed) as a proxy for the AGM. If Nominated Persons do not have such a right, or do not wish to exercise it, they may have a right under such an agreement to give instructions to the person holding the shares as to the exercise of voting rights.
- 7 Holders of ordinary shares are entitled to attend and vote at General Meetings of the Company (including this AGM). On a vote by show of hands, every member who is present has one vote and every proxy present who has been duly appointed by a member entitled to vote has one vote, unless the proxy has been appointed by more than one member and has been instructed by one or more members to vote for the resolution and by one or more members to vote against the resolution, in which case the proxy has one vote for and one vote against. On a poll vote, every member who is present in person or by proxy has one vote for every ordinary share of which he/she is the holder.
- 8 The Company, pursuant to the Uncertificated Securities Regulations 2001, specifies that only those members on the Register of Members as at 6.00pm on Wednesday, 30 April 2014 or, if the AGM is adjourned, on the Register of Members at 6.00pm two days prior to the date of any adjourned AGM, shall be entitled to attend and vote at the AGM in respect of the number of shares registered in their names at that time. Changes to entries on the Register of Members after the relevant above-mentioned deadline shall be disregarded in determining the right of any person to attend and vote at the AGM.
- 9 As at the Latest Practicable Date, the Company's total issued share capital consisted of 259,170,305 ordinary shares, carrying one vote each, excluding any ordinary shares held as treasury shares. As at the Latest Practicable Date, the Company held 9,773,912 ordinary shares as treasury shares, representing approximately 3.77 per cent of the Company's issued share capital (excluding treasury shares) as at that date. Therefore, the total number of voting rights in the Company as at the Latest Practicable Date was 259,170,305.
- 10 Under Section 319A of the 2006 Act, any member attending the AGM has the right to ask questions in relation to the business of the AGM. The Company must cause to be answered any such question relating to the business being dealt with at the AGM but no such answer need be given if (a) to do so would interfere unduly with the preparation for the AGM or involve the disclosure of confidential information; (b) the answer has already been given on a website in the form of an answer to a question; or (c) it is undesirable in the interests of the Company or the good order of the AGM that the question be answered.
- 11 Under Sections 338 and 338A of the 2006 Act, members may request the Company to include in the business to be dealt with at the AGM any matter (other than a proposed resolution) which may be properly included in the business, provided that it is not defamatory, frivolous or vexatious. The Company will include such matter if sufficient requests have been received by members who have at least 5 per cent of the total voting rights or by at least 100 members who hold shares on which there has been an average sum, per member, of at least £100 paid up and submitted in the manner detailed in Sections 338 and 338A of the 2006 Act.
- 12 Members should also note that it is possible that, pursuant to requests made under Section 527 of the 2006 Act, the Company may be required to publish on a website a statement setting out any matter relating to (i) the audit of the Company's financial statements (including the Auditor's Report and the conduct of the audit) that are to be laid before the AGM; or (ii) any circumstance connected with an Auditor of the Company appointed since the previous meeting at which the Annual Report and Form 20-F (previously the Annual Report and Financial Statements) were laid. The Company may not require the members requesting such website publication to pay its expenses in complying with Sections 527 or 528 of the 2006 Act. Where the Company is required to place a statement under Section 527 of the 2006 Act, it must forward the statement to the Company's Auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the AGM includes any statement that the Company has been required under Section 527 of the 2006 Act to publish on a website.
- 13 Members may not use any electronic address provided in either this Notice of AGM or any related documents (including the Form of Proxy) to communicate with the Company for any purposes other than those expressly stated.
- 14 A copy of this Notice of AGM and other information required by Section 311A of the 2006 Act can be found at the Company's corporate website at [www.ihgplc.com/investors](http://www.ihgplc.com/investors) under Financial library.
- 15 Certain items will not be permitted in the AGM. These include cameras, recording equipment, items of any nature with potential to cause disorder and such other items as the Chairman of the AGM may specify. We reserve the right to confiscate these items for the duration of the AGM if they are used to record or otherwise disrupt the AGM.