



IHG Annual Review and
Summary Financial Statement 2010



We're a global hotel company – the world's largest by number of rooms – operating seven well-known brands internationally.

Our Vision is to become one of the world's great companies. For us this means having great brands which lie at the heart of **Great Hotels Guests Love.**



We want people to feel good about what we do and how we do it. Around the world, we aim to delight our guests, inspire our people, act responsibly and generate financial returns for our hotel owners and our investors.

This requires:

Great Brands

which not only stand out, but also stand for something that resonates with our guests.

Great People

who bring our brands to life and give guests every reason to stay with us time and again.

Great Values

which bring our people together as a happy, successful and responsible business.

Great Ways of Working

which place our guests at the heart of everything we do, and support our hotel owners to do the same.

We'll be a great company when:

- **Guests love to stay with us**
- **People love to work for us**
- **Owners love our brands**
- **Investors love our performance**

Cover image:
InterContinental Shanghai Expo, China

1 Overview

- 2 Headlines
- 3 Chairman's statement
- 4 Chief Executive's review
- 5 Message from the IAHI

6 Delivering great brands

- 6 Introduction
- 7 InterContinental Hotels & Resorts
- 8 Crowne Plaza Hotels & Resorts
- 9 Hotel Indigo
- 10 The Holiday Inn family of brands
- 12 Staybridge Suites
- 13 Candlewood Suites
- 14 Priority Club Rewards



InterContinental Bangkok, Thailand



Holiday Inn, Singapore

15 How we operate

- 15 Worldwide scale: Our operating system and our business model
- 16 Our people
- 18 Global technology
- 20 Business reputation
- 22 Corporate responsibility

24 Where we operate

- 24 Around the world
- 26 The Americas
- 28 Europe, Middle East and Africa
- 30 Asia Pacific

32 Facts and figures

- 32 Summary financial statement
- 36 Our senior leadership team
- 38 Summary Directors' report
- 39 Corporate governance
- 40 Summary remuneration report
- 44 Investor information
- 45 Financial calendar and Contacts

8

Crowne Plaza Gurgaon, India

9

Hotel Indigo London-Tower Hill, UK

12

Staybridge Suites Newcastle, UK

13

Candlewood Suites Orlando, US

Headlines

Total gross revenue from all hotels in IHG system up 11% to \$18.7bn*

Revenue up 6%† to \$1,628m

Operating profit before exceptional items:

Group \$444m (2009 \$363m†)

The Americas \$369m (2009 \$288m)

EMEA \$125m (2009 \$127m†)

Asia Pacific \$89m (2009 \$52m)

Revenue per available room[∞] up 6.2%

Total number of rooms operating under IHG brands 647,161 (4,437 hotels)

2,956 hotels operating under the new Holiday Inn standards (89% of the global Holiday Inn estate)

68% of total rooms revenue booked through IHG's channels or by Priority Club Rewards members direct to hotel

8m new Priority Club Rewards members added (56m members in total)

Final dividend up 21% at 35.2¢ (sterling equivalent of 22p)

* Total rooms revenue from franchised hotels and total hotel revenue from managed, owned and leased hotels (not all attributable to IHG).

† Includes one significant liquidated damages receipt in 2009 in EMEA totalling \$3m.

∞ Total system rooms revenue divided by the number of room nights available.



Chairman's statement



“During 2010 we grew both sales and profits and delivered on our priorities. The recommended 21 per cent growth in the final dividend reflects our confidence in IHG’s prospects.”

David Webster
Chairman

Dear Shareholder

Performance

Revenue increased 6 per cent to \$1.6 billion, with operating profit before exceptional items of \$444 million, up 22 per cent. Adjusted earnings per share decreased 4 per cent from 102.8 cents to 98.6 cents.

The Board is recommending a 21 per cent increase to the final dividend for 2010, taking it to 35.2 cents per share. This will give a full-year dividend of 48.0 cents per share, 16 per cent higher than 2009. This converts to a sterling full-year dividend of 30.0 pence, up 15 per cent compared with 2009. Subject to shareholder approval, the final dividend will be paid on 3 June 2011.

Board

I am pleased to welcome Jim Abrahamson and Kirk Kinsell to the Board as Executive Directors. Their appointments were effective from 1 August 2010. Each has retained his existing responsibilities as a member of IHG’s Executive Committee.

Jim joined IHG as President of the Americas region in January 2009 from Global Hyatt Corporation. He has over 30 years of management experience in hotel operations, branding, development and franchisee relations, including 12 years with Hilton Hotels Corporation.

Kirk joined IHG in 2002 as Chief Development Officer for the Americas region, having previously held senior franchise and brand operations roles with the former Holiday Inn Corporation and ITT Sheraton. He was appointed to IHG’s Executive Committee as President, EMEA, in September 2007.

Both Jim and Kirk are highly regarded within the industry and have a deep understanding of the hotel business. This significant operational experience will be of great benefit to IHG’s Board.

Financial position and shareholder returns

Given the uncertainty in the wider economic environment during 2010, we continued with our prudent approach to managing our balance sheet. Careful control over cash has enabled us to reduce our overall net debt position by \$349 million to \$743 million. No returns above normal dividends were made to shareholders in 2010. Total funds returned since March 2004 amount to more than £3.5 billion.

Outlook

Our people were central to our strong performance in 2010. On behalf of the Board I should like to thank everyone in IHG for their hard work and commitment during the year.

With improving business confidence and corporate profitability, combined with a lower level of hotel openings expected across the industry, forward trends look favourable. Our global scale, attractive brands, powerful system and experienced management team position us well to drive market share and improve margins into the future.

David Webster

David Webster
Chairman



"We've made excellent progress this year, strengthening our brands and using our scale advantage to drive market share and improve margins. We will continue to focus on investing behind growth and creating value for our shareholders."

Andrew Cosslett
Chief Executive

Chief Executive's review

In a year when the global hotel industry returned to growth, we continued to improve the strength of our brands and our system. This has resulted in a greater share of the global pipeline and the successful near completion of the Holiday Inn relaunch.

The economic environment remained uncertain throughout 2010. But as the year progressed the hotel recovery gathered pace, resulting in growth in revenue per available room (RevPAR) in each of our regions and a rise of 6.2 per cent for the Group as a whole.

This led to good growth in revenues and profit for IHG and we continued to make excellent progress against our long-term strategic priorities. Consequently we are well placed to drive market share and improve margins in the years to come.

Driving market share

The relaunch of Holiday Inn was close to completion at the end of the year. 2,956 hotels are now operating under the new brand standards, which have revitalised our largest brand family globally. Relaunched hotels continue to perform strongly.

The global roll-out of our newest brand, Hotel Indigo, continued as we opened a second hotel in London at Tower Hill and the first Hotel Indigo in Asia Pacific in Shanghai. We signed 25 Hotel Indigos into our pipeline, taking the total number under development to 62.

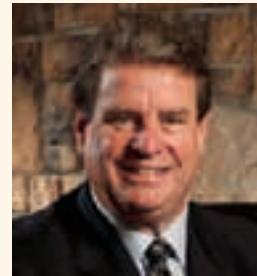
The power of our system and brands helped us achieve an 18 per cent share of the global pipeline of new-build hotels. During the year we re-entered the Hawaii market with Holiday Inn and formed an innovative alliance with Las Vegas Sands Corp., bringing The Venetian and Palazzo Resorts into the InterContinental system.

In 2010, 68 per cent of rooms revenue came through our reservations channels or by Priority Club Rewards members direct to hotels. We also signed a record number of new Priority Club Rewards members in the year. Total membership now stands at 56 million.

Growing margins

We kept regional and central costs broadly in line with 2009 excluding the impact of performance-based incentives. This, and our drive to improve the efficiency of the Group, helped increase fee-based margins by 1.1 percentage points.

Our Vision is to become one of the world's great companies and the actions we have taken in 2010 have reaffirmed that we are on the right path. We continue to focus hard on our strategic priorities to drive market share and improve margins, and with industry trends set to be positive, we look forward to a successful 2011.



Our Vision is to become one of the world's great companies

Over the past years we have put the key elements in place to help us fulfil our Vision. We are working side by side with our owners on our shared core purpose of creating Great Hotels Guests Love. We continue to invest in strengthening our brands so that they stand out and stand for something in the hearts and minds of our guests. And we continue to align our organisation behind those brands, helping to inspire pride in the people who bring the brands to life for our guests every day, in every country. These key elements, delivered consistently, will ensure that guests prefer our brands, helping us to win market share.

Our Vision to become great



Driving brand preference

We are in the people business. It's the people in our hotels that really bring the brands to life for our guests. So in 2011 we are rolling out a world class suite of tools that give our owners the opportunity to immerse their people in our brands still further. The tools will help them hire the best person for their brand, clarify their understanding of what a guest is looking for in that brand and give them the tools to motivate and recognise their people. These tools will help us to drive consistency in brand delivery and help our owners to engage, develop and retain good people.

Global opportunities

We are always looking for new opportunities around the world. There are, however, huge opportunities for our existing brand portfolio. We are focused on quality not quantity. The Holiday Inn relaunch has been one of the biggest initiatives in hotel history and we are now preparing to refresh Crowne Plaza. We have been pleased with the results of our boutique brand, Hotel Indigo, this year and are looking forward to an escalated roll-out next year. Our brands are benefiting from the opportunities opening up in emerging markets where we are building a strong position.

Andrew Cosslett
Chief Executive

A profitable future together

"All IAHI members will likely not share the same view of 2010. Some will have seen significant recovery in their markets; others will have continued to face challenges. But no matter where they are on the road to recovery, every IAHI member will share a positive view of our collaboration with IHG.

This year, we launched Celebrate Service, a global tribute to our greatest asset – our people. This collaboration, which started as an idea of past IAHI Chairman Mark Carrier, became a platform for celebrating the contribution of every employee. Building on that success, the IAHI encouraged and supported the introduction of People Tools to all IHG hotels, responding to what our members said was a key challenge: recruiting, developing, and retaining talent.

Another key challenge is driving down costs. In 2010, we introduced one cost-saving innovation, InnSupply, which began as an IAHI initiative. When it became apparent that the resources needed to support a procurement programme were beyond our scope, we approached IHG for their expertise to launch such a programme. InnSupply rolls out in early 2011, and the savings to our owners in dollars and time should be significant.

The benefits of the IAHI and IHG working closely together have never been more apparent. Working together, we will continue to build a profitable future for every owner."

Bill DeForrest Chairman,
IAHI, the Owners' Association



For further information go to
www.iahi.org

Great Hotels Guests Love

Delivering great brands



“Our powerful system, the quality of our hotels and ability of our people enable us to deliver a consistently great guest experience. That means our brands are ideally placed to outperform our competitors.”

Tom Seddon
Chief Marketing Officer

Great brands lie at the heart of Great Hotels Guests Love. Guests want our brands to offer something distinctive and special. And they want to feel certain they will enjoy the same high-quality experience every time. Providing guests with this confidence underpins our brand strength, as does the training and dedication of our people. Great brands, combined with the scale and power of our system, allow us to grow return on investment and increase hotel owner satisfaction.

The right people

The experience we create for our guests starts with our people. Getting the right people with the right training to deliver a distinctive experience for each of our brands is the aim of our People Tools (see page 16).

The right environment

The right people need the right environment to create great guest experiences. This was the main goal of our \$1 billion relaunch of Holiday Inn. The global refresh, the largest ever in the hospitality industry, has driven a significant improvement in guest satisfaction and revenue per available room (RevPAR) across our hotels around the world. Since 2005 we have also added 1,200 hotels to the portfolio and removed around 1,000 others that were not up to high enough standards (see pages 10 and 11).



Our powerful system

In addition to a great guest experience, a global hotel brand needs a powerful global operating system and marketing strength to attract and retain customers. IHG’s \$1 billion system fund attracts guests and drives revenue for owners in many ways. These include our reservations channels, regional sales teams and the world’s largest loyalty club scheme, Priority Club Rewards, with 56 million members. Our system is the reason we attract over 146 million room nights per annum and five rooms are booked with us every second. It also supports successful programmes such as our \$100 million ‘Stay You’ campaign for Holiday Inn (see page 11).

Standing for something special

Brands become great when they stand out and stand for something that people remember and choose first. Over the next eight pages we set out how we are developing our brands to create Great Hotels Guests Love and become one of the world’s great companies.

InterContinental® Hotels & Resorts

more on the web: www.ihgplc.com



In the know

We've been on the international scene for decades, so no-one knows the world like we do. We love to share our knowledge with our guests and they love our understated service and style.

Located in more than 60 countries, we've got all the local insight that comes with over 60 years of experience.

Our people know that well-travelled, affluent guests want to connect with the essence of a location. So it's every team member's desire to help guests enjoy authentic and enriching experiences that broaden their outlook and make the most of their time with us.

To help guests get 'in the know' we offer Destination Videos, part of InterContinental's Concierge programme. They've received over 4.5 million views on our website and YouTube. Our global concierge Insider Guides are also available on a free iPad app at www.intercontinental.com/insiderguides

Region	Hotels	Rooms	Hotels in pipeline
Americas	56	19,120	5
EMEA	64	20,111	24
Asia Pacific	51	19,198	31
Total	171	58,429	60

www.intercontinental.com

Being local

We opened nine new InterContinental hotels this year, with flagship properties in Shanghai and Nanjing, China; New York, US; and Mendoza, Argentina. This took our global estate to 171 hotels. We also signed agreements to open new hotels in Cartagena, Colombia; Osaka, Japan; Beijing, China; and Kuala Lumpur, Malaysia, boosting our pipeline to 60 hotels.

This planned growth in strategic locations across the globe is key to expanding our knowledge of the world and making our brand more accessible to our guests.

Extending the brand

In 2010 InterContinental launched its first ever China brand campaign. This featured our new properties the InterContinental Sanya Resort, InterContinental Shanghai Expo and InterContinental Nanjing.

The campaign reached around 25 million people across Greater China.

Did you know?

We were awarded 'Best Business Hotel Brand in the World' and 'Best Business Hotel Brand in Europe' by Business Traveller in a 2010 poll.

Crowne Plaza® Hotels & Resorts



Celebrate your stay

Crowne Plaza Hotels & Resorts is our upscale brand of hotels located in urban centres, gateway cities and resort destinations across more than 56 countries. We are recognised as The Place to Meet as we focus on providing a better experience for both meeting planners and their attendees. We also know a good night's sleep only truly begins once you're able to shut out the world and switch off, which is why we've introduced a popular dedicated sleep programme called Sleep Advantage®.

Region	Hotels	Rooms	Hotels in pipeline
Americas	209	57,073	27
EMEA	98	22,941	25
Asia Pacific	81	26,141	71
Total	388	106,155	123

www.crowneplaza.com

We love to make sure that our guests have fun when they stay with us. We do this by combining the very best facilities with great service, helping our guests get more from their trip beyond work.



