

Item 17 (i)-(ii) – Share-based incentive programmes

Item 17 (i) – The Board of Directors’ of Rezidor Hotel Group AB (publ) (the “Company”) proposal for resolutions regarding A) the implementation of a long-term, performance-based incentive programme, B) authorisation on acquisitions and transfers of own shares on a regulated market and C) transfers of acquired own shares to participants in the incentive programme

Background

Long-term incentive programmes for the senior executives of the Rezidor group (the “Group”) have previously been approved by shareholders at the 2007 and 2008 Annual General Meetings. In view of the current general economic uncertainty, the Board of Directors considers that, in relation to the programme approved by the Annual General Meeting 2008, a partly revised and simplified long-term, performance-based incentive programme should be proposed to the Annual General Meeting 2009 and be implemented for the senior executives of the Group. The purpose of the proposed programme is to ensure that remuneration within the Group helps align executives with shareholders and that a suitable proportion of remuneration is linked to Company performance. The Board also considers that the proposed programme supports the retention of senior executives and reflects market practice.

Participants in the programme will be given the opportunity, after a three-year qualification period, to without consideration receive allotments of Company shares (“Performance Shares”), subject to the achievement of certain financial targets. The qualification period runs from the day the award under the programme is granted until the day for allotment of Performance Shares. The extent of each senior executive’s participation in the programme shall be limited to a certain calculated value of the right to receive allotment of the Performance Shares in relation to the fixed base salary. Allotments of Performance Shares are conditional upon certain financial targets, linked to relative Total Shareholder Return (“TSR”) and development in Earnings per Share (“EPS”), being achieved during a three-year performance period comprising the financial years 2009 – 2011. Upon allotment of the relevant number of Performance Shares the participants shall also be entitled, for each Performance Share allotted, to receive a cash amount equivalent to any cash dividend attributable to the Performance Share during the qualification period.

Incentive programmes in accordance with the principles set out above may be implemented also in forthcoming years, provided that each relevant Annual General Meeting resolves to that effect. For 2009 the Board of Directors proposes that the Annual General Meeting resolves on the implementation of a long-term, performance-based incentive programme with the main terms and conditions set out below (“Performance Share Programme 2009”).

Description of Performance Share Programme 2009

General

Participation in the Performance Share Programme 2009 shall comprise no more than 30 senior executives within the Group. The term of the Performance Share Programme 2009 shall be approximately three years and the programme shall in total comprise no more than 1,700,000 shares – of which no more than 1,350,000 shares may be transferred to participants in the programme as Performance Shares and no more than 350,000 shares may be transferred on a regulated market to cover social security costs and other costs related to the programme. The maximum number of shares that may be allotted as Performance Shares under the programme corresponds to approximately 0.90 per cent of the total number of outstanding, registered shares in the Company. Including the number of shares that may be sold on the market at the prevailing market price in order to cover social security costs and other costs related to the programme, the total number of shares corresponds to approximately 1.13 per cent of the total number of outstanding, registered shares in the Company.

Participants are given the opportunity, provided that the TSR and EPS targets are achieved, to receive without consideration allotments of Performance Shares after the expiration of the three-year qualification period. Upon allotment of the relevant number of Performance Shares the participants shall also be entitled, for each Performance Share allotted, to receive a cash amount equivalent to any cash dividend attributable to the Performance Share during the qualification period.

The total value of the right to receive allotments of Performance Shares is limited to 50 per cent of the 2009 base salary before taxes ("Base Salary") for the Chief Executive Officer and the Chief Financial Officer, to 35 per cent of the Base Salary for the Chief Operating Officers, the Chief Development Officer and the EVP of Brands (in total four individuals), to 25 per cent of the Base Salary for other participants within the top management and to 15 per cent of the Base Salary for the rest of the participants in the programme. The allotment of Performance Shares shall be based on the participant's Base Salary in relation to the average market value of the Company's share during a period of five (5) trading days prior to the date of the award under Performance Share Programme 2009.¹ Awards under the programme to participants are estimated to be granted in June 2009 at the latest or, in exceptional cases, in August 2009 at the latest.

