Item 15 - Board of Directors' Proposal for the principles for compensation to the Company's key management

The Board of Directors' proposal for principles for 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, international experience 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. Key management means the Company's Executive Committee which includes nine persons, including the CEO.

The compensation shall consist of a balanced mix of base remuneration, variable remuneration, pension, a share-based incentive component and may include 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 CEO will be prepared by the Board of Directors' compensation committee and will be resolved by the Board of Directors. The CEO resolves upon the terms of employment for the other Company key management after consent from the Board of Directors' 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 2011 (including CEO)

Remuneration TEUR	Base Remunera-tion	Variable Remunera-tion	Post employment compensation	Pension	Housing and company car	Total[1)]
Kurt Ritter (CEO)	1,432	555	2,171	395	223	4,776
The rest of the Executive Committee (excl. CEO) (8 persons)	4,619	517	-	258	352	5,746
Total Executive Committee	6,051	1,072	2,171	653	575	10,522

1. The table above shows the gross amounts. Eight members of the Executive Committee are remunerated on a net basis. Apart from the impact of changes in the agreed upon remuneration levels, the gross remuneration may also differ from year to year due to special tax treatment rules in Belgium. The base remuneration for 2011 includes a one-off redundancy cost of TEUR 1,261.

Remuneration components

Base Remuneration

The base remuneration 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 expected development and local directives in terms of cost of living.

Pension & Retirement
The Company's retirement age depends on local legislation. Four of the members of the Executive Committee are paid, in addition to the base remuneration, 10% in lieu of participation in a group pension plan. Other Executive Committee members participate in different group pension plans (defined contribution plans or defined benefit plans) (*for the CEO see below*).

Variable Remuneration
The basis for the annual variable remuneration scheme for 2012 for the Executive Committee is based on group consolidated profitability (75%) and personal performance objectives (25%). The maximum annual variable remuneration for the Executive Committee (other than for the CEO, see below) varies depending on target achievement and may for 2012 amount to between 45% and 100% of annual base remuneration depending on the executive's role.
For the 2012 – 2014 performance period there will be no equity based performance plan proposed to the Annual General Meeting on April 25th, 2012 but instead an exceptional cash-based variable remuneration plan. Participation includes the same group of executives who have participated in the share based incentive programs. The award opportunity is a cash amount dependent on criteria like market practices, individual performance and the executive's role. For the members of the Executive Committee the award can vary and be up to 60% of their annual base remuneration. Actual amounts granted to the individuals are dependent on achieving performance targets for the Company's EPS in 2012. Vested awards must be held for a further two years and are subject to further performance and employment criteria. Once amounts are released to executives after the two year holding period, participants are required to invest 50% of the award, net of taxes, in Company shares to be held until at least the end of 2015.

Share-based incentive programs

2009 Programme
The Annual General Meeting on April 23rd, 2009 resolved to approve of a share based long term incentive program (the "LTIP 2009"). The programme has 26 participants. The extent of each senior executive's participation in the programme, and thus also the possibility to receive without consideration allotment of Performance Shares at the end of the three year qualification period of the programme is based on the participant receiving an allocation of conditional shares based on a percentage of annual gross remuneration dependent on an executive's role. For the majority of the participants, the percentage is 15% with higher percentages applying for the Executive Committee members as follows:

CEO & CFO	50 %
COOs (2 persons)	35 %
CDO & EVP of Brands	35 %
Other Executive Committee members	25 %

In addition, allotments of Performance Shares are conditional upon certain financial targets, linked to relative Total Shareholder Return ("TSR") and Earnings per Share ("EPS"), being achieved during the three year qualification period.