Crowne Plaza Gurgaon, India

Leading growth

Crowne Plaza is the fourth largest upscale hotel brand in the world. It also has the most hotels in the development pipeline of any upscale brand globally. We signed hotels in 2010 in St. Petersburg, Changchun, Amsterdam and we opened in Bangkok. We're opening more than 120 hotels over the next few years and in 2011 we'll be developing plans for a refresh of the brand, further improving the guest experience.

Official Partner of BMW Motorsport

Crowne Plaza has joined forces with BMW Motorsport in a three-year global partnership to help us drive revenue by reaching more customers than ever before. It's a strong brand fit as we do business in the same markets and share the same commitment to service. We also share the same customers, together offering them a great lifestyle choice.

Did you know?

Travel buyers rated
Crowne Plaza the No.1
upscale brand in Business
Travel News' annual US Hotel
Chain Survey 2010.



Refreshingly local

We love the fact that we're different, right down to our local take on design. We're all about neighbourhoods and take every opportunity to share the colour, ambience and flavours of our localities with our guests.

Hotel Indigo combines the individuality of a boutique hotel with the consistency and reliability of a branded hotel. We go out of our way to make our neighbourhoods easy to discover and appreciate. The neighbourhood setting, modern design and our commitment to inspired service are what set Hotel Indigo apart. That's why we appeal to the upscale guest who is well-travelled, has an eye for design, an appreciation for art and is looking for something different.

Region	Hotels	Rooms	Hotels in pipeline
Americas	35	4,254	46
EMEA	2	110	11
Asia Pacific	1	184	5
Total	38	4,548	62

www.hotelindigo.com

Our youngest brand

We've only just celebrated our sixth birthday, but our youngest brand is growing at great pace. We finished the year with 38 hotels and have over 60 more in the pipeline. We're set to open in major cities such as Madrid, Lisbon, Vancouver, Mexico City, Glasgow, New Orleans and Berlin. We've also now launched the brand in Asia Pacific with Shanghai on the Bund, which will be followed by openings in Taipei, Bangkok and Jakarta. This year we opened a second London property, Hotel Indigo at Tower Hill, in the centre of the City's Square Mile, and our fourth hotel in New York State.

Pulling power

In 2010, J.D. Power and Associates featured Hotel Indigo for the first time in their customer satisfaction reports. Guests at new brand hotels, such as Hotel Indigo, report they've been happier with their stay over the past year than those staying with more established brands.

Did you know?

Hotel Indigo and singer/songwriter Natasha Bedingfield teamed up last year to uncover the best neighbourhood spots across America.

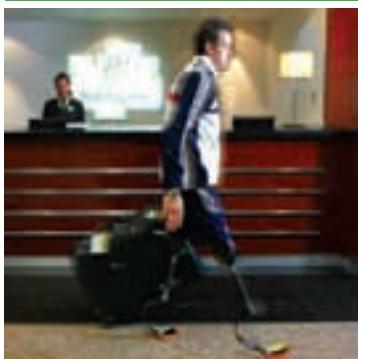
Holiday Inn®, Holiday Inn Express® and Holiday Inn Club Vacations®



Holiday Inn®



Every second 3 guests check into our hotels.
Every week 2 Holiday Inn Express hotels open.
Every year 120 million people stay at our hotels.



Following the 'Stay You' campaign, awareness of the brand rose by 6 percentage points in the US and Canada last year.

Championing the real you: **Our friendly people love to make our guests feel totally comfortable,**

Holiday Inn

We've always been known for our friendly service, comfort and value. Now we're completing our worldwide relaunch, our business and leisure travellers can expect even better quality and service. Our new identity, contemporary lobbies and refreshed guest rooms are all designed to help guests relax and simply be themselves.

Holiday Inn Express

One of the fastest growing hotel brands, Holiday Inn Express offers convenience and comfort at great value. Like Holiday Inn, we've almost completed the brand's relaunch. This means our guests can expect the fresh, clean and comfortable stay they're used to, with improved service and a more contemporary feel – whether on business, on holiday or just passing through.

Holiday Inn Club Vacations

We provide a fun and relaxing environment where memorable vacations are created and shared among family and friends time and again. Families have been vacationing with Holiday Inn for more than 50 years. The new Holiday Inn Club Vacations brand provides the same great value and family-friendly atmosphere in a vacation resort setting.

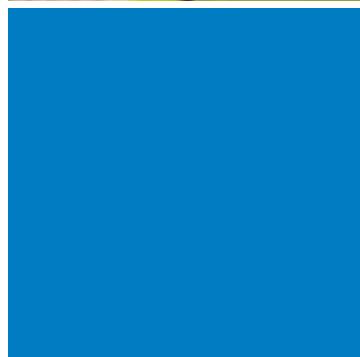
Region	Hotels	Rooms	Hotels in pipeline
Americas	812	144,683	187
EMEA	325	52,945	41
Asia Pacific	104	29,597	85
Total	1,241	227,225	313

Region	Resorts	Rooms	Resorts in pipeline
Americas	6	2,892	0
Total	6	2,892	0

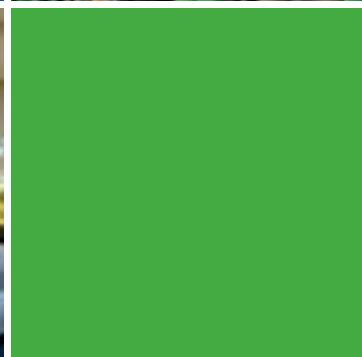
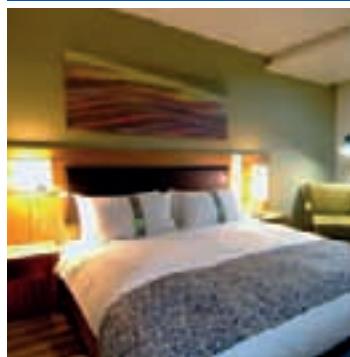
www.hiclubvacations.com

www.holidayinn.com

www.hiexpress.com



Holiday Inn Hotels & Resorts were voted 'Best Mid-Market Hotel Brand in the World' and 'Best Mid-Market Hotel Brand' in Asia Pacific for the 10th consecutive year.



whether they arrive in their suit, or shorts and a T-shirt.

Staying power

We've all but completed the \$1 billion Holiday Inn relaunch, the biggest-ever project of its kind in the hospitality industry. This was quite an achievement, especially in such a tough global economic climate. At the end of 2010, almost 3,000 hotels were operating under the new Holiday Inn standards, approximately 90% of the global Holiday Inn estate. The refreshed hotels offer modern spaces, friendly service and a great night's sleep in 72 countries worldwide.

The benefits of the investment are already starting to be seen by owners. Our aim was to deliver between 3% and 7% RevPAR outperformance for relaunched hotels. Results are at the top end of this target. RevPAR growth for US hotels relaunched for more than one year was 6 percentage points higher than those we hadn't relaunched. Global RevPAR is 5 percentage points higher at relaunched hotels.

Growing our presence

It has been a year of growth with Holiday Inn returning to Hawaii and the opening of our first new-build in Mumbai, India. Holiday Inn Express launched in India, Singapore and Malaysia

and we extended the pipeline in China, Turkey, Germany and France. At Dubai Airport we opened the largest Holiday Inn Express in Europe, Middle East and Africa.

London 2012 Olympic and Paralympic Games

We continued our preparations to welcome the world for London 2012. We announced a number of initiatives to help the organising committee, LOCOG (see page 29), and are preparing to open a new Holiday Inn around the Olympic Park. Two other Holiday Inns will open next year in London as we prepare to welcome guests in the run-up to the Games.

Stay You.™

In May 2010 we kicked off a \$100 million global advertising campaign, inviting people to 'Stay You' or simply be themselves. We advertised on TV for the first time in Germany and also advertised across the US, UK, Canada, Latin America and Australia with print and digital campaigns in Mexico and Asia. More details of our Great Wall of China activity can be seen on page 31.

Staybridge Suites®



Like family

Our upscale properties offer guests who would like an extended stay a choice of studio, one-bedroom or two-bedroom/two-bath suites with fully equipped kitchens and separate sleeping and work areas. We also invite them to join our hotel teams and other guests for social activities that make them feel comfortable, making them feel like family.

Region	Hotels	Rooms	Hotels in pipeline
Americas	183	20,014	96
EMEA	5	748	5
Total	188	20,762	101

www.staybridgesuites.com

We love our guests to feel like family and our hotels to feel like home.



Staybridge Suites Augusta, Georgia, US

Did you know?

Staybridge Suites team members have raised funds to complete four villas at Give Kids The World Village in Orlando.

Our brand abroad

Staybridge Suites has grown every year in the Americas since its launch in 1998. We're also now offering our all-suite concept in international markets such as Cairo, Abu Dhabi, St. Petersburg, Liverpool and Newcastle. Following exciting new signings in 2010, our 101-strong pipeline will extend the brand in markets such as Kuwait and Lebanon. One of the highlights will be our prominent position at the London 2012 Olympic Village in Stratford.

Times Square debut

In 2010 we made our debut in New York City's Times Square. The property is within walking distance of Manhattan's hub, the Jacob Javits Convention Centre, Broadway, Madison Square Gardens and Central Park.

Staybridge Suites also made its debut in Querétaro, central Mexico and we opened five properties across the US, including Oklahoma City and Seattle, Washington.

Candlewood Suites®

more on the web: www.ihgplc.com



Feel free

We love giving our guests all the essentials they need for a home-like stay at great value. We give them room to be themselves and are always there when they need us.

At Candlewood Suites our guests want to feel trusted and free to do what they want in their own space. Our hotels offer spacious studio and one-bedroom suites with fully equipped kitchens and a large work area which our guests often personalise to their liking. The Candlewood Cupboard is open 24 hours and is the only hotel convenience store which operates on an honesty system.

Region	Hotels	Rooms	Hotels in pipeline
Americas	288	28,253	120
Total	288	28,253	120

www.candlewoodsuites.com

Growth flows from Texas

Our US and Canada-based Candlewood Suites brand added 13 new hotels in Texas during the first six months of 2010. We are now open or about to open in 50 locations in the State. In total, 35 Candlewood Suites opened in the year and our pipeline remains bigger than any other brand in the midscale extended stay segment of the market.

Habitat for Humanity

Candlewood Suites has sponsored 10 Habitat for Humanity Home builds, creating home ownership opportunities for low-income families. The 10 completed homes are located across the globe in Detroit, Michigan; Dallas and Houston, Texas; Atlanta, Georgia; Alocqauca, Mexico; and Karjat, India.

Did you know?

Candlewood Suites was the first mid-priced extended stay hotel in New York City.



Priority Club® Rewards

PriorityClubRewards | IHG

Unleash the power of your points

The world's first and largest hotel loyalty programme, Priority Club Rewards, offers members more ways to earn and redeem points than any other hotel scheme.

Our members have unparalleled levels of freedom and choice, including our industry-leading Hotels Anywhere scheme and the ability to get rewards faster with Points & Cash.

56 million members

Over 600,000 new members every month

www.priorityclub.com

Value in loyalty

Priority Club Rewards is more than a loyalty scheme. It's a dynamic and international brand in its own right. The scheme drives over 40% of our total revenues by attracting guests to our hotels and gaining their repeat business.

Incentives trigger growth

In 2010 the brand continued to grow as we added almost eight million new members and generated 15% more revenue. Our greater flexibility was a key attraction, allowing guests to redeem points at any hotel, book airline tickets to anywhere in the world or combine Points & Cash for other rewards.

By offering this freedom of choice, Priority Club Rewards stands out in its market. Our members know that:

- points never expire;
- rewards nights have no restricted dates;
- hotel, travel, merchandise and entertainment rewards are also offered.

Attracting guests and owners

Guests love Priority Club Rewards. And our owners see it as a huge attraction of our operating system. This helps us to expand our estate in markets where we know we can create demand. One example in 2010 was Holiday Inn's return to Hawaii, one of the most requested destinations by our members (see page 27).

Developing an award-winning brand

Frequent travellers consistently vote Priority Club Rewards as their favourite hotel loyalty programme. The scheme has been named Best Hotel Rewards Program in the World by Global Traveler magazine readers for six consecutive years and Best Hotel Loyalty Program by Business Traveler magazine for four years in a row. In 2011 we will relaunch the scheme with a fresh new look.

Our new look

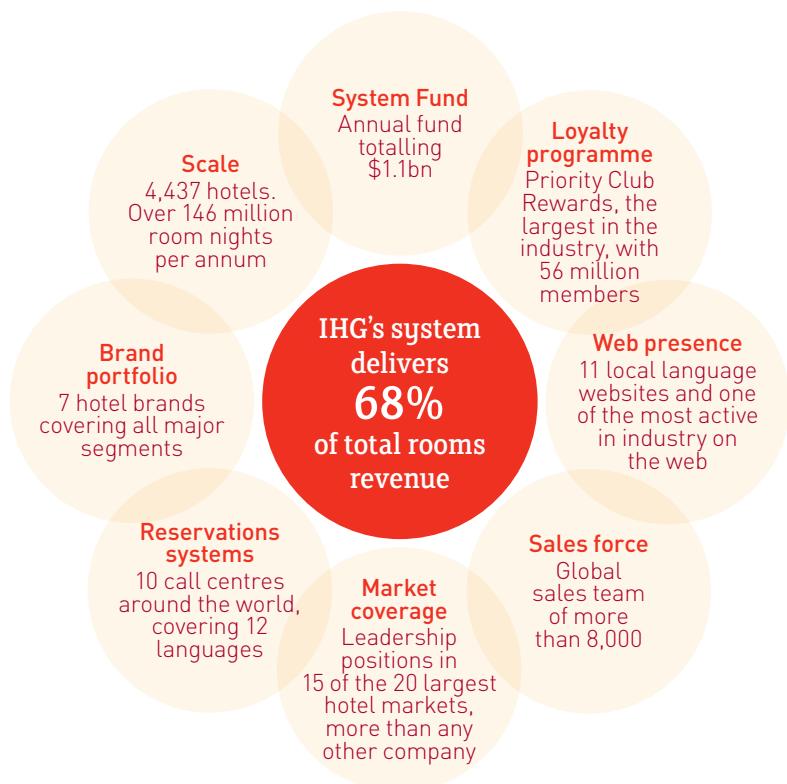




Worldwide scale

Our operating system

Our global 'system' is the engine room of the business. It brings guests to our hotels and persuades them to prefer our brands. It also drives hotel reservations and revenue for our owners, a key reason why they choose to develop hotels with us. To make our scale really count, we focus on the biggest markets and target our resources at opportunities that will deliver the best returns. This has helped us grow our industry-leading share of the global branded development pipeline.