As is further described below, the financial targets, and thus the allotment of Performance Shares, will during a three-year performance period comprising the financial years 2009 – 2011 be based 75 per cent on the Company's TSR, (of which 75 per cent will vest subject to Rezidor's TSR percentage outperformance of a comparator group of 11 publicly traded international hotel companies and 25 per cent will vest subject to Rezidor's TSR percentage outperformance of the constituents of the OMXS 30 Index) and 25 per cent on the Company's EPS development.

¹ Calculated on the volume-weighted average purchase price of the Company's share noted on the NASDAQ OMX Stockholm's official list during the mentioned period.

Allotments of Performance Shares will take place in conjunction with the announcement of the Company's quarterly report for the first quarter 2012. Upon allotment of the relevant number of Performance Shares the participants shall also be entitled, for each Performance Share allotted, to receive a cash amount equivalent to any cash dividend attributable to the Performance Share during the qualification period.

Recalculation of the conditions for allotment of Performance Shares shall take place in the event of an intervening bonus issue, split, preferential rights issue and/or other similar events. Further, the programme contains a dilution limitation meaning that the number of Performance Shares that may be transferred to participants in the programme will be decreased proportionally should the market value of the Company's share, during a period until the expiration of the above mentioned period for establishing the market value of the Company's share, result in an aggregate number of Performance Shares (including the number of shares necessary to cover social security costs and other costs related to the programme) that exceeds 1,700,000 shares.

Upon termination of the employment within the Group during the three-year qualification period the right to receive allotments of Performance Shares normally lapses. In case the Chief Executive Officer retires during the qualification period, the Chief Executive Officer's right to receive allotment of Performance Shares will be proportionately reduced in relation to remaining time of the qualification period. The Board of Directors shall under certain circumstances be entitled to adjust or terminate Performance Share Programme 2009 in advance. In addition, the Board of Directors shall be entitled to make such local adjustments of the programme that may be necessary to implement the programme with reasonable administrative costs and efforts in the concerned jurisdictions.

Financial targets

Allotments of Performance Shares are conditional upon the financial targets, linked to TSR and EPS as set out below, being achieved during a three-year performance period.

The financial targets, and thus the allotment of Performance Shares, will during the three-year performance period comprising the financial years 2009 – 2011 be based 75 per cent on the Company's TSR (of which 75 per cent will vest subject to Rezidor's TSR percentage outperformance of a comparator group of 11 publicly traded international hotel companies² and 25 per cent will vest subject to Rezidor's TSR percentage outperformance of the constituents of the OMXS 30 Index) ("Index TSR") ("TSR-based allotment of Performance Shares") and 25 per cent on the Company's EPS development ("EPS-based allotment of Performance Shares"). TSR is equal to the overall return a shareholder would receive on his or her shareholding taking into account both share price appreciation and dividends (if any). The Board of Directors believes that linking the allotment of Performance Shares to both TSR and EPS development improves the programme's robustness, is more motivational for

² Currently Accor, Choice Hotels, Intercontinental, Interstate, Marriott, Millennium & Copthorne, NH Hoteles, Orient-Express, Shangri-La Asia, Sol Melia and Starwood. The Board of Directors may however change the composition.

participants, and is more in line with market practice. As is further described below, the financial targets include a minimum level which must be achieved in order for any allotment to occur at all, as well as a maximum level in excess of which no additional allotment will occur. Should lower financial targets than the maximum level be achieved during the three-year performance period, a lower number of Performance Shares will be allotted.

TSR-based allotment of Performance Shares shall be made based on 3-year TSR measured over the period 1 January 2009 – 31 December 2011. If the Company's TSR exceeds the Index TSR by 26 per cent or more during the three-year performance period (i.e. equivalent to eight per cent p.a. or more), the participants have a right to receive the maximum TSR-based allotment of Performance Shares. If the Company's TSR equals the Index TSR, the participants have a right to receive 20 per cent of the TSR-based allotment of Performance Shares. If the Company's TSR is lower than Index TSR, the participants will have no right to receive any of the TSR-based allotment of Performance Shares. If the Company's TSR exceeds the Index TSR, but by less than 26 per cent, a proportionate reduction of the right to receive TSR-based allotments of Performance Shares shall be made.

