

Board's Proposal for determining the principles for compensation to the Company's key management

The Board of Director's proposal for principles of compensation and other employment terms of the Company's key management is, in essence that the compensation shall be individual and based on international market conditions and is set at a level required to recruit and retain management with appropriate competence and capacity to meet the Company's financial and strategic objectives. The Rezidor Hotel Group's corporate office is located in Brussels, Belgium, and key management consists of a diverse group of international executives. With key management means the Company's Executive Committee which includes 11 persons, including the Chief Executive Officer.

The compensation shall consist of a balanced mix of basic salary, variable bonus salary, pension, a share-based incentive program and conditions for termination and termination payments. The total compensation considers *inter alia* competence, experience, responsibility and performance.

Matters regarding the terms of employment for the Chief Executive Officer will be prepared by the Board of Director's compensation committee and will be resolved by the Board of Directors. The Chief Executive Officer resolves upon the terms of employment for the other Company management after consent from the Board's compensation committee.

It is proposed that the Board of Directors shall be authorized to deviate from the principles for compensation of the Company key management if certain circumstances are at hand in a specific case.

Remuneration for Executive Committee (including Chief Executive Officer)

	2007	2006
Salaries and bonuses	5,721	4,099
Pension costs		
Defined contribution plan	677	488
Defined benefit plan	37	41
Housing and company cars	606	425
Phantom share plan for CEO/CFO	0	2,766

All amounts in TEUR,

The remuneration numbers exclude social security costs, except for the figure that relates to phantom share plan for the Chief Executive Officer and Chief Financial Officer, which includes social security cost of TEUR 394.

The bonus of the Executive Committee was subject to accruals for each year.

Remuneration components

Basic Salary

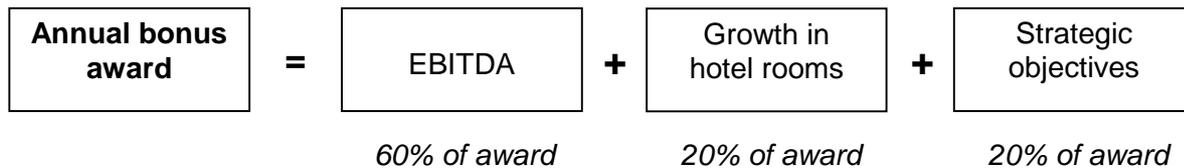
The basic salary is an appropriate portion of the total remuneration package and is reviewed each year and may be adjusted based on personal performance, changes in roles and responsibility, the Company's development and local directives in terms of cost of living.

Pension & Retirement

The Company's retirement age depends on local legislation. The majority of the members of the Executive Committee are paid, in addition to the basic salary, 10% in lieu of participation in a group pension plan, except for the Chief Executive Officer (*see below*). Some of the Executive Committee members participate in a group pension plan (defined contribution plans or defined benefit plans).

Variable bonus incentive

The Corporate Executive Plan is based on financial performance target, growth target and strategic objectives.



The maximum variable bonus incentive for the Executive Committee varies depending on target achievement and may for 2008 amount to between 40 and 50% of basic salary.

Share-based incentive programs

The Annual General Meeting on May 4th 2007 resolved to approve of a share based long term incentive program (the "LTIP 2007"). The Executive Committee and other key employees (in total about 25 persons) have the possibility at their option to participate in a share-based incentive program. Participants in the programme will be given the opportunity, after a three year qualification period, to without consideration receive an allotment of Rezidor shares ("Performance Shares"). The extent of each senior executive's participation in the programme, and thus also the possibility to receive allotment of Performance Shares at the end of the qualification period of the programme, shall depend on two different parameters; partly on the participant's annual bonus earned for performance during the financial year preceding the Annual General Meeting at which it is resolved to implement the programme ("Bonus based participation"), and partly on the number of shares in the Company that the participant holds ("Saving Shares"), provided that these are kept during the whole three year qualification period ("Savings based participation"). In addition, allotments of Performance Shares are conditional upon certain financial targets, linked to relative Total Shareholder Return ("TSR") and Earnings per Share ("EPS") as established in detail by the Board of Directors, being achieved during the three year qualification period.

The Board of Directors will propose to the Annual General Meeting to be held on 23rd April 2008 the adoption of a share based long term incentive program for 2008 (the "LTIP 2008") which is similar to LTIP 2007 but has the following main differences: There is no Bonus based participation, only a savings based participation related to Savings Shares which have not been allocated to the LTIP 2007. The Performance based award has been staggered insofar as for each Savings Share the Chief Executive Officer and the Chief Financial Officer receive three Performance Shares, the other nine members of the Executive Committee receive two Performance Shares and the other participants one Performance Share. In addition, all participants except for the Chief Executive Officer, the Chief Financial Officers, the Chief Operating Officers (two individuals) and the Chief Development Officer, are entitled to receive for each Savings Share without consideration the allotment of 0,5 shares of the Company conditional on continuous employment during the vesting period. Compared with LTIP 2007 which sets the limit at 25% of annual gross salary, the LTIP 2008 allows the participants to

invest 20% of annual gross salary except for the Chief Executive Officer, the Chief Financial Officer, the Chief Operating Officers and the Chief Development Officer who may invest up to 40% of annual gross salary.

Conditions for termination and termination payments

For members of the Executive Committee the notice period for termination of their agreements is between three and six months. If their agreements are terminated by the Company, the severance pay would amount to between one and three years annual remuneration.

Other Benefits

Other benefits consist of mainly car and housing benefits, according to the prevailing policy as is revised the Board's compensation committee from time to time.

Remuneration of the Chief Executive Officer (CEO)

	2007	2006
Salaries*	1,018	593
Bonuses (incl. phantom share plan)	172	982
Pension	377	183
Housing and company cars	139	114

All amounts in TEUR

* the figure for 2006 is lower than for 2007 due to a one-off retroactive adjustment in 2006 amounting to TEUR (205) and a one off payment in 2007 for accumulated vacation pay for previous years,

The minimum annual increase in the contracted base salary of the CEO is 5%. According to contract the compensation to the CEO consists of an annual fixed net salary and a variable bonus salary of maximum 50% of the annual net salary based on the financial performance target, growth target and strategic objectives. In case of a temporary incapacity, the CEO is entitled to receive his full salary and other benefits for 26 weeks of any period of 52 weeks when he is unable to perform his duties. In case a temporary incapacity develops into a non-temporary incapacity making the CEO eligible for the fixed payment below, CEO's compensation is maximized to what he would be entitled to receive as a fixed payment. In addition, he is entitled to certain benefits such as housing, car and travel allowances.

CEO participates in a contribution pension scheme to which the Company makes annual contributions in an amount equal to 41% of his annual net salary until the termination of his employment.

CEO's pension age is 62. His employment agreement also includes a fixed payment equal to three years' net salary and TEUR 375 as a compensation for three years' value of housing if he retires on February 28, 2009 or, before such date, is non-temporarily incapacitated to fulfill his duties as a result of death or, sickness or injury.

As regards the CEO's employment agreement, either the Company or CEO may terminate upon six months' written notice. In the case of termination of the agreement by the Company (other than due to gross negligence by CEO) or termination by CEO as a result of gross breach by the Company of the agreement, CEO is entitled to 30 months' salary and value of three years' housing upon termination. He also has the right to this fixed payment if there is a major change in his duties and responsibilities or in the ownership structure of the Company.

Stockholm in March 2008

The Board of Directors of Rezidor Hotel Group AB (publ)