Our business model

We run hotels in three ways: as a brand franchisor; a hotel manager of our brands; and as brand owner. Our low-capital business model means we own only 15 of our hotels today. Our focus is on franchising and managing hotels. More than 3,000 hotel owners now choose our brands in over 4,400 hotels and over 640,000 rooms around the world.

Brand	Marketing and distribution	Staff	Ownership	IHG capital	IHG income
Franchised This is the largest part of our business: 3,783 hotels operate under franchise agreements	IHG	IHG	Third party	Third party	Fee % of rooms revenue
Managed We manage 639 hotels worldwide	IHG	IHG	IHG usually supplies general manager as a minimum	Third party	Low/none
Owned and leased We own 15 hotels worldwide (less than 1% of our portfolio)	IHG	IHG	IHG	IHG	High
					All revenues and profits

How we operate

Our people



"We're not just a hotel business providing rooms – we're a people business providing memorable experiences for our guests in 100 countries and territories. We attract and develop the best people using our People Tools and by creating a workplace in which our people can be themselves and are valued for their contributions. When people love their jobs and feel proud of where they work, guest satisfaction increases and we drive higher returns for owners."

Tracy Robbins
Executive Vice President,
Human Resources &
Group Operations Support

We have set out a clear Vision to become one of the world's great companies. Motivated and skilled people are essential to our success because they bring our brands to life. Our people tell us they love our brands, believe in our strategy and are proud to work for us. This is allowing us to deliver consistently high standards of service and higher revenues for hotel owners, says Tracy Robbins.

Brands at the heart of our business

Great brands are at the heart of everything we do. Our people are critical to our brand success as their passion, values and skills are crucial to the guest experience. This year we further equipped our people to support the brands through development of our People Tools. These help us to hire, train, involve and recognise employees against the values of each brand whether it's Holiday Inn's friendliness or InterContinental's understated service and style (see the brand pages 7 to 14). These tools were developed for our owned and managed estate and received great feedback. Now working in partnership with hotel owners and the IAHI, we will offer them to all our hotels across the world.



InterContinental New York Times Square, US

Proud to work for IHG

Our employee survey in October showed that more of our people than ever understand our people strategy and love being part of IHG. Over 96,000 people sent us their views with 93% saying they are proud to work for us. Meanwhile, 91% of our people understand our core purpose to create Great Hotels Guests Love. The survey also showed that our people feel more engaged with the company than they did a year ago.

Working smarter

Ensuring our people have the right skills and knowledge gives us a competitive advantage. This year we developed the IHG Way of Sales to build a common way of working across the sales discipline, build sales capacity and drive hotel performance. This comprehensive online training for hotels ranges from quality programmes to systems and revenue management. Today, we offer more online learning experiences for our employees than ever before, helping hotels control costs and reduce time away from the job.

Did you know?

In our October employee survey a record 93% of our people said they're proud to work for us.

Recruiting and developing talented people

We expect to open almost 1,300 hotels in the next few years. To deliver Great Hotels Guests Love we will need to recruit around 160,000 people for our corporate offices and managed hotels. There will also be even more opportunities available in our franchised hotels.

We use our online recruitment system at www.ihg.jobs, as well as our Academy partnerships (see page 22), in different regions to match the right candidates against the right roles. Over 1.8 million people visited the site during 2010 and more than a million potential candidates have expressed an interest in working for us.

Our commitment to employees is to give them great training and to regularly review their progress so everyone will fulfil their potential.

Great brands have great leaders

This year we launched the Leadership Academy for members of our Leaders Lounge, an award-winning online community which shares ideas and best practice techniques. The new Academy gives our leaders the opportunity to invest time in comprehensive 15-20 minute online training programmes, available on-demand. Meanwhile, the Leaders Lounge continued the success of the previous year with 88% of eligible employees visiting the site each month.

The BEST place to learn

The awards we win show that our People Tools are best in class and that we are a great company to work for. Among our awards this year, we were named the 'World's 'BEST' Learning & Development Organisation' by the American Society for Training and Development. We were also named as a Sunday Times 'Best 25 Big Companies' to work for.

Celebrating Service

A simple 'thank you' can go a long way. That was our experience in July 2010 when around 3,000 hotels and offices celebrated examples of great service. Simple thank you notes were written by our colleagues worldwide and over 1,500 stories of great service were celebrated. These ranged from the manager who hosted a wedding for 130 people with an hour's notice, to one of our housekeepers who got a guest to a meeting on time by washing and ironing a stained shirt in just ten minutes.

2010 Awards

- 'Best 25 Big Companies' to work for – Sunday Times 2010
- 'Britain's Most Admired Companies' – Leisure and Hotels 2007, 2008, 2009 and 2010
- 'World's 'BEST' Learning & Development Organisation' – American Society for Training and Development 2010
- 'Innovation in Recruitment' – Personnel Today 2010



Edmond Tong: Events Operations Director, InterContinental Hong Kong



InterContinental Shenzhen, China



Sharon
Holiday Inn

Winning Ways



Do the right thing



Show we care



Aim higher



Celebrate difference



Work better together

These five behaviours define how we work together to create Great Hotels Guests Love.

How we operate

Global technology



"We continually push the boundaries of technological innovation to stay ahead in our sector and meet the expectations of our people, owners and guests. We anticipate trends and are fast to offer solutions. It means we support our brands by making our services more accessible and attractive to guests. It also makes our business easier to operate and more efficient, supporting our promise to create Great Hotels Guests Love."

Tom Conophy
Chief Information Officer

The effective use of the best technology is essential to our Vision of becoming one of the world's great companies. We are taking the industry lead in different areas, such as smartphone services, and are increasingly patenting our inventions and building a reputation as an innovative company.

Growing to meet demand

Technology systems are the foundation for efficient sales and distribution. Over the past few years demand for technological solutions in all areas of our business has grown massively. We are now handling approximately 15 billion interactions with our business every year, more than twice the number three years ago. At the same time we look to technology to help reduce IHG's operating costs.

Innovating in the mobile space

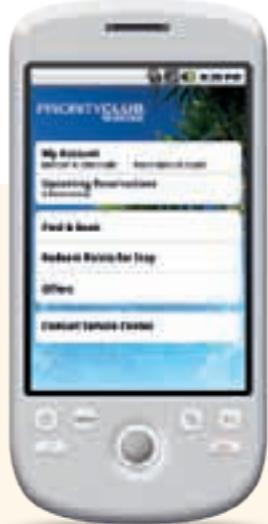
Nothing demonstrates our ability to anticipate demand better than our pioneering use of mobile and smartphone services. We were the first in our industry to introduce a popular mobile booking website. This is now available in eight different languages. We have added further innovations such as allowing mobile customers to check availability and book rooms in nearby hotels as well as view local maps and directions.

The popularity of 'location-based services' is massive and gives us considerable revenue opportunities. In December 2009 we achieved \$400,000 in rooms revenue from mobile bookings globally. By the following December we were achieving over \$3.6 million for the month. Euromonitor estimates that as many as 50% of the European population will be using these types of services by 2015 and the global picture is equally exciting. Together with other mobile offerings, such as our Priority Club Rewards app (see opposite), we are well placed to differentiate ourselves in this competitive marketplace.



Mobile check-in

Holiday Inn has introduced cutting-edge technology to allow guests to unlock their hotel room door with an audible tone from their mobile phone. Trialled at the Holiday Inn Chicago O'Hare and the Holiday Inn Express Houston Convention Center, the technology bypasses front desk check-in and has been very well received by guests. We are now looking to expand the pilot test globally over the next 12 months.



Priority Club Rewards app

In April 2010, we launched a Priority Club Rewards app for the Apple iPhone which has already been downloaded nearly 200,000 times. And in July 2010, we launched the Priority Club Rewards app for Google Android phones.

Sweet dilemma FREE NIGHTS OR DOUBLE POINTS

Priority Club Rewards Free Nights campaign



The concierge team at InterContinental Hong Kong ready to use their iPads to provide guests with local recommendations.

Did you know?

In 2010 we were second in InformationWeek's top 500 companies. We were also recognised as a top 100 company by the Chief Information Officer 100 Awards.

Searching for a beach hotel?

This year we introduced BOSS (Bottom-Up Optimized Search Strategy), a patent pending technology that works behind the scenes to revolutionise the way people search for hotels. We are handling over 50 million of these searches every day. BOSS turns conventional searching on its head. Traditionally, guests are prompted to search for a specific property or dates, repeating the search until they have narrowed down what they are looking for.

BOSS will enable guests to determine their own search criteria, whether a beach hotel or a major city, giving them the results they want quickly and easily. By the end of 2010, 30% of all IHG room searches were undertaken by BOSS, with 100% planned by the end of 2011.

Along with improving search capabilities, BOSS is an important element in helping us build IHG's reputation as a great company by creating industry-changing patentable inventions.

Better customer targeting

Magic, the marketing tool that helps us tailor campaigns to consumers, is producing great results for the business. This year we used over 150 million guest profiles and 56 million Priority Club Rewards members to produce more targeted marketing campaigns.

Over the year, Magic campaigns generated \$200 million in revenue, as compared to \$90 million in 2009. We are also using Magic for a new initiative, Guest Connect. Three days before their stay, guests are sent a pre-stay email with information about the hotel they are visiting and our promotions. The system allows hotels to select the most appropriate promotions for their location, enabling our people to give guests a more personal service.

Unique guest services

InterContinental hotels are pioneers in their use of the latest technology to deliver Great Hotels Guests Love. We are the first hotel brand to offer destination-specific online concierge services globally and this year launched our free Concierge Insider Guides app. The app is designed specifically for the Apple iPad and we are the first major hotel brand to make such an app available.

Our guests have always enjoyed the local knowledge of our concierge teams. With a simple download, our guests can now prepare to enjoy a richer travel experience by tapping into the collective knowledge of InterContinental concierge teams in more than 140 destinations.

OVERVIEW

GREAT BRANDS

HOW WE OPERATE

WHERE WE OPERATE

FACTS AND FIGURES

How we operate



"Having a great business reputation is a core asset. It helps us delight guests and attract shareholders. It's also how we build trusting relationships with business partners, maintain the confidence of the financial community and ensure we're an employer of choice."

George Turner
Executive Vice President,
General Counsel
and Company Secretary

Business reputation

A great corporate reputation is central to our ability to deliver Great Hotels Guests Love. Whether corporate governance, risk management, legal, health and safety, internal assurance or corporate responsibility, our stakeholders rely on us to do the right things.

Corporate governance

We are committed to maintaining the highest standards of global corporate governance. We achieve this by providing the right leadership, strategic oversight, knowledge tools and controls for our people so we fulfil all expectations, deliver a trusted service for guests and continue to drive value for our shareholders.

Ultimate responsibility for having the necessary robust processes and policies in place rests with the Board of Directors. Our Board has an excellent balance of skills and experience, bringing together expertise in areas such as marketing, hotel management, franchising, strategy, finance and remuneration.

The Board is supported by a range of Committees, including Audit, Remuneration, Corporate Responsibility, Nomination and Disclosure, as well as the functional teams of Global Internal Audit, Risk Management, Legal and Company Secretariat.

Responsible culture

Responsibility extends from the boardroom to every hotel guest room so we equip the 335,000 people who work in our hotels and corporate offices around the world to all live by our responsible business culture. We have embedded policies in our day-to-day operations, including our Code of Ethics and Business Conduct, Competition and Anti-Bribery policies. These are regularly and clearly communicated throughout our business. As our Code of Ethics states, IHG's reputation is built on the trust and confidence of all our stakeholders. This underpins our determination to be one of the world's great companies.

Management of risk

Having an accurate and up-to-date risk strategy is essential to managing our key risks. We continually review our Global Risk Register and agree actions to mitigate our current or emerging risks. The Risk Management team reports twice a year to the Board, Executive and Audit Committees.

Members of our executive team and other senior management are responsible for managing risk across our offices and hotels and for applying strategies, prioritising awareness and delegating responsibility to cope with events that could undermine the reputation of the Group and our brands. This involves, for example, safety and security, protection of personal and sensitive data and making the most of our use of third-party intermediaries.

Board insight

We make sure that our non-executive Board members have first-hand knowledge of the challenges and opportunities we face in our business front-line. During the year we held two non-executive visits to the Middle East and one to Atlanta, and we'll be hosting a tour of Greater China in 2011. Visits like this supplement the range of business information we provide, ensuring Directors have up-to-date insight into our expanding global business.

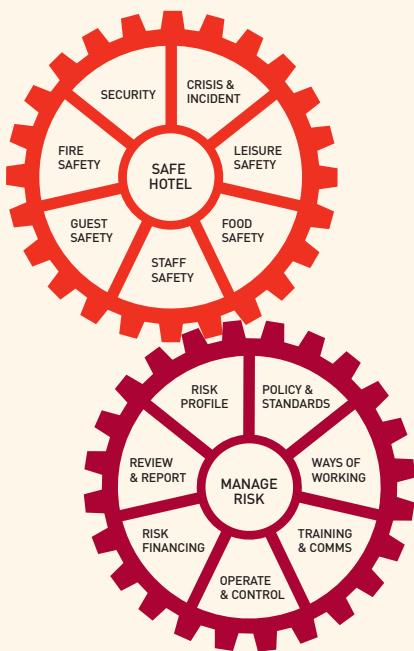
Did you know?

The risk management and training pages on our intranet attracted 187,000 hits from our people last year.

Hotel safety framework

The Safe Hotel wheel below illustrates the groups of risks identified and actively managed by IHG's risk managers around the world. The risk team work with hotels and their management teams in order to minimise such risks and keep hotels safe and secure.

Our holistic approach to risk means we are able to maintain and develop management strategies to assess and control individual types of risk. This has involved developing policies, standards and guidelines, raising awareness and training staff on controls and systems as well as reviewing and reporting on progress. These management activities are described on the Manage Risk wheel below.



Staying safe

Providing our guests and visitors with an environment in which they feel safe and secure is the main focus of the Risk Management team. Our emphasis on responsibility is core to promoting, maintaining and protecting the global reputation of the business. The team manages safety and security risks and ensures that our hotels comply with our own high standards, as well as local laws.

Our global standards have been recognised by the UK's Chartered Institute of Environmental Health (CIEH) which this year awarded us its first global corporate membership. All our safety training, from Intermediate or Advanced Foundations to online risk training sessions, will be accredited or endorsed by the CIEH. Graham Jukes, CIEH Chief Executive, described us as "a responsible corporate citizen – one that puts the safety of its customers and employees at the centre of everything it does."



Integrity of information

With operations as complex and global as ours, spanning 100 countries and territories, robust privacy and data protection procedures are vital.

Our privacy programme is designed to keep customer information confidential. In addition to our own strategy in 2010 we began to roll out compliance to Payment Card Industry (PCI) data protection standards. This achieved PCI certification in our corporate offices, data centres and owned hotels. We are providing support and expertise as well as encouragement for both the managed and franchised estate to meet the same standards.