Rezidor TSR outperformance of Index TSR	Per cent of TSR- based allotment that vests
Less than 0 per cent	Nil
0 per cent	20 per cent
26 per cent or more	100 per cent

The EPS-based allotment of Performance Shares shall be made based on 3-year EPS development by comparing financial year 2011 EPS with financial year 2008 EPS. If growth in EPS is achieved and amounting to 73 per cent or more during the three-year performance period (i.e. equivalent to 20 per cent p.a. or more), the participants have a right to receive the maximum EPS-based allotment of Performance Shares. If no growth in EPS is achieved during the three-year period, the participants have a right to receive 20 per cent of the EPS-based allotment of Performance Shares. If the EPS development is negative, the participants will have no right to receive any of the EPS-based allotment of Performance Shares. If the EPS development implies a growth that exceeds 0 per cent but is less than 73 per cent, a proportionate reduction of the right to receive EPS-based allotments of Performance Shares shall be made.

EPS development	Per cent of EPS- based allotment that vests
Less than 0 per cent	Nil
0 per cent	20 per cent
73 per cent or more	100 per cent

Estimated costs and values of Performance Share Programme 2009

The participant's right to receive allotment of Performance Shares on the final day of the programme are not securities and cannot be pledged or transferred to others. An estimated market value relating to the right to receive allotment of Performance Shares can however be calculated. Based on IFRS2 methodology, the Board of Directors has calculated the total value of the right to receive allotment of Performance Shares under Performance Share Programme 2009 to be approximately EUR 0.59m, assuming that participants are granted the maximum number of Performance Shares, and annual employee turnover is 5 per cent. If the performance conditions are achieved in full the value relating to the right to receive allotment of Performance Shares under the Performance Share Programme 2009 is estimated to be approximately EUR 1.97m.

The costs are treated as staff costs in the profit and loss account and are expensed over the three-year qualification period in accordance with the IFRS2 standard on share-based benefits. The size of the social security costs under the programme is reported in accordance with UFR7 and is estimated to amount to approximately EUR 0.15m using the assumptions described above, and under the assumption of an average tax rate for social security contributions of 30 per cent and zero increase in the market value of the Rezidor share over the performance period. If the performance conditions are achieved in full the social security cost is estimated to amount to approximately EUR 0.51m.

Based on the assumptions described above, the aggregated maximum cost for the Performance Share Programme 2009 amounts to approximately EUR 2.48m.

Effects on key-ratios

As per 23 March 2009, the Company has 150,002,040 issued shares. The Company has repurchased a total of 3,694,500 own shares. In order to implement the Performance Share Programme 2009, a total of 1,700,000 shares are required (including those shares required to cover the social security costs and other costs related to the programme), corresponding to approximately 1.13 per cent of the total number of outstanding, registered shares in the Company. Out of the 1,700,000 shares required for the Performance Share Programme 2009, 1,350,000 shares may be transferred to participants free of consideration, which may cause a dilutive effect of 0.63 per cent on earnings per share.

Preparation of the proposal

The proposal on the Performance Share Programme 2009 to the Annual General Meeting 2009 has been prepared by the Board of Directors' compensation committee supported by external advisors and in consultation with major shareholders. At a Board meeting on 10 February 2009, the Board of Directors was informed of the main features of a partly revised long-term, performance-based incentive programme. At a Board meeting on 23 March 2009 the Board of Directors resolved to present the proposal on Performance Share Programme 2009 to the Annual General Meeting 2009. Except for the executives who have prepared the matter on behalf of the compensation committee, no person who might be a participant of the Performance

Share Programme 2009 has taken part in the development of the terms and conditions of the programme.