Dynamic assurance

Global Internal Audit plays an important role in protecting our reputation. The team, via our dynamic risk assessment process (DRA), provides objective assurance and advice by developing an informed assessment of the Group's strategic and core risk profile and focusing resource on audit testing where risk matters most. The DRA was crucial in providing independent ongoing assurance to the Audit Committee that appropriate controls were in place in 2010.

How we operate

Corporate responsibility

Corporate responsibility (CR) is integral to the way we do business. Our focused approach helps us with our strategy to innovate and collaborate with stakeholders. This helps us create economic opportunities for communities and protect the environment. It also allows us to manage costs, drive revenue and be prepared for the future.

Our approach sits at the heart of our business and is championed at the highest level by our Board of Directors, supported by our global Corporate Responsibility Committee, chaired by Non-Executive Director, Jennifer Laing.



We have been awarded the Carbon Trust Standard in the UK for showing real carbon reduction and a commitment to ongoing reductions. We also have plans in place for the UK's Carbon Reduction Commitment. Our goal is to achieve energy savings of between 6% and 10% in our owned and managed estate by 2012.

A good business proposition

We know that great companies care about the environment in which they operate. We also know that with over 4,400 hotels worldwide and almost 1,300 in the development pipeline, we have a tremendous opportunity to make a difference. But making a difference also makes good business sense. Our CR strategy focuses on the two areas where we can make the most difference: protecting the environment; and creating economic opportunities for our communities.

When we work with stakeholders to cut carbon emissions, for example, we do it not only because it is good for the environment but also to help us cut costs and drive value for shareholders. Similarly, when we open almost 1,300 hotels over the next few years we will be investing in training and development for almost half a million people. This will support local economies as well as help us to attract a talented and committed workforce.

Innovation and collaboration

We achieve our business objectives by innovating and collaborating. A great example is Green Engage, our online sustainability tool.

This industry-leading system allows hotels to track, measure and report on their energy, water and waste. It enables hotels to identify significant cost savings and reduce their environmental impacts without compromising the guest experience. Since its launch in 2009, over 1,000 hotels and 2,000 individuals have registered to use the system, creating a green community within IHG. The effectiveness of Green Engage is also demonstrated by the fact that LEED (Leadership in Energy and Environmental Design) now endorses the system.

Supporting our communities

With over 4,400 hotels in 100 countries and territories, we are well placed to lead from the front in promoting responsible tourism. Through our new Community Strategy, developed in 2010, we are continuing our efforts to generate local economic opportunities, in particular through the IHG Academy.

Through Academy partnerships, we have joined forces with education providers and community organisations to provide hospitality training and job opportunities in the communities where we operate. As well as creating jobs, the Academy partnerships are helping to ensure we find great people in places where skilled employees can be hard to find. Involvement also gives our employees a chance to participate, make a difference and make sure we provide a consistent guest experience throughout the world.

In China alone we have worked with 23 partners in 10 locations, training more than 4,800 students each year. We are now working towards similar partnerships in other countries.



Did you know?

IHG is the only hospitality company sponsoring Meeting Professionals International to provide resources and tools to make meetings as sustainable as possible.



Great partnerships

Working together with National Geographic's Centre for Sustainable Development, we encourage a deeper appreciation of our world and inspire a passion for its preservation. In September 2010, we launched our first InterContinental Responsible Business Day, joining up the efforts of our 170 hotels to 'Make a World of Difference'. Activities ranged from cleaning woods and parks to preserving historical monuments so they can be enjoyed by our guests in years to come.



UN Global Compact

To support our responsible business strategy, we are one of the first hotel companies to sign up to the UN Global Compact, the world's largest corporate citizenship and sustainability initiative. This aligns our operations, culture and strategies with 10 universally accepted principles in the areas of human rights, labour, environment and anti-corruption.

Joining forces

We have joined forces with some of the world's leading organisations in our mission to be a great company. Our collaborations include Business in the Community, the International Tourism Partnership and Harvard University to make improvements in areas ranging from carbon emissions and conservation to labour and community projects. We have also sponsored Oxford University's Plant Diversity Research Project to help us understand better how hotel design and development impacts the environment.

A member of



Shelter in a storm

Hotels perform many functions. They are a place to celebrate, to do business and to provide opportunities for employment. When disaster strikes, they also provide shelter in a storm. We work with one of the world's biggest aid agencies to develop a rapid, cohesive response strategy, including guidelines to help hotels make the best use of their resources in times of disaster.

Green matters

Our research shows that many US and UK travellers prefer socially responsible hotels and are willing to pay for a greener stay. With travellers expected to increase from 903 million people in 2007 to 1.6 billion in 2020 (World Travel and Tourism Council), it is confirmation that our work to create green hotels is not only good for the environment, but good for our business.



The InterContinental New York Times Square opened in July 2010 with Mayor Michael Bloomberg cutting a green vine to signify the hotel's green credentials.

OVERVIEW

GREAT BRANDS

HOW WE OPERATE

WHERE WE OPERATE

FACTS AND FIGURES

Where we operate

Around the world

IHG has over 4,400 hotels in 100 countries and territories. Our brands are in 15 of the 20 largest hotel markets in the world. When people travel, they look for familiar brands they know from home, increasing the demand for hotels that operate under our brands around the world. Our three operating regions are the Americas, Europe, Middle East and Africa (EMEA), and Asia Pacific.



Americas

	Hotels	Rooms
InterContinental	56	19,120
Crowne Plaza	209	57,073
Holiday Inn	812	144,683
Holiday Inn Express	1,847	159,867
Holiday Inn Club Vacations	6	2,892
Hotel Indigo	35	4,254
Staybridge Suites	183	20,014
Candlewood Suites	288	28,253
Other	22	3,219
Total for Americas	3,458	439,375
Total development pipeline	890	102,509

find out more on page 26

4,437 hotels globally
1,275 hotels in the pipeline
647,161 rooms globally
204,859 rooms in the pipeline

OVERVIEW

GREAT BRANDS

HOW WE OPERATE

WHERE WE OPERATE

FACTS AND FIGURES



Europe, Middle East and Africa

	Hotels	Rooms
InterContinental	64	20,111
Crowne Plaza	98	22,941
Holiday Inn	325	52,945
Holiday Inn Express	198	23,706
Hotel Indigo	2	110
Staybridge Suites	5	748
Other	2	291
Total for EMEA	694	120,852
Total development pipeline	153	31,435

find out more on page 28



Asia Pacific

	Hotels	Rooms
InterContinental	51	19,198
Crowne Plaza	81	26,141
Holiday Inn	104	29,597
Holiday Inn Express	30	7,655
Hotel Indigo	1	184
Other	18	4,159
Total for Asia Pacific	285	86,934
Total development pipeline	232	70,915

find out more on page 30

Where we operate



The Americas

The quality of our hotels, the strength of our brands and our great people put us in exactly the right place to benefit from a sustainable economic recovery. We enter 2011 in a position of strength, says Jim Abrahamson.

Performance highlights

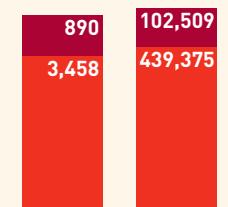
- Revenue per available room (RevPAR) **up 4.9%**
- Revenue **up 5% to \$807m**
- Operating profit* **up 28% to \$369m**

*Before exceptional items

Number of rooms by business model

No. of Rooms

1. Franchised	392,536
2. Managed	43,848
3. Owned & leased	2,991



Regional performance

After a difficult 2009, we were cautious about the outlook for 2010. But signs of an upturn came early in the second quarter with leisure trade improving through the year. With the return of business bookings in the third and fourth quarters, occupancy over the year grew 5.9%.

A welcome rise in revenue per available room (RevPAR) was in the crucial midscale market which accounts for almost 70% of all our rooms. Working with owners we were able to successfully relaunch Holiday Inn and encourage guests to stay more and pay more (see page 11).

Across all brands, and despite difficult economic conditions, we opened 194 new hotels and signed another 201. Holiday Inn signings were strongest with 49 new hotels, up 4.3% on 2009. The strong results are testimony to the hard work and leadership throughout our Americas team.



InterContinental New York Times Square, US

United States Quality hotels in quality markets, such as New York, Chicago and San Francisco, led our performance. Having signed more deals with leading investors than any hotel group, our share of the pipeline reached 20% against our current market share of 8%. Our strategy to convert hotels to IHG brands has allowed us to widen our portfolio. We re-entered the important Hawaii market with the Holiday Inn Beachcomber Resort in Waikiki Beach and formed an InterContinental Alliance with Las Vegas Sands Corp. to bring the Venetian and Palazzo resorts into our system. In all, we opened 172 hotels and signed 165 more.

Canada The sub-prime lending crisis affected Canada far less than the US. We opened 12 hotels and added 9 to the pipeline, increasing our pipeline and reach, especially in major markets like Montreal and Toronto, where our performance remained solid. We also signed our third Canadian Hotel Indigo, in Vancouver. All IHG brands are well-positioned for future growth in this important market.

Latin America and Mexico With the opening of 10 hotels, we now have 194 hotels in 21 countries and territories in Mexico and Latin America, and 68 in the pipeline. We celebrated a milestone with Holiday Inn's 40th Anniversary in Mexico. Crowne Plaza and Staybridge Suites made their debuts in Querétaro, central Mexico. In Latin America we opened a number of new hotels including the InterContinental in Mendoza, Argentina, Holiday Inn Express Cuiaba in Brazil and Crowne Plaza in San Salvador.



Speaking out for travel and tourism

It was an important year for public policy in the US. We played an influential role in conjunction with the US Travel Association in helping secure the Travel Promotion Act in March 2010. This paved the way for the Corporation for Travel Promotion (CTP). CTP will invest around \$400 million in public-private funds to encourage travel to the US. We also continued our work with the American Hotel & Lodging Association (AHLA) and the US Travel Association to successfully fight regulatory challenges and put forward solutions to improve the inbound visitor experience.

Buying together is better

We work with our Owners' Association, the IAHI, to find ways to help owners improve the guest experience and run their hotels more profitably. In 2010 we launched InnSupply, a new web-based procurement plan for franchisees in the US and Canada. InnSupply equips owners with the collective buying power of our system and the ability to buy hotel goods more efficiently. As Bill DeForrest says on page 5, the savings to owners in dollars and time should be significant.

The Venetian Resort Hotel, Las Vegas



Venetian and Palazzo

We were delighted to announce the signing of a 10-year agreement with Las Vegas Sands Corp. to affiliate the renowned Venetian and Palazzo with InterContinental Hotels & Resorts. The resorts offer our guests more than 6,800 luxurious all-suite rooms, as well as world-class entertainment and business facilities in one of the most requested destinations for our 56 million Priority Club Rewards members. Las Vegas Sands Corp. called the partnership "a perfect marriage between two world-class resorts and one of the most prominent hotel companies in the world".

"Our confidence in our strategy to build the quality of our hotels and increase market share means we enter 2011 in a position of strength. Our focus on guest preference, performance and profitability will continue."

Jim Abrahamson
President, The Americas

Waikiki Beach, Hawaii



Aloha again, Hawaii

Holiday Inn returned to Hawaii after a short absence when the Waikiki Beachcomber Resort joined our system. The resort, owned and managed by Outrigger Enterprises, has been given a \$30 million renovation and will be a major attraction for Priority Club Rewards members.



OVERVIEW

GREAT BRANDS

HOW WE OPERATE

WHERE WE OPERATE

FACTS AND FIGURES

Where we operate



Europe, Middle East and Africa

New hotels and signings demonstrated the appeal of our brands in existing and new markets, allowing us to continue to build scale and grow our business, says Kirk Kinsell.

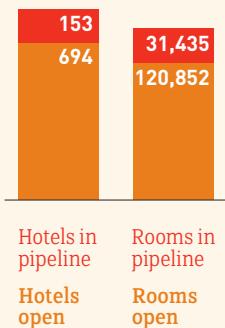
Performance highlights

- Revenue per available room (RevPAR) **up 6.1%**
- Revenue **up 4% to \$414m**
- Operating profit* **decreased 2% to \$125m**

*Before exceptional items

Number of rooms by business model

	No. of Rooms
1. Franchised	79,950
2. Managed	39,456
3. Owned & leased	1,446



Regional performance

Occupancy growth led our revenue per available room (RevPAR) recovery in 2010 while rate growth, the first for two years, began to emerge in the summer. This was driven by business guests making a more regular comeback by the end of the year, particularly in major cities like London.

Higher guest spending in Holiday Inn and Holiday Inn Express hotels also boosted performance, with refreshed hotels posting RevPAR gains of 7.1%. In all we opened 33 hotels and we have 153 hotels in our development pipeline across this diverse region.

Signings

As expected, our rate of openings slowed but our pipeline grew. We signed deals to open Holiday Inn and Holiday Inn Express hotels in locations as diverse as Canary Wharf in London and Ekaterinburg in Russia. Meanwhile, we signed with partners to launch Crowne Plaza in Istanbul, St. Petersburg and Amsterdam and have Hotel Indigo set to debut in Madrid, Lisbon, Newcastle and Berlin over the next four years. We will also be opening our first Staybridge Suites in London at the Westfield Stratford City shopping centre, the gateway to the Olympic Village, where we will also open a Holiday Inn.

United Kingdom The UK remains one of our fastest growing markets with 12 openings in 2010 and 31 in the pipeline. New openings included the Holiday Inn Manchester-MediaCityUK, where thousands of BBC employees will relocate and our second Hotel Indigo in London, near Tower Bridge. Meanwhile, our biggest UK partner, LRG, refreshed all its 57 Holiday Inn brand properties by the summer. This includes the Kensington Forum in London, Europe's largest Holiday Inn.

Germany and France RevPAR in Germany rose 18.4%, thanks to a recovery in corporate bookings. We also enjoyed strong RevPAR performance in France of 9%. Both markets were helped by government intervention to reduce VAT on hotel stays to stimulate demand and create thousands of new jobs.



Middle East and Turkey

We continued our leadership position in the Middle East. We opened two hotels this year, including the region's largest Holiday Inn Express, a 381-room property at Dubai Airport. The region's GDP growth is outpacing the rest of the world, offering great revenue opportunities. Our aim is to open another 38 Middle East hotels by 2020. In Turkey, a new frontier and fast growing market for us, we signed deals in Istanbul for two Holiday Inn Express hotels and a Crowne Plaza.



Did you know?

InterContinental London Park Lane was crowned winner of Condé Nast Traveller's 2010 Gold List Award for 'Best UK Hotel for Food'.



Reaching out to more owners

We are keen to help owners improve the guest experience and operate more efficiently, not least in struggling economies such as Portugal, Italy, Greece and Spain.