Hedging

In order to implement the Performance Share Programme 2009 in a efficient and flexible manner, the Board of Directors proposes that the Annual General Meeting 2009 resolves as follows. The Board of Directors proposes that the Annual General Meeting 2009 resolves to authorise the Board of Directors to decide on acquisitions of own shares on a regulated market and that the authorisation shall comprise acquisition of the number of own shares that later may be transferred to participants in the Performance Share Programme 2009 and acquisition and transfer of the number of own shares that may be transferred on a regulated market to cover social security costs and other costs related to the programme.³ The Board of Directors further proposes that the Annual General Meeting 2009 resolves on transfers of own shares to participants in the Performance Share Programme 2009 and also that transfers of own shares may be made to another employing company within the Group in order to secure its obligation to deliver shares to participants in the Performance Share Programme 2009. The main terms and conditions of the proposal are set out below.

The Board of Directors' proposal for resolutions

The Board of Directors proposes that the Annual General Meeting 2009 resolves (i) to implement the Performance Share Programme 2009, based on no more than a total of 1,700,000 shares including the shares that may be necessary in order to cover social security costs and other costs related to the programme, on the main terms and conditions set out in item A) below, (ii) that the Annual General Meeting 2009 resolves to authorise the Board of Directors to decide on acquisitions and transfers of own shares on a regulated market, in accordance with item B) below and (iii) that the Annual General Meeting 2009 resolves that no more than 1,350,000 acquired own shares may be transferred to participants in the Performance Share Programme 2009 and also that transfers of own shares may be made to another employing company within the Group in order to secure its obligation to deliver shares to participants in the Performance Share Programme 2009, in accordance with item C) below.

A) Main terms and conditions for Performance Share Programme 2009

- a) Participants in the Performance Share Programme 2009 shall comprise no more than 30 senior executives within the Group.

³ The Board of Directors has in a separate proposal to the Annual General Meeting 2009 (item 18 in the proposed agenda for the meeting) proposed that the Board of Directors shall be authorised to resolve on acquisitions and transfers of the Company's own shares. It is proposed that acquisitions made under such authorisation may be made so that the holding of the Company's shares does not exceed a tenth of all the shares in the Company. The number of own shares acquired under the Performance Share Programme 2009 and the own shares acquired under the long-term incentive programme approved by the Annual General Meeting 2007 and 2008 respectively, shall be included for the purpose of the calculation of the mentioned threshold.

- b) The term of the Performance Share Programme 2009 shall be approximately three years.
- c) Participants are given the opportunity, provided that the TSR and EPS targets are achieved, to receive without consideration allotments of Performance Shares after the expiration of the three-year qualification period.
- d) The total value of the right to receive allotments of Performance Shares is limited to 50 per cent of the 2009 base salary before taxes ("Base Salary") for the Chief Executive Officer and the Chief Financial Officer, to 35 per cent of the Base Salary for the Chief Operating Officers, the Chief Development Officer and the EVP of Brands (in total four individuals), to 25 per cent of the Base Salary for other participants within the top management and to 15 per cent of the Base Salary for the rest of the participants in the programme. The right to receive allotment of Performance Shares shall be based on the participant's Base Salary in relation to the average market value of the Company's share during a period of five (5) trading days prior to the date of award under the Performance Share Programme 2009.⁴ Awards under the programme to participants is estimated to be granted in June 2009 at the latest or, in exceptional cases, in August 2009 at the latest.
- e) Allotments of Performance Shares shall be conditional upon certain financial targets, linked to TSR and EPS as set out above, being achieved during the three-year performance period comprising the financial years 2009 – 2011. The financial targets, and thus the allotments of Performance Shares, will during the three-year performance period be based 75 per cent on the Company's TSR (of which 75 per cent will vest subject to the company's TSR percentage outperformance of a comparator group of 11 publicly traded international hotel companies and 25 per cent will vest subject to the company's TSR percentage outperformance of the constituents of the OMXS 30 Index) and 25 per cent on the Company's EPS development as set out above.
- f) The financial targets shall include a minimum level which must be achieved in order for any allotment to occur at all, as well as a maximum level in excess of which no additional allotment will occur. Should lower financial targets than the maximum level be achieved during the three-year performance period, a lower number of Performance Shares may thus be allotted.
- g) Allotments of Performance Shares will take place in conjunction with the announcement of the Company's quarterly report for the first quarter 2012. Upon allotment of the relevant number of Performance Shares the participants shall also be entitled, for each Performance Share allotted, to receive a cash amount equivalent to any cash dividend attributable to the Performance Share during the qualification period.
- h) Recalculation of the conditions for receipt of Performance Shares shall take place in the event of an intervening bonus issue, split, preferential rights issue and/or other similar events.

⁴ Calculated on the volume-weighted average purchase price of the Company's share noted on the NASDAQ OMX Stockholm's official list during the mentioned period.

- i) The programme shall contain a dilution limitation meaning that the number of Performance Shares that may be transferred to participants in the programme will be decreased proportionally should the market value of the Company's share, during a period until the expiration of the above mentioned period for establishing the market value of the Company's share, result in an aggregate number of Performance Shares (including the number of shares necessary to cover social security costs and other costs related to the programme) that exceeds 1,700,000 shares.
- j) Upon termination of the employment within the Group during the three-year qualification period the right to receive allotments of Performance Shares normally lapses. In case the Chief Executive Officer retires during the qualification period, the Chief Executive Officer's right to receive allotment of Performance Shares will be proportionately reduced in relation to the remaining time of the qualification period.
- k) The Board of Directors shall under certain circumstances be entitled to adjust or terminate the Performance Share Programme 2009 in advance. In addition, the Board of Directors shall be entitled to make such local adjustments of the programme that may be necessary to implement the programme with reasonable administrative costs and efforts in the concerned jurisdictions. The Board of Directors shall be responsible for the detailed terms and conditions and the administration of the Performance Share Programme 2009 taking into account these main terms and conditions.

B) Authorisation on acquisitions and transfers of own shares on a regulated market

The Board of Directors shall be authorised to decide on acquisitions and transfers of own shares on a regulated market on the following terms and conditions.

- a) The authorisation may be exercised on one or several occasions, however until the Annual General Meeting 2010 at the latest.
- b) Acquisitions may only be effected on NASDAQ OMX Stockholm.
- c) No more than 1,350,000 shares may be acquired to secure delivery of shares to participants in the Performance Share Programme 2009, corresponding to approximately 0.90 per cent of the total number of outstanding, registered shares in the Company.
- d) Transfers may only be effected on NASDAQ OMX Stockholm.
- e) No more than 350,000 shares may be acquired and transferred to cover social security costs and other costs pertaining to the Performance Share Programme 2009 or any other previously implemented performance share programme, corresponding to approximately 0.23 per cent of the total number of outstanding, registered shares of the Company.
- f) Acquisitions and transfers on NASDAQ OMX Stockholm may only be made to a price within the from time-to-time prevailing range of prices (spread), meaning the interval between the highest purchase price and the lowest selling price.

C) *Transfers of acquired own shares (as Performance Shares) to participants in the Performance Share Programme 2009*

Decisions on transfers of own shares to participants in the Performance Share Programme 2009 may be made on the following terms and conditions.

- a) No more than 1,350,000 shares may be transferred to participants in the Performance Share Programme 2009.
- b) Entitled to acquire shares without consideration shall be such persons within the Group that are participants in the Performance Share Programme 2009. Further, subsidiaries shall be entitled to acquire shares without consideration, in which case such company shall be obliged, pursuant to the terms and conditions of the Performance Share Programme 2009, to immediately transfer shares to such persons within the Group that participate in the Performance Share Programme 2009.
- c) Transfers of shares shall be made without consideration at the time and on such additional terms and conditions that participants in the Performance Share Programme 2009 are entitled to receive allotment of shares, i.e. in conjunction with the announcement of the Company's quarterly report for the first quarter 2012.
- d) The number of shares that may be transferred is subject to recalculation in the event of an intervening bonus issue, split, preferential rights issue and/or other similar events.

The reasons for deviation from the shareholders' preferential rights are the following.

The transfers of own shares is an integrated part of the implementation of the Performance Share Programme 2009. The Board of Directors considers it to be an advantage for the Company and the shareholders that the participants in the Performance Share Programme 2009 are offered to become shareholders in the Company.