In a bid to support franchisees and owners in diverse and often challenging markets, we staged business performance meetings in eight locations across the region. High on the agenda were compliance with our brand standards; use of our business tools; and issues of cost management.

These initiatives, alongside strong financial returns are helping us attract new owners. Under its EMEA Chairman Joep Peeters' leadership, IAHI membership reached 86% in the region in 2010, the highest figure globally. Joep called the achievement "a great success" at our biggest owners' conference, which took place in Cairo.

Taking tourism more seriously

We are working with stakeholders including the British Hospitality Association to help the UK Government develop its tourism policy. Our key message is that our industry plays a major part in helping stimulate economic growth. Prime Minister, David Cameron, has now recognised that every 0.5% increase in the country's 3.5% share of the world tourism market can add £2.7 billion to the economy and more than 50,000 jobs.



Official Hotel Services Provider London 2012

London 2012

Holiday Inn is being recognised on the world stage as official Hotel Services Provider for the London 2012 Olympic and Paralympic Games. We are playing a key role in the preparation and running of the Games. As well as opening two hotels overlooking the Olympic Park, a Staybridge Suites and a Holiday Inn, we will be providing accommodation in up to 39 UK locations for the Olympic Torch Relay. We are also offering up to 120 of our best people the once-in-a-lifetime opportunity to help the organising committee LOCOG manage the Athletes' Village. We have also offered our help to British athletes and their coaching staff and families to stay for free when they visit our hotels around the world. And we will be supporting more than 15 aspiring athletes by providing them with the chance to gain valuable work experience in our hotels across the world. We are looking forward to helping host around 250,000 Olympics-related guests in the run-up to the Games.



Crowne Plaza Copenhagen Towers, Denmark

Crowne Plaza guests go electric

At the 366-room Crowne Plaza Copenhagen Towers, one of the world's greenest hotels, we took energy production one step further by installing electricity-producing bicycles in the gym for guests to use. Anyone producing 10 watt hours of electricity or more for the hotel was given a locally-produced complimentary meal. This encouraged guests not only to get fit but also reduce their carbon footprint, saving electricity and money.

Crowne Plaza Copenhagen Towers is a member of the UN Global Compact. It has EU Green Building and Green Key certification and aims to become carbon neutral.

OVERVIEW

GREAT BRANDS

HOW WE OPERATE

WHERE WE OPERATE

FACTS AND FIGURES

Where we operate



Did you know?

In 2010 Holiday Inn was voted 'Best Mid-Market Hotel Brand in Asia Pacific' for the 10th year running at the 2010 Business Traveller Asia Pacific Awards.

Asia Pacific

Our Asia Pacific business is comprised of two operations: Asia Australasia and Greater China. In 2010 both teams focused on growth opportunities and announced a number of exciting new hotel openings and signings.



"We enjoyed a strong year and are now set to increase our presence in India and the emerging markets in Indochina. The strength of our brands and system, coupled with favourable underlying economic conditions in the region, give us growth opportunities to create more Great Hotels Guests Love."

Jan Smits
Managing Director,
Asia Australasia

Holiday Inn Express gains territory

Partnering with the Chee Swee Cheng group of companies we launched Holiday Inn Express in Singapore and Malaysia.

Singapore will also offer Southeast Asia's largest Holiday Inn Express, following a deal with RB Capital Hotels for us to manage a new-build 400-room property in the central business district.

Asia Australasia

Asia Australasia enjoyed improvement in travel and tourism during 2010 with revenue per available room (RevPAR) increasing by 5.6%. Corporate bookings and business travel returned and major events, such as the Commonwealth Games in Delhi, contributed to inbound tourism. We are poised to expand further in key markets in one of the world's fastest growing regions.



Crowne Plaza New Delhi Rohini, India

India promises room for growth

We have 12 hotels and nearly 50 years experience of working in India. A strong economy coupled with a rapidly expanding middle class means the country offers long-term growth potential. We aim to grow quickly with our current pipeline of 44 hotels. During 2010 we signed six new properties with the Amrapali Group, who will launch the Holiday Inn Express brand in the country. This debut will help us meet demand for high quality hotels in India's limited service sector. We expect to be operating 150 hotels by 2020 with the Holiday Inn brand family leading that growth.

New opportunities in Southeast Asia

We are now set to offer five brands in Bangkok by 2013. We opened Crowne Plaza Bangkok Lumpini Park in late 2010 and the city's first Holiday Inn Express will welcome guests by 2012, followed by Hotel Indigo in 2013. Emerging markets in Indochina, such as Vietnam, also offer solid growth opportunities. This year we signed two new Holiday Inn Resorts for prime beachfront locations in Vietnam's top tourist destinations, Cam Ranh Bay and Phu Quoc.

Resorts poised to flourish

Home to some of the most desirable travel destinations, Asia Australasia supports a strong resort strategy. We have 10 new resorts in development across the region, putting our brands on the map in some of the region's most idyllic and culturally rich locations. We will be adding the InterContinental Danang Resort and Holiday Inn Phuket Mai Khao Beach Resort to our current portfolio of resorts in French Polynesia, Fiji, Thailand, Bali and the Maldives.



Asia Pacific

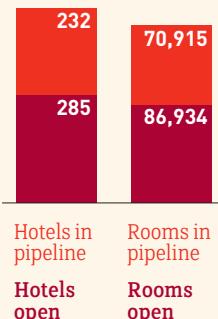
Performance highlights

- Revenue per available room (RevPAR) **up 12.4%**
- Revenue **up 24% to \$303m**
- Operating profit* **up 71% to \$89m**

*Before exceptional items

Number of rooms by business model

	No. of Rooms
1. Franchised	6,834
2. Managed	79,407
3. Owned & leased	693



Greater China

We were the first international hotel operator to enter China. We arrived in 1984 and today enjoy a leadership position. We already have a business in mainland China generating over US\$1 billion in total gross revenue and we represent 14% of the branded hotel sector and 28% of the development pipeline. China's economy is expected to expand significantly over the coming years with the hotel sector becoming the world's largest by 2025. This gives us the opportunity to double our size over the next five years.

It was an exceptional year for us, thanks to the strength of the economy and our growth strategy to develop the right brands in the right places with the right owners. We saw significant RevPAR growth in 2010, averaging 25.8% for the year. We continued to grow our presence in Beijing and Shanghai and now also have more than one brand operating in many large secondary cities such as Chongqing, Chengdu, Guangzhou, Tianjin and Suzhou.

Over the year we opened 24 hotels in 17 different cities, including six InterContinental and seven Crowne Plaza properties. We also agreed Asia Pacific's first Hotel Indigo, Shanghai on the Bund. We now have hotels in 44 cities across mainland China.

We also signed a multi-brand, multi-property deal with HNA Hotels & Resorts Group, one of China's fast emerging hotel companies. This adds 1,300 rooms to our development pipeline. And having signed four deals at the Hotel Investment Conference Asia Pacific we are set to open Hotel Indigo and Holiday Inn Express hotels in the coastal cities of Taipei, Xiamen and Hong Kong.

We will have more than 300 hotels operating in China in five years time, reinforcing our leadership in the region.



Great Wall hosts 'Stay You' gallery

The first photo exhibition ever staged at the Great Wall of China marked the start of Holiday Inn's global 'Stay You' campaign. We invited enthusiasts worldwide to submit photos of people 'being themselves'. Nearly 10,000 entries competed for pride of place. The panel of judges chose 100 winning photos to hang alongside the work of 50 famous photographers from China and abroad. Another 300 photos went on display in 15 Chinese cities, including a special collection shot by Holiday Inn staff.



"The opportunity for us in Greater China is phenomenal. We are long-established as the leading international hotel operator in the region and have built a broad portfolio of strong brands in key locations. We have set out plans to double in size over the next five years."

Keith Barr
Managing Director,
Greater China

Shanghai welcomes the world

The new 400-room InterContinental Shanghai Expo opened in April in time to welcome over 73 million visitors to World Expo. Built right next to the World Expo Park in Pudong, it is the closest world class hotel to the site. World Expo, which lasted for six months, boosted RevPAR in our 23 hotels across the city with some owners reporting rises in excess of 100%.

Facts and figures

Summary financial statement



Richard Solomons
Chief Financial Officer and
Head of Commercial Development

The Global Finance team comprises a number of disciplines that support the delivery of Great Hotels Guests Love. The team not only ensures that the Group has a robust governance and control framework around its financial systems and financial statements but it also supports all areas of the business giving proactive and relevant financial and strategic input.

Global Finance is continually looking for ways to improve, with key initiatives being delivered through our Global Finance Transformation framework that includes a team dedicated to prioritising, reporting and project managing a number of multi-year projects. Key achievements in 2010 included:

- delivery of procurement efficiencies across the business;
- an innovative finance education programme with over 2,300 employees taking over 15,000 online training sessions;
- further consolidation and migration of finance processes to our business service centre in India;
- implementation of new systems for financial and tax reporting; and
- reviews of business processes to highlight potential improvement areas.

This Summary Financial Statement provides a commentary on the performance of the Group for the financial year ended 31 December 2010.

Group results

Revenue increased by 5.9% to \$1,628m and operating profit before exceptional items increased by 22.3% to \$444m during the 12 months ended 31 December 2010.

The 2010 results reflect a return to RevPAR growth in a recovering market, with an overall RevPAR increase of 6.2% led by occupancy. Fourth quarter comparable RevPAR increased 8.0% against 2009, including a 2.4% increase in average daily rate. Over the full year average daily rate grew for the InterContinental and Holiday Inn brands by 1.3% and 0.5% respectively.

In 2010 the InterContinental Buckhead, Atlanta and the Holiday Inn Lexington were sold, with proceeds used to reduce net debt. These disposals result in a reduction in owned and leased revenue and operating profit of \$19m and \$4m respectively compared to 2009.

The ongoing focus on efficiency across the Group largely sustained underlying cost reductions achieved in 2009. Regional and central overheads increased by \$49m, from \$209m in 2009 to \$258m in 2010, driven by incremental performance-based incentive costs of \$47m and charges of \$4m relating to a self-insured healthcare benefit plan.

During 2010, the IHG global system remained in line with 2009 at 4,437 hotels (647,161 rooms). Openings of 259 hotels (35,744 rooms) were driven, in particular, by continued expansion in the US and China and offset the removal of 260 hotels (35,262 rooms).

In Asia Pacific, demand for upscale brands (InterContinental, Crowne Plaza and Hotel Indigo) contributed 65% of total room openings in the region.

The \$1bn roll-out of the Holiday Inn relaunch is substantially complete, enabling the consistent delivery of best-in-class service and physical quality in all Holiday Inn and Holiday Inn Express hotels. By 31 December 2010, 2,956 hotels were converted globally under the relaunch programme, representing 89% of the total estate.

At the end of 2010, the pipeline totalled 1,275 hotels (204,859 rooms). Signings of 319 hotels (55,598 rooms) represent an increase in rooms signed from 2009 levels. Demonstrating the continued demand for IHG brands globally, 50% of the rooms pipeline is now outside the Americas region. There were 25 hotel signings (3,025 rooms) for Hotel Indigo as it gains real momentum in Europe and Asia Pacific where, together, 12 hotels (1,456 rooms) were signed. IHG also entered into an InterContinental Alliance relationship with the Las Vegas Sands Corp. to bring the 6,874 all-suite Venetian and Palazzo Resorts into the system in 2011.

Americas results

Revenue and operating profit before exceptional items increased by \$35m to \$807m (4.5%) and \$81m to \$369m (28.1%) respectively.

Franchised revenue increased by \$28m to \$465m (6.4%) and operating profit by \$28m to \$392m (7.7%). Royalties growth was driven by RevPAR gains across all brands and by 4.5% in total. Non-royalty revenues and profits remained flat on 2009, as real estate financing for new activity remained constrained.

Managed revenue increased by \$9m to \$119m (8.2%) in line with the RevPAR growth of 7.5%. Operating profit increased by \$61m to \$21m from a \$40m loss in 2009. The prior year loss included a charge for priority guarantee shortfalls relating to a portfolio of hotels. A provision for onerous contracts was established on 31 December 2009 and further payments made during 2010 were charged against this provision. Excluding the effect of the provision, managed operating profit increased by \$3m, driven by RevPAR growth of 23.3% in Latin America.

Owned and leased revenue declined by \$2m to \$223m (0.9%) and operating profit increased by \$2m to \$13m (18.2%). Improving trading conditions led to RevPAR growth of 6.4%, including 8.1% at the InterContinental New York Barclay.

EMEA results

Revenue increased by \$17m to \$414m (4.3%) and operating profit before exceptional items decreased by \$2m to \$125m (1.6%).

Franchised revenue and operating profit decreased by \$2m to \$81m (2.4%) and \$1m to \$59m (1.7%) respectively. Excluding the impact of \$3m in liquidated damages received in 2009, revenue and operating profit increased by 1.3% and 3.5% respectively. The underlying increase was driven by RevPAR growth of 7.6% across the franchised estate.

EMEA managed revenue increased by \$11m to \$130m (9.2%) and operating profit decreased by \$3m to \$62m (4.6%). Positive RevPAR growth in key European cities and markets, including growth of 14.8% in IHG's managed properties in Germany, was offset by unfavourable trading across much of the Middle East where RevPAR declined overall by 0.7%. At the year end, a provision of \$3m was made for future estimated cash outflows relating to guarantee obligations for one hotel.

In the owned and leased estate, revenue increased by \$8m to \$203m (4.1%) and operating profit increased by \$7m to \$40m (21.2%). RevPAR growth of 11.9% benefited from average daily rate growth of 6.5% across the year. The InterContinental London Park Lane and InterContinental Paris Le Grand delivered strong year-on-year RevPAR growth of 15.0% and 11.5% respectively.

Asia Pacific results

Asia Pacific revenue and operating profit before exceptional items increased by \$58m to \$303m (23.7%) and by \$37m to \$89m (71.2%) respectively.

Continued strong economic growth in the region was given a further boost by the World Expo held in Shanghai from May to October 2010. Resulting RevPAR growth in key Chinese cities was exceptional, with Shanghai and Beijing growing 55.9% and 29.9% respectively.

Franchised revenue increased by \$1m to \$12m (9.1%) and operating profit grew by \$2m to \$7m (40.0%).

Managed revenue increased by \$50m to \$155m (47.6%) and operating profit increased by \$29m to \$73m (65.9%). In addition to strong comparable RevPAR performance, there was a positive contribution from recently opened hotels, with a 9% room increase in the size of the Asia Pacific managed estate during the year following a 10.0% increase in 2009, and a \$4m operating profit benefit due to the collection of old or previously provided for debts.

In the owned and leased estate, revenue increased by \$7m to \$136m (5.4%) and operating profit by \$5m to \$35m (16.7%). These results were driven by the InterContinental Hong Kong, where RevPAR increased 15.3% during the year.

Central results

During 2010, net central costs increased by \$35m from \$104m to \$139m (33.7%). The movement was primarily driven by an increase in performance-based incentive costs where no payments were made on some plans in 2009.

Other financial items

Exceptional operating items of \$15m consisted of gains of \$35m from the disposal of assets, including \$27m profit on the sale of the InterContinental Buckhead, Atlanta offset by an impairment charge of \$7m, severance costs of \$4m and costs of \$9m to complete the Holiday Inn brand family relaunch.

Compared with the previous year, exceptional operating items were significantly lower as 2009 was impacted by difficult trading which resulted in exceptional costs of \$373m, largely down to the recognition of impairment charges, an onerous contract provision and the cost of office closures.

Net financial expenses increased from \$54m in 2009 to \$62m in 2010, as the effect of the £250m 6% bond offset lower net debt levels and low interest rates. Average net debt levels in 2010 were lower than 2009 primarily as a result of improved trading, the disposal of the InterContinental Buckhead, Atlanta and a continuing focus on cash.

The effective rate of tax was 26% (2009 5%).

Basic earnings per ordinary share in 2010 was 101.7¢, compared with 74.7¢ in 2009. Adjusted earnings per ordinary share was 98.6¢, against 102.8¢ in 2009.

The Board has proposed a final dividend per ordinary share of 35.2¢ (22.0p). With the interim dividend per ordinary share of 12.8¢ (8.0p), the full-year dividend per ordinary share for 2010 will total 48.0¢ (30.0p).

Capital structure and liquidity management

In 2010, the Group continued its focus on cash management. During the year, \$462m of cash was generated from operating activities and overall, net debt decreased by \$349m to \$743m.

In December 2009, the Group issued a seven-year £250m public bond, at a coupon of 6%, which was initially priced at 99.465% of face value.

This Summary Financial Statement was approved by the Board on 14 February 2011 and signed on its behalf by Richard Solomons. It does not contain sufficient information to provide as complete an understanding of the Group's results and state of affairs as that provided in the Annual Report and Financial Statements 2010. That report may be obtained, free of charge, by writing to IHG or the Company's Registrar, Equiniti (contact details are provided on page 45).

The auditors have issued an unqualified report on the financial statements containing no statement under Section 498(2) or 498(3) of the Companies Act 2006.

Information concerning Directors' emoluments is shown on pages 40 to 43.

Facts and figures

Summary financial statement continued

Independent auditor's statement to the members of InterContinental Hotels Group PLC

We have examined the Summary Financial Statement for the year ended 31 December 2010 which comprises the Group income statement, Group statement of cash flows and Group statement of financial position.

This statement is made solely to the Company's members, as a body, in accordance with Section 428(4) of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's statement and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this statement, or for the opinions we have formed.

Respective responsibilities of Directors and the auditor

The Directors are responsible for preparing the Annual Review and Summary Financial Statement in accordance with applicable United Kingdom law.

Our responsibility is to report to you our opinion on the consistency of the Summary Financial Statement within the Annual Review and Summary Financial Statement with the full annual financial statements, the Directors' Remuneration Report and the Directors' Report, and its compliance with the relevant requirements of Section 428 of the Companies Act 2006 and the regulations made thereunder.

We also read the other information contained in the Annual Review and Summary Financial Statement and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the Summary Financial Statement. The other information comprises only the

Headlines, Chairman's Statement, Chief Executive's Review, Business Reviews, Summary Directors' Report, Corporate Governance Statement, Summary Audit Committee Report and Summary Remuneration Report.

We conducted our work in accordance with Bulletin 2008/3 issued by the Auditing Practices Board. Our report on the Company's full annual financial statements describes the basis of our opinion on those financial statements, the Directors' Remuneration Report and the Directors' Report.

Opinion

In our opinion the Summary Financial Statement is consistent with the full annual financial statements, the Directors' Report and the Directors' Remuneration Report of InterContinental Hotels Group PLC for the year ended 31 December 2010 and complies with the applicable requirements of Section 428 of the Companies Act 2006, and the regulations made thereunder.

Ernst & Young LLP Statutory Auditor London 14 February 2011.

Directors' statement

The auditor has issued unqualified reports on the full annual financial statements, the auditable part of the Directors' Remuneration Report and on the consistency of the Directors' Report with those annual financial statements. Their report on the full annual financial statements and the auditable part of the Directors' Remuneration Report contained no statement under Sections 498(2) or 498(3) of the Companies Act 2006.

Group income statement

	2010			2009		
	Before exceptional items \$m	Exceptional items \$m	Total \$m	Before exceptional items \$m	Exceptional items \$m	Total \$m
For the year ended 31 December 2010						
Revenue						
Americas	807	–	807	772	–	772
EMEA	414	–	414	397	–	397
Asia Pacific	303	–	303	245	–	245
Central	104	–	104	124	–	124
Total revenue	1,628	–	1,628	1,538	–	1,538
Operating profit/(loss)						
Americas	369	14	383	288	(301)	(13)
EMEA	125	3	128	127	(22)	105
Asia Pacific	89	(2)	87	52	(7)	45
Central	(139)	–	(139)	(104)	(43)	(147)
Operating profit/(loss)	444	15	459	363	(373)	(10)
Net finance costs	(62)	–	(62)	(54)	–	(54)
Profit/(loss) before tax	382	15	397	309	(373)	(64)
Tax	(98)	(8)	(106)	(15)	287	272
Profit for the year from continuing operations	284	7	291	294	(86)	208
Profit for the year from discontinued operations	–	2	2	–	6	6
Profit for the year	284	9	293	294	(80)	214
Earnings per ordinary share (cents)						
Basic – continuing operations			101.0			72.6
Adjusted – continuing operations	98.6			102.8		
Basic – total operations			101.7			74.7
Adjusted – total operations	98.6			102.8		
Dividend per share (cents)						
Final – paid in respect of prior year			29.2			29.2
Interim paid			12.8			12.2
Final – proposed			35.2			29.2

Group statement of cash flows

	2010 \$m	2009 \$m
For the year ended 31 December 2010		
Cash flow from operations	583	484
Net interest paid	(57)	(51)
Tax paid on operating activities	(64)	(1)
Net cash from operating activities	462	432
Capital expenditure	(95)	(148)
Proceeds from disposal of operations, associates and other financial assets	135	35
Tax paid on disposals	(4)	(1)
Dividends paid to shareholders	(121)	(118)
Decrease in borrowings	(292)	(249)
Other financing movements	(34)	5
Net movement in cash and cash equivalents in the year	51	(44)
Cash and cash equivalents at beginning of the year	40	82
Exchange rate effects	(13)	2
Cash and cash equivalents at end of the year	78	40

Group statement of financial position

	2010 \$m	2009 \$m
31 December 2010		
ASSETS		
Property, plant and equipment	1,690	1,836
Goodwill	92	82
Intangible assets	266	274
Investment in associates	43	45
Retirement benefit assets	5	12
Other financial assets	135	130
Deferred tax assets	79	95
Total non-current assets	2,310	2,474
Inventories	4	4
Trade and other receivables	371	335
Current tax receivable	13	35
Cash and cash equivalents	78	40
Other financial assets	-	5
Total current assets	466	419
Total assets	2,776	2,893
LIABILITIES		
Loans and other borrowings	(18)	(106)
Derivative financial instruments	(6)	(7)
Trade and other payables	(722)	(668)
Provisions	(8)	(65)
Current tax payable	(167)	(194)
Total current liabilities	(921)	(1,040)
Loans and other borrowings	(776)	(1,016)
Derivative financial instruments	(38)	(13)
Retirement benefit obligations	(200)	(142)
Trade and other payables	(464)	(408)
Provisions	(2)	-
Deferred tax payable	(84)	(118)
Total non-current liabilities	(1,564)	(1,697)
Total liabilities	(2,485)	(2,737)
Net assets	291	156
IHG shareholders' equity	284	149
Non-controlling interest	7	7
Total equity	291	156

Facts and figures

Our senior leadership team

Non-Executives

David Webster

Non-Executive Chairman*

Chairman of the Nomination Committee

Appointed a Director in April 2003.

Appointed Non-Executive Chairman in January 2004. Also Non-Executive Chairman of Makinson Cowell Limited, a Non-Executive Director of Amadeus IT Holding SA and a Director of Temple Bar Investment Trust PLC. Formerly Chairman of Safeway plc. Age 66.

David Kappler

Senior Independent Non-Executive Director#

Chairman of the Audit Committee

Appointed a Director and Senior Independent Director in June 2004. He is also a Non-Executive Director of Shire plc. Formerly Chief Financial Officer of Cadbury Schweppes plc and Non-Executive Chairman of Premier Foods plc. A member of the Trilantic Europe Advisory Council. Age 63.

Graham Allan

Non-Executive Director*

Appointed a Director in January 2010. Chief Executive Officer of Yum! Restaurants International (YRI), a subsidiary of Yum! Brands, Inc. Previously President of YRI from 2003 to 2010. Age 55.

Ralph Kugler

Non-Executive Director^o

Chairman of the Remuneration Committee

Appointed a Director in April 2003.

Chairman of Bytrol plc, a Non-Executive Director of Discovery Group Holdings Ltd, a Director of Spotless Holding Sas, Board Adviser at Mars, Incorporated, and Senior Adviser to 3i plc. Formerly an Executive Director of Unilever PLC and Unilever N.V. Age 54.

Jennifer Laing

Non-Executive Director*

Chairman of the Corporate Responsibility Committee

Appointed a Director in August 2005. Has over 30 years' experience in advertising and was, until 2007, Associate Dean, External Relations at London Business School. Also serves as a Non-Executive Director of Hudson Highland Group, Inc. Age 63.

Jonathan Linen

Non-Executive Director[†]

Appointed a Director in December 2005. Was formerly Vice Chairman of the American Express Company. Serves as a Non-Executive Director of Yum! Brands, Inc. and of Modern Bank, N.A., and on a number of US Councils and advisory boards. Age 67.

Ying Yeh

Non-Executive Director[†]

Appointed a Director in December 2007. Vice President and Chairman, Greater China Region, Nalco Company. Previously Chairman and President, North Asia Region, President, Business Development, Asia Pacific Region and Vice President, Eastman Kodak Company. Also a Non-Executive Director of AB Volvo. Age 62.

* A Non-Executive Director and a member of the Nomination Committee

An independent Non-Executive Director and a member of the Audit, Remuneration and Nomination Committees

• An independent Non-Executive Director and a member of the Audit, Nomination and Corporate Responsibility Committees

◦ An independent Non-Executive Director and a member of the Audit, Remuneration, Nomination and Corporate Responsibility Committees

† An independent Non-Executive Director and a member of the Remuneration and Nomination Committees

‡ A member of the Executive Committee

§ Not a main Board Director



From left to right: Graham Allan, David Webster, Jonathan Linen, Ying Yeh, David Kappler, Ralph Kugler, Jennifer Laing, James Abrahamson.

Executives

Andrew Cosslett

Chief Executive[‡]

Appointed Chief Executive in February 2005. Previously at Cadbury Schweppes plc, where he was most recently President, Europe, Middle East & Africa. Serves on the Executive Committee of the World Travel & Tourism Council and the President's Committee of the CBI. Age 55.

James Abrahamson

President, The Americas[‡]

Appointed a Director in August 2010. Joined the Group as an Executive Committee member with responsibility for the Americas Region in January 2009 from Global Hyatt Corporation. Responsible for the business development and performance of all the hotel brands and properties in the Americas region. Age 55.

Tom Conophy

Executive Vice President and Chief Information Officer^{‡\$}

Joined the Group in February 2006 from Starwood Hotels & Resorts International. Responsible for global technology, including IT systems and information management throughout the Group. Age 50.

Kirk Kinsell

President, EMEA[‡]

Appointed a Director in August 2010. Joined the Group in 2002. Appointed President, EMEA and an Executive Committee member in 2007. Responsible for the business development and performance of all the hotel brands and properties in the EMEA region. Age 56.

Tracy Robbins

Executive Vice President, Human Resources & Group Operations Support^{‡\$}

Joined the Group in December 2005 from Compass Group PLC. Responsible for global talent management, leadership development, reward strategy, organisational capability and operations support. Age 47.

Tom Seddon

Executive Vice President and Chief Marketing Officer^{‡\$}

Having served in senior positions with IHG's predecessor companies until 2004, rejoined the Group in 2007 from SUBWAY®. Responsible for worldwide brand management, global sales, marketing and loyalty programmes. Age 42.

Richard Solomons

Chief Financial Officer and

Head of Commercial Development[‡]

Joined the Group in 1992. Responsible for corporate and regional finance, Group financial control, strategy, investor relations, tax, treasury, commercial development and procurement. Age 49.

George Turner

Executive Vice President,

General Counsel and Company Secretary^{‡\$}

Joined the Group in September 2008 from Imperial Chemical Industries PLC. Appointed Executive Vice President, General Counsel and Company Secretary in January 2009. Responsible for corporate governance, risk management, insurance, data privacy, internal audit, company secretariat, legal and corporate responsibility & public affairs. Age 40.

In addition, IHG has a strong management team who report into the IHG Senior Leadership Team. Jan Smits is Managing Director, Asia Australasia, and Keith Barr is Managing Director, Greater China, both reporting directly to Andrew Cosslett who has overall responsibility for the Asia Pacific region.



Tom Seddon, Tom Conophy, Kirk Kinsell, Andrew Cosslett, Tracy Robbins, Richard Solomons and George Turner.

Facts and figures

Summary Directors' report

Activities of the Group

The principal activities of the Group are in hotels and resorts, with franchising, management, ownership and leasehold interests in over 4,400 establishments, with more than 640,000 guest rooms in 100 countries and territories around the world.

A review of the performance of the Group is contained in the Chairman's statement and the Chief Executive's review on pages 3 to 5, the reviews presented on pages 6 to 31 and in the Summary Financial Statement on pages 32 to 35.

Results and dividends

The operating profit before exceptional items was \$444m. An interim dividend of 8.0p per share was paid on 1 October 2010. The Directors are recommending a final dividend of 22.0p per share to be paid on 3 June 2011 to shareholders on the Register at close of business on 25 March 2011.

Share capital

At 31 December 2010, the Company's issued share capital consisted of 289,472,651 ordinary shares of 13^{29/47}p each. There are no special control rights or restrictions on transfer attaching to these ordinary shares.

During the year, no awards or grants over shares were made that would be dilutive of the Company's ordinary share capital.

Share repurchases

No shares were purchased or cancelled under the authority granted by shareholders at the Annual General Meeting held on 28 May 2010. The share buyback authority remains in force until the Annual General Meeting in 2011, and a resolution to renew the authority will be put to shareholders at that Meeting.