Item 17 (ii) – Adjustment of the conditions of the long-term, performance-based incentive programme 2008

The Annual General Meeting 2008 resolved on the implementation of a long-term, performance-based incentive programme for 2008 ("Performance Share Programme 2008"). The intention with this programme was that it, with some minor adjustments, should reflect the main principles of the performance share programme for 2007 resolved by the Annual General Meeting 2007. The same apply to the proposed Performance Share Programme 2009. However, the regulation regarding participants' right to receive a cash amount for each allotted Performance Share corresponding to the accrued cash dividends attributable to the Performance Share during the qualification period was not included in the Performance Share Programme 2008. As a consequence hereof, the Board of Directors proposes that the Annual General Meeting now resolves that such regulation shall apply also in respect of the Performance Share Programme 2008. The above proposal should not lead to any additional cost effects for

the Company compared to the costs associated with and disclosed in the Board of Directors' proposal for Performance Share Programme 2008.

Majority requirements

The Board of Directors' proposal pursuant to item 17 (i) items A) – C) above shall be resolved on as one decision, which requires that the resolution is supported by shareholders representing no less than nine-tenths of both the votes cast and the shares represented at the Annual General Meeting.

The Board of Directors' proposal pursuant to item 17 (ii) shall, as was the case for the resolution on the Performance Share Programme 2008, be supported by shareholders representing no less than nine-tenths of both the votes cast and the shares represented at the Annual General Meeting.

Miscellaneous

The Company's other share-related incentive programmes are briefly described in Appendix 1 to this document.

Stockholm, 23 March 2009

Rezidor Hotel Group AB (publ)

The Board of Directors

Appendix 1

Other share-related incentive programmes

Performance Share Programme 2007

A long-term incentive programme for the senior executives of the Group was approved by the Annual General Meeting 2007 ("Performance Share Programme 2007"). The Annual General Meeting's resolution regarding the Performance Share Programme 2007 comprised about 25 senior executives within the Group and no more than 1,250,000 shares in the Company of which no more than 930,000 shares could be transferred to participants in the programme. The Performance Share Programme 2007 includes a possibility to receive so called Performance Shares. The extent of each senior executive's participation in the programme, and thus also the possibility to receive allotments of Performance Shares, depends on the number of Saving Shares that the participant holds and which are allocated to the programme and is further limited to a certain value in relation to the participant's annual bonus earned for performance during the financial 2006. Allotment of Performance Shares is conditional upon a continuing employment during the qualification period and the achievement of certain financial targets related to the company's TSR based on outperformance of a peer group and EPS (50 per cent in relation to the company's TSR and 50 per cent in relation to the company's EPS). The allotment levels are differentiated with respect to different categories of senior executives.

In total 25 senior executives participate in the Performance Share Programme 2007. Performance Share Programme 2007 may comprise in total no more than 299,829 shares in the Company of which 225,801 could be transferred to participants and 74,028 may be transferred on a regulated market to cover social security costs.

Performance Share Programme 2008

A long-term incentive programme for the senior executives of the Group was also approved by the Annual General Meeting 2008 ("Performance Share Programme 2008"). The Annual General Meeting's resolution regarding Performance Share Programme 2008 comprised of no more than 30 senior executives within the Group and no more than 1,860,000 shares in the Company of which no more than 1,380,000 shares could be transferred to participants in the programme. The Performance Share Programme 2008 includes a possibility to receive Matching Shares and Performance Shares. The extent of each senior executive's participation in the programme, and thus also the possibility to receive allotments of Matching Shares and Performance Shares, depends on the number of Saving Shares that the participant holds and which are allocated to the programme and is further limited to a certain value in relation to the participant's base salary before tax. Allotment of Matching Shares is conditional upon a continuing employment during the qualification period and allotment of Performance Shares is in addition conditional upon the achievement of certain financial targets related to 75 per cent to the company's TSR based on outperformance of a peer group and to 25 per cent to the company's EPS. The allotment levels are differentiated with respect to different categories of senior executives.

In total 19 senior executives participate in the Performance Share Programme 2008. Performance Share Programme 2007 may comprise in total no more than 789,378 shares in the Company of which 667,691 shares could be transferred to participants and 121,687 shares may be transferred on a regulated market to cover social security costs

For a full account of the Performance Share Programmes 2007 and 2008 respectively, please see the Company's website, www.rezidor.com.