Substantial shareholdings

As at 14 February 2011, the Company had been notified of the following significant holdings of voting rights in its ordinary shares:

Cedar Rock Capital Limited	5.07%	Direct interest
BlackRock, Inc.	5.02%	Indirect interest
Capital Research and Management Company	5.02%	Indirect interest
Legal & General Group plc	3.96%	Direct interest

Directors

Details of current Board members are shown on pages 36 and 37. Executive Directors have service contracts and Non-Executive Directors have letters of appointment.

The Board may exercise all the powers of the Company. The Group maintains insurance cover for and has provided indemnities to its Directors and officers, as permitted by the Companies Act 2006.

Details of the beneficial share interests of Directors who were on the Board at the year end are shown below.

	31 December 2010 InterContinental Hotels Group PLC ordinary shares
Executive Directors	
James Abrahamson	52,203
Andrew Cosslett	496,133
Kirk Kinsell	63,136 ¹
Richard Solomons	171,522
Non-Executive Directors	
Graham Allan	2,000
David Kappler	1,400
Ralph Kugler	1,169
Jennifer Laing	3,998
Jonathan Linen	7,343 ²
David Webster	34,905
Ying Yeh	-

¹ 62,499 ordinary shares and 637 American Depository Receipts.

² Held in the form of American Depository Receipts.

Employees

IHG directly employed an average of 7,858 people worldwide during 2010, whose costs are borne by the Group. When the whole IHG estate is taken into account, approximately 335,000 people are employed globally across IHG's brands. The Group is committed to providing staff with equality of opportunity, without discrimination. Great emphasis is placed on employee communications, particularly on matters relating to the Group's business and its performance.

Donations

During the year, the Group donated \$1,650,000 in support of community initiatives and charitable causes. This figure includes contributions from IHG employees and guests. No payments were made for political purposes.

Auditors

The Directors confirm that they have taken steps to make themselves aware of relevant audit information. None of the Directors is aware of any relevant audit information which has not been disclosed to the auditors.

The reappointment of Ernst & Young LLP as auditors of the Company will be put to members at the Annual General Meeting.

Annual General Meeting

The Notice of the Annual General Meeting to be held at 11.00am on Friday, 27 May 2011 is contained in a circular sent to shareholders at the same time as this Review.

Going concern

At the end of 2010, the Group was trading comfortably within its banking covenants and debt facilities. IHG's fee-based model and wide geographic spread means that it is well placed to manage through uncertain times.

The financial statements for the year ended 31 December 2010 have therefore been prepared on the going concern basis.

Corporate governance

Combined Code compliance

The Board is committed to compliance with the principles set out in the Combined Code on Corporate Governance (Combined Code) and considers that the Company has complied with its requirements throughout the year ended 31 December 2010.

A revised UK Corporate Governance Code (the new UK Code) has been introduced for financial years beginning on or after 29 June 2010. IHG will report on its compliance with the new UK Code as part of its 2011 Corporate Governance statement.

Control environment

The Board is responsible for the Group's system of internal control and risk management and for reviewing its effectiveness. In order to discharge that responsibility, the Board has established the procedures necessary to apply the Combined Code, including clear operating procedures, lines of responsibility and delegated authorities.

For the year ended 31 December 2010, the Board has conducted a review of the effectiveness of the system of risk management and internal control. The system is designed to manage, rather than eliminate, the risk of failure to achieve business objectives and it can only provide reasonable and not absolute assurance against material misstatement or loss. Whilst areas for improvement have been identified and actions initiated, no significant shortcomings have been identified from the annual assessment.

Board and Committees

The Board is responsible to the shareholders for the strategic direction, development, performance and control of the Group. It also ensures that the necessary financial and human resources are in place for the Group to meet its objectives. There are eight regular Board meetings a year and further meetings are held as needed.

David Webster was Non-Executive Chairman throughout the year. In addition, a team of six experienced independent Non-Executive Directors represent a strong source of advice and judgement. Induction programmes are prepared for new Directors and ongoing training needs for all Directors are kept under review.

In addition to the Executive Committee, the following are the main Committees of the Board: Audit Committee; Remuneration Committee; Nomination Committee; and Corporate Responsibility Committee. The Audit, Remuneration, Nomination and Corporate Responsibility Committees consist wholly of Non-Executive Directors. The Chairman of the Company is a member of the Nomination Committee only. The terms of reference of these Committees were reviewed during 2010 to ensure that they continue to reflect best practice, and are available on the Company's website at www.ihgplc.com/investors under corporate governance/committees, or from the Company Secretary's office on request.

Performance evaluations of the Board, of each main Committee and of individual Directors were undertaken for 2010. These involved completion of comprehensive questionnaires and the Chairman having discussions with each Director individually.

It was concluded that the Board as a whole operates in an effective manner, and that each Director continues to make an effective contribution and retains a strong commitment to the role. The work of each main Committee was also considered to be effective.

Although IHG is not yet subject to the recommendation of the new UK Code that all Directors submit themselves for re-election by shareholders annually, the Company is adopting this practice with effect from its next Annual General Meeting in May 2011.

Senior Independent Director

David Kappler was Senior Independent Director throughout the year. His role includes being available to liaise with shareholders who have issues to raise.

Company Secretary

All Directors have access to the advice and services of the Company Secretary. His responsibilities include advising the Board on corporate governance, and for ensuring good information flows to the Board and its Committees and between senior management and the Non-Executive Directors. He also facilitates the induction of new Directors.

Shareholder relations

The Group reports formally to shareholders twice a year and releases quarterly results. In addition, regular meetings are held with major institutional shareholders to discuss progress of the business, its performance, plans and objectives. The Chairman, the Senior Independent Director and other Non-Executive Directors are available to meet with major shareholders to discuss governance and strategy, and to understand any issues and concerns.

The Annual General Meeting provides an additional useful opportunity to meet private shareholders and answer their questions. Information of interest to investors is also maintained on the Company's website at www.ihgplc.com/investors

Summary Audit Committee report

The Audit Committee, which is chaired by a financial expert, supports the Board in meeting its responsibilities in relation to the integrity of the Group's financial statements and associated announcements, the adequacy of internal control and risk management systems and the appointment and work of the internal and external auditors. The external auditor and the Head of Global Internal Audit both have the opportunity to meet privately with the Committee.

During the year, the Committee's deliberations included a wide range of matters addressing all its main areas of responsibility. The Committee's main focus was to review the quarterly, interim and full-year financial results and to review the effectiveness of internal control, financial reporting and risk management processes, through reports and presentations received from internal audit, the external auditors and management. Consideration was also given to tax risk, policies and initiatives, global technology strategy, treasury matters and the funding position of the Group's main pension plan.

Facts and figures

Summary remuneration report

Introduction

The Summary Remuneration Report is extracted from information from the full Remuneration Report contained in the Annual Report and Financial Statements 2010, a copy of which is available on request and can be viewed on the Company's website at www.ihgplc.com/investors under financial library. The Remuneration Report will be put to the vote at the forthcoming Annual General Meeting.

Market conditions

The year started with significant uncertainty and volatility in the economic environment. However, market conditions improved progressively throughout the year as consumer confidence strengthened. Global revenue per available room (RevPAR) grew by 6.2% and room rates now show positive growth in all regions. Reflecting IHG's results, bonus outcomes in 2010 were 175% of base salary.

Robust links between performance and reward were maintained in 2010 incentive plan designs and a number of safeguards were put in place, reflecting continuing uncertainty in the industry. Maximum bonus opportunity was temporarily capped at 175% of base salary and the target for maximum bonus achievement was temporarily increased to 120% for earnings before interest and tax (EBIT). Under the 2010/2012 Long Term Incentive Plan (LTIP) cycle, the total shareholder return (TSR) and earnings per share (EPS) measures were restored to equal weighting. Salaries were increased by an average of 2.8%, following no increase in 2009.

Following review, the Remuneration Committee has concluded that for the 2011/2013 LTIP cycle the EPS measure should be replaced with two equally weighted new measures – net Rooms growth and like-for-like RevPAR growth compared with major competitors. These measures underpin IHG's strategy and have high relevance for most employees. The existing TSR measure remains. The maximum bonus opportunity for 2011 will be increased to 200% of base salary and the EBIT target under the Annual Bonus Plan (ABP) will revert to 110% of budget.

The Committee believes that these targets are well aligned with our goal of increasing shareholder value.

Remuneration policy

For Executive Directors and for senior executives, the following policy has been applied and will apply in future years.

Overall remuneration is intended to attract and retain high-quality executives, reward achievements aligned with business targets and key strategic objectives, align executive and shareholder interests, support equitable treatment of teams, and facilitate global assignments.

IHG's remuneration structure places emphasis on performance-related reward. Individual elements are designed to provide the appropriate balance between fixed remuneration and variable 'risk' reward, linked to both the performance of the Group and personal achievements. Approximately two-thirds of variable reward is in the form of shares.

The normal policy for Executive Directors and Executive Committee members is that, using 'target' or 'expected value' calculations, their performance-related incentives will equate to approximately 70% of total annual remuneration (excluding pensions and benefits).

Remuneration elements

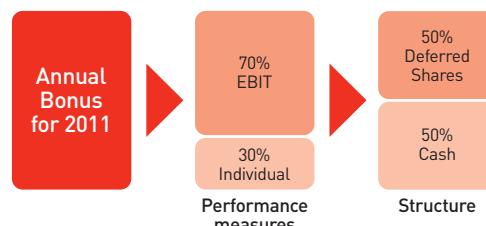
Base salary and benefits

Salary is reviewed annually, based on individual performance, competitive market data, comparator company analysis, internal relativities and salary levels in the wider employment market. Benefits are provided in accordance with local market practice. Only base salary is pensionable. The Executive Directors' salaries are:

Directors	2011 £	2010 £
Andrew Cosslett	850,780	826,000
James Abrahamson	477,117	469,348
Kirk Kinsell	477,117	462,875
Richard Solomons	540,000	523,000

Annual Bonus Plan

Awards under the ABP require the achievement of challenging personal and corporate performance goals before target bonus of 115% of salary is payable. Half of any bonus earned is compulsorily deferred in the form of shares for three years. No matching shares are awarded by the Company.



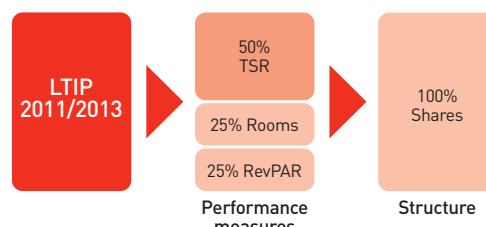
Long Term Incentive Plan

The LTIP allows Executive Directors and eligible management to receive share awards, subject to the achievement of performance conditions, measured over a three-year period. Awards are made annually and, other than in exceptional circumstances, will not exceed three times annual salary for Executive Directors.

The LTIP three-year cycle ending 31 December 2010 resulted in 73.8% vesting for the Executive Directors.

The performance conditions for the 2011/2013 LTIP cycle are:

- IHG's TSR relative to the Dow Jones World Hotels index (half of the potential maximum award);
- cumulative annual net growth in rooms over the period (one quarter of the potential maximum award); and
- cumulative annual like-for-like RevPAR growth over the period (one quarter of the potential maximum award).



For all award cycles, vesting between threshold and maximum is on a straight-line basis. The Remuneration Committee has the discretion to reduce vesting outcomes based on the quality of the financial performance of the Company over the period.

The following table summarises the individual elements of remuneration provided to Executive Directors and Executive Committee members:

Element	Purpose and link with strategy
Base Salary (cash)	Recognises market value of role, individual skill, performance and experience
Annual Bonus (half cash: half deferred shares – up to 200% of salary)	Drives and rewards performance of individuals and teams and aligns personal and corporate financial and non-financial objectives; aligns short and long-term rewards with returns to shareholders
Long Term Incentive Plan (shares up to 205% of salary)	Drives and rewards delivery of sustained long-term performance aligned with the interests of shareholders
Pension and benefits (varied)	Provides competitive benefits, protection and savings opportunities

Performance graph

Throughout 2010, the Company was a member of the FTSE 100 index and, for remuneration purposes, used a TSR comparator group of the Dow Jones World Hotels index. Accordingly, the Remuneration Committee has determined that these are the most appropriate market indices against which to test the Company's performance. The graph below shows the TSR performance of IHG from 31 December 2005 to 31 December 2010, assuming dividends are reinvested, compared with the TSR performance achieved by the FTSE 100 index and the Dow Jones World Hotels index. Over the five-year period, IHG outperformed the FTSE 100 index by 39.6% and the Dow Jones World Hotels index by 18.5%.

Total Shareholder Return: InterContinental Hotels Group PLC v FTSE 100 and v Dow Jones World Hotels index



Source: Datastream

Share ownership

Executive Directors are expected to hold twice their base salary in shares or three times in the case of the Chief Executive. Executives are expected to hold all shares earned (net of any share sales required to meet personal tax liabilities) until their shareholding requirement is achieved. The Executive Directors complied with this requirement during 2010.

Non-Executive Directors

Non-Executive Directors are paid a fee which is approved by the Board, having taken account of the fees paid in other companies of a similar complexity. Higher fees are payable to the Senior Independent Director who chairs the Audit Committee and to the Chairmen of the Remuneration and Corporate Responsibility Committees, reflecting the additional responsibilities of these roles.

Non-Executive Directors' fee levels are reviewed annually. Fees have been increased with effect from 1 January 2011 as shown below. These increases are broadly in line with anticipated executive management salary increases for 2011.

Role	Fees at 1 Jan 2011 £pa	Fees at 1 Jan 2010 £pa
Chairman	406,000	398,000
Senior Independent Director & Chairman of Audit Committee	103,000	99,750
Chairman of Remuneration Committee	86,500	84,000
Chairman of Corporate Responsibility Committee	76,000	73,500
Other Non-Executive Directors	65,000	63,000

Facts and figures

Summary remuneration report continued

Service contracts

The Remuneration Committee's policy is for Executive Directors to have rolling contracts with a notice period of 12 months. All the current Executive Directors have such contracts in place. Non-Executive Directors have letters of appointment. David Webster's appointment as Non-Executive Chairman is subject to six months' notice.

Directors' emoluments

The emoluments shown below represent salary, fees and cash bonuses (excluding pensions and bonus awards paid in shares) and tax assessable benefits and allowances, including company cars and healthcare cover. No cash performance bonuses were payable to the Executive Directors in respect of the year to 31 December 2009.

	1 Jan 2010 to 31 Dec 2010 £000	1 Jan 2009 to 31 Dec 2009 £000
Executive Directors		
Andrew Cosslett	1,571	827
James Abrahamson ¹	380	–
Kirk Kinsell ¹	436	–
Richard Solomons	996	531
Non-Executive Directors		
David Webster	398	390
Graham Allan ²	63	–
David Kappler	100	95
Ralph Kugler	84	80
Jennifer Laing ³	74	68
Jonathan Linen	63	60
Ying Yeh	63	60
Former Directors⁴	1	1
Total	4,229	2,112

1 James Abrahamson and Kirk Kinsell were appointed as Directors on 1 August 2010. The above figures reflect their emoluments as Directors from this date. They are paid in US dollars. The sterling figures above have been calculated using an exchange rate of \$1 = £0.65.

2 Graham Allan was appointed as a Director on 1 January 2010.

3 Jennifer Laing became Chairman of the Corporate Responsibility Committee on 1 March 2009, for which a higher fee is paid.

4 Sir Ian Prosser retired as a Director on 31 December 2003. However, he had ongoing healthcare benefit of £1,179 during the year.

Pensions

Executive Directors participated in either the executive section of the registered defined benefit InterContinental Hotels UK Pension Plan (the IC Plan) and the InterContinental Executive Top-Up Scheme (ICETUS) (UK-based Directors) or the 401(k) Retirement Plan (401(k)) and the Deferred Compensation Plan (DCP) (US-based Directors).

The executive section of the IC Plan is a funded, registered, final salary, occupational pension scheme. When benefits would otherwise exceed a member's lifetime allowance, the balance is provided by the ICETUS. The 401(k) is a tax-qualified plan and the DCP is a non-tax qualified plan, both providing benefits on a defined contribution basis, with the member and the relevant company both making contributions.

	Andrew Cosslett £	Richard Solomons £
UK Plans (final salary)		
Transfer value of accrued benefits at 1 January 2010	2,574,100	3,934,700
Increase in transfer value over the year	864,000	773,700
Transfer value of accrued benefits at 31 December 2010		
Increase in accrued pension (pa)	23,600	10,400
Accrued pension at 31 December 2010 (pa)	161,500	239,200
Age at 31 December 2010	55	49

US Plans (defined contribution)

The Company contributions made in respect of James Abrahamson and Kirk Kinsell for their periods of service as Directors from 1 August 2010 were £18,000 and £22,300 respectively. Sterling values have been calculated using an exchange rate of \$1 = £0.65. Both Messrs Abrahamson and Kinsell were age 55 at 31 December 2010.

Annual Bonus Plan deferred share awards

All Directors participated in the ABP during the year ended 31 December 2010. No matching shares are provided on awards. Directors' pre-tax share interests during the year were as follows:

Directors	ABP awards held at 1 Jan 2010	ABP awards during the year ¹	ABP shares vested during the year	Value at vesting £	ABP awards held at 31 Dec 2010	Value based on share price of 1243p at 31 Dec 2010 £
Andrew Cosslett	231,809	–	55,870	511,021	175,939	2,186,921
Total	231,809				175,939	2,186,921
James Abrahamson	135,000 ²	–	45,000	405,032	90,000	1,118,700
Total	135,000				90,000	1,118,700
Kirk Kinsell	74,768	–	13,610	124,485	61,158	760,194
Total	74,768				61,158	760,194
Richard Solomons	147,940	–	35,757	327,055	112,183	1,394,435
Total	147,940				112,183	1,394,435

1 No annual bonus was payable for the period ended 31 December 2009.

2 James Abrahamson received a special share award as part of his recruitment terms in 2009. Full vesting of these shares is subject to his continued service until February 2012.

Long Term Incentive Plan awards

In 2010 there were three cycles in operation and one cycle which vested. The awards made to Directors who served during the year ended 31 December 2010 in respect of the performance cycles ending on 31 December 2009, 2010, 2011 and 2012 and the maximum pre-tax number of ordinary shares due if performance targets are achieved in full are set out in the table below. For the cycle ending on 31 December 2010, the Company's TSR outperformed the Dow Jones World Hotels index by 8 percentage points and achieved 9.6% per annum growth in adjusted EPS. Accordingly, 73.8% of the award will vest on 16 February 2011.

Directors	Maximum LTIP awards held at 1 Jan 2010	Maximum LTIP shares awarded during the year	LTIP shares vested during the year	Market price per share at vesting	Value at vesting £	Maximum LTIP awards held at 31 Dec 2010	Maximum value based on share price of 1243p at 31 Dec 2010 £
Andrew Cosslett	685,266	160,807 ¹	73,372 ²	901.5p	661,449	686,567	8,534,027
James Abrahamson	386,189	79,008 ¹	37,943 ²	901.5p	342,056	382,711	4,757,097
Kirk Kinsell	263,796	75,411 ¹	21,685 ²	901.5p	195,490	292,064	3,630,356
Richard Solomons	436,446	101,818 ¹	46,970 ²	901.5p	423,435	436,155	5,421,407
Total	1,771,697	417,044¹				1,797,497	22,342,887

1 This award is based on performance to 31 December 2012 where the performance measures relate to the Company's TSR relative to the Dow Jones World Hotels index and the growth in adjusted earnings per share (EPS) over the performance period. James Abrahamson and Kirk Kinsell received their awards prior to appointment as Executive Directors on 1 August 2010.

2 This award was based on performance to 31 December 2009. Performance was measured against both the Company's TSR relative to a group of eight other comparator companies and cumulative annual growth rate (CAGR) in adjusted EPS over the performance period. The number of shares released was determined according to a) where the Company finished in the TSR comparator group, with 50% of the award being released for first position and 10% of the award being released for median position; and b) the cumulative annual growth in adjusted EPS, with 50% of the award being released for growth of 20% per annum or more and 10% of the award being released for growth of 10% per annum. The Company finished in fourth position in the TSR group and achieved 15.2% per annum adjusted EPS growth. Accordingly, 46% of the award vested on 17 February 2010.

Share options

Between 2003 and 2005, grants of options were made under the IHG Executive Share Option Plan. No executive share options have been granted since then. Share options held by Directors who served during the year are summarised as follows:

Directors	Share options held at 1 Jan 2010	Exercised during the year	Executive options held at 31 Dec 2010	Weighted average option price ³
Kirk Kinsell	109,150 ¹		109,150 ²	531.06p
Richard Solomons	330,870 ¹		330,870 ²	532.36p

1 Executive share options granted in 2004 and 2005.

2 Executive share options granted in 2004 are exercisable up to April 2014. Executive share options granted in 2005 are exercisable up to April 2015.

3 Weighted average option price of options held at 31 December 2010.

No Director exercised share options during the year; therefore there is no disclosable gain by Directors in aggregate for the year ended 31 December 2010 (2009 £437,732).

Facts and figures

Investor information



Website and electronic communication

As part of the Company's commitment to reducing the cost and environmental impact of producing and distributing printed documents in very large quantities, IHG's Annual Report and Annual Review have been made available to the majority of shareholders through the Company's website www.ihgplc.com/investors under financial library.



Shareholder Hotel Discount Promotion

IHG is currently operating a promotion for discounted hotel stays (subject to availability) for registered shareholders, through a dedicated, controlled access website. For further details please contact the Company Secretariat at the registered office address (details shown on page 45) or email companysecretariat@ihg.com



Share price information

The latest share price is available in the financial press, on Ceefax and on the Financial Times Cityline Service, telephone 09058 171 690 (calls charged at 75p per minute from a BT landline). Further details of the share price may be found on the Company's website www.ihgplc.com/investors under share price.



Changes to the base cost of IHG shares

Details of all the changes to the base cost of IHG shares held since April 2003 up to December 2010, for UK Capital Gains Tax purposes, may be found on the Company's website www.ihgplc.com/investors under shareholder centre/tax information.



Corporate Responsibility Report

IHG has published an online Corporate Responsibility Report for 2010 covering progress on a range of environmental, social and community issues. This is available on our corporate website and can be downloaded directly at www.ihgplc.com/responsibility



Registrar

For enquiries concerning individual shareholdings, notification of a shareholder's change of address and for information on a range of shareholder services please contact the Company's Registrar, Equiniti (details shown on page 45).



Dividend services

The Company offers a Dividend Reinvestment Plan (DRIP) for shareholders to purchase additional IHG shares with their cash dividends. For further information about the DRIP, please contact our Registrar helpline on 0871 384 2268[†]. A DRIP application and information booklet are available on the Company's website www.ihgplc.com/investors under shareholder centre/dividends.

Shareholders who would like their dividends to be paid directly into a bank or building society account, or who wish to amalgamate their shareholder accounts in order to avoid duplicate mailing of shareholder communications should contact our Registrar.

It may be possible for shareholders to have their dividends paid direct to their bank account in a local currency. Charges are payable for this service. Further information is available at www.shareview.co.uk under shareholder centre/overseas payment service.

If you think that you have out of date dividend warrants or outstanding dividend payments please contact our Registrar for further information.



Individual Savings Accounts (ISAs)

Equiniti offer ISAs in IHG shares. For further information please contact our Registrar helpline on 0871 384 2244[†].



Share dealing services

Equiniti offer a postal dealing facility for IHG shares. For more information on this service, call 0871 384 2132[†]. They also offer a telephone and internet dealing service, Shareview Dealing, which provides a simple and convenient way of buying and selling shares. For telephone dealings call 08456 037 037 between 8.00am and 4.30pm Monday to Friday, and for internet dealings log on to www.shareview.co.uk



ShareGift

The Orr Mackintosh Foundation operates this charity share donation scheme for shareholders with small holdings of shares, the value of which makes them uneconomic to sell. Details can be obtained from Equiniti, the ShareGift website www.sharegift.org or by calling ShareGift on 020 7930 3737.



Missing shareholders

Working with ProSearch (an asset reunification company), we continue to look for shareholders who have not kept their contact details up to date. We have funds waiting to be claimed and are committed to doing what we can to pay these to their rightful owners. For further details please contact ProSearch on 01732 741 411 or email info@prosearchassets.com



Shareholder security

Many companies have become aware that their shareholders have received unsolicited telephone calls or correspondence concerning investment matters. These are typically from overseas-based 'brokers' who target UK shareholders, offering to sell them what often turn out to be worthless or high-risk shares in US or UK investments. These operations are commonly known as 'boiler rooms'. More detailed information on this or similar activity can be found on the Financial Services Authority website www.moneymadeclear.fsa.gov.uk. Details of any share dealing facilities that the Company endorses will be included in Company mailings.



American Depository Receipts (ADRs)

The Company's shares are listed on the New York Stock Exchange in the form of American Depository Shares, evidenced by ADRs and traded under the symbol 'IHG'. Each ADR represents one ordinary share. All enquiries regarding ADR holder accounts and payment of dividends should be directed to JPMorgan Chase & Co, our authorised depositary bank (details shown on page 45).

The Company is subject to the reporting requirements of the Securities and Exchange Commission (SEC) in the US and files with the SEC an Annual Report on Form 20-F. The Form 20-F can be found on the Company's website www.ihgplc.com/investors under shareholder centre/ADR holders or by visiting the SEC's website www.sec.gov/edgar.shtml



Summary forward-looking statement

This Annual Review and Summary Financial Statement contains certain forward-looking statements as defined under US legislation (Section 21E of the Securities Exchange Act of 1934). By their nature, such statements involve uncertainty; as a consequence, actual results and developments may differ materially from those expressed in or implied by such statements. A more detailed explanation of the risks and uncertainties related to forward-looking statements is set out on page 121 of the Annual Report and Financial Statements 2010, copies of which are available from the registered office of the Company (details shown on page 45) or on the Company's website www.ihgplc.com/investors under shareholder centre/reports.

Financial calendar

		2010
Payment of interim dividend of 8.0p per share (12.8 cents per ADR)		1 October
Financial year end		31 December
		2011
Preliminary announcement of annual results		15 February
Final dividend of 22.0p per share (35.2 cents per ADR):	Ex-dividend date	23 March
	Record date	25 March
Announcement of first quarter results		10 May
Annual General Meeting		27 May
Final dividend of 22.0p per share (35.2 cents per ADR):	Payment date	3 June
Announcement of interim results		9 August
Interim dividend:	Payment date	October
Announcement of third quarter results		8 November
Financial year end		31 December
		2012
Preliminary announcement of annual results		February

Contacts

Registered office

Broadwater Park, Denham
Buckinghamshire UB9 5HR
Telephone +44 (0) 1895 512 000
Fax +44 (0) 1895 512 101
www.ihg.com
For general information about the Group's business please contact the Corporate Affairs department at the above address. For all other enquiries please contact the Company Secretariat at the above address.

Registrar

Equiniti, Aspect House
Spencer Road, Lancing
West Sussex BN99 6DA
Telephone 0871 384 2132*[†]
(UK callers)
+44 (0) 121 415 7034
(non-UK callers)
www.shareview.co.uk

*For those with hearing difficulties a text phone is available on 0871 384 2255[†] for UK callers with compatible equipment.

[†]Telephone calls to these numbers are currently charged at 8p per minute if using a BT landline. Other telephony provider costs may vary.

ADR depository

JPMorgan Chase & Co
PO Box 64504
St. Paul, MN 55164-0504
USA
Telephone +1 800 990 1135
(US callers – toll free)
+1 651 453 2128
(non-US callers)
Email:
jpmorgan.adr@wellsfargo.com
www.adr.com

Stockbrokers

Bank of America Merrill Lynch
Goldman Sachs

Auditors

Ernst & Young LLP

Investment bankers

Citi
Bank of America Merrill Lynch
Goldman Sachs

Solicitors

Freshfields Bruckhaus
Deringer LLP

Priority Club Rewards

If you wish to enquire about, or to join Priority Club Rewards, IHG's loyalty programme for frequent travellers, please visit www.priorityclub.com or telephone:
0871 226 1111[∞] (in Europe, Middle East and Africa) (toll charges apply)
+1 888 211 9874 (in US and Canada) (toll free)
+1 800 272 9273 (in Mexico) (toll free)
+1 801 975 3013 (Spanish) (in Central and South America) (toll charges apply)
+1 801 975 3063 (English) (in Central and South America) (toll charges apply)
+63 2 857 8788 (from most countries in Asia Pacific) (toll charges apply)

[∞]Telephone calls to this number are charged at 10p per minute. Standard network rates apply. Calls from mobiles will be higher.

Designed and produced by **Corporate Edge**

Print management by **HH Associates**

Printed by **Royle Print**

This Report is printed on 9lives 80 Silk which is made up of 60% FSC post-consumer recycled fibre, 20% pre-consumer recycled fibre and 20% FSC virgin fibre from FSC managed forests. Our printer is also FSC and Carbon Neutral accredited.



Mixed Sources
Product group from well-managed forests, controlled sources and recycled wood or fibre

Call us: 01406 480238
www.fsc.org
© 1996 Forest Stewardship Council

CarbonNeutral®
protecting our climate

For further information visit www.ihgplc.com/investors

InterContinental Hotels Group PLC
Broadwater Park, Denham
Buckinghamshire UB9 5HR
United Kingdom

Telephone +44 (0) 1895 512 000
Fax +44 (0) 1895 512 101

make a booking at
www.ihg.com