2010 Programme

The Annual General Meeting on April 16th, 2010 resolved to approve of a share based long term incentive program (the "LTIP 2010"). The programme has 28 participants. Same as for LTIP 2009, the allotments of Performance Shares are conditional upon the Company achieving certain financial targets, linked to relative Total Shareholder Return ("TSR") and Earnings per Share ("EPS") during the three year qualification period. The number of shares that the participant can potentially receive at the end of the three year period is based on a percentage of annual gross remuneration dependent on an executive's role. For the majority of the participants the percentage is 30% with higher percentages applying for the Executive Committee members as follows:

CEO & CFO	100%
COO & CDO	60%
Other Executive Committee members	45%

2011 Programme

The Annual General Meeting on April 13th, 2011 resolved to approve of a share based long term incentive program (the "LTIP 2011"). The programme has 29 participants. Same as for previous plans, the allotments of Performance Shares are conditional upon the Company achieving certain financial targets, linked to relative Total Shareholder Return ("TSR") and Earnings per Share ("EPS") during the three year qualification period. The number of shares that the participant can potentially receive at the end of the three year period is based on a fixed number of shares dependent on an executive's role as follows:

CEO	300,000
CFO	150,000
COO & CDO	55,000
Other Executive Committee members	45,000
Other participants	13,000

The proposed (fixed) numbers reflect a similar dilution compared to the 2010 LTIP and will not fluctuate as a result from a change in share price of the Company.

Conditions for termination and termination payments

For members of the Executive Committee the contractual notice period for termination of their agreements and associated severance payments is between three and fifteen months or in some cases three months per period of five years of seniority. In case of dispute, the applicable law could lead to severance payments exceeding the contracted amount and may exceed two years remuneration. Regarding termination of the CEO, see below.

Other Benefits

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

Remuneration of the CEO

The remuneration for the CEO (exclusive of social security costs) is as follows:

	For the Year Ended Dec. 31	
TEUR	**2011**	**2010**
Base Remuneration[1)]	1,432	1,325
Variable Remuneration[2)]	555	2,064
Post Employment Compensation[3)]	2,171	1,618
Pension	395	525
Housing and company cars	223	198

1. The net base remuneration for the CEO amounted to TCHF 1,153 (1,098) and the increase between 2011 and 2010 was 5%, corresponding to the contractual minimum annual increase, as further outlined below. Furthermore, the gross remuneration differs from year to year due to special tax treatment rules in Belgium. The increase in gross remuneration exceeding 5% was the result of these special tax rules and the effect of exchange rates and has no effect on the net contracted remuneration in CHF. The gross remuneration in EUR increased in 2011 due to the depreciation of the EUR versus the CHF. The amount includes the portion of the salary paid out by Rezidor Hotel Group AB (as described below), amounting to TEUR 107 (97).
2. The variable remuneration presented in the table above is the amount that has been expensed in the income statement during the year. The variable remuneration recorded at the end of the year in the income statement represents the best estimate made at the balance sheet day of the variable remuneration for that year. The final payment is dependent on factors that are only known at a date subsequent to the release of the financial statements and may consequently deviate from the estimate. The expense reported during the year is furthermore subject to differences between estimates made in the preceding year for the variable remuneration of that year and the actual pay-out in the current year. The actual pay-out of variable remuneration for 2011 is estimated to amount to TEUR 129.
3. As further outlined below, the CEO was entitled to a post employment compensation upon retirement corresponding to three times the annual base remuneration for 2010 plus a fixed amount of TEUR 422. The costs for this post employment compensation have been expensed over the remaining term of his employment and the net amount has not changed since 2009. The increase between 2011 and 2010 is related to the depreciation of the EUR versus the CHF and the fact that the gross remuneration differs between the years due to special tax treatment rules in Belgium.

This remuneration of the CEO is mainly paid by 'The Rezidor Hotel Group S.A.' (Belgium), but due to a dual agreement, a portion amounting to TEUR 107 (97) is paid by Rezidor Hotel Group AB (Sweden). See also Note 3 hereafter in the Parent Company Accounts. These figures are excluding social costs. The CEO's employment agreement was due to expire on February 28th, 2009 when the CEO reached his pension age of 62. Pursuant to the original employment agreement executed prior to the listing in November 2006 the CEO had the following entitlement: upon the expiry of the CEO's employment agreement or in the event of the CEO's previous death or non temporary incapacity to fulfil his duties by reason of sickness or injury, the CEO was entitled to receive an amount, net of taxes, corresponding to three (3) times the then applicable base remuneration plus a fixed amount of EUR 422,000.

On September 17th, 2008 the Board secured an extension of the term of the CEO's employment until February 28th, 2012. The remuneration of the CEO which from January 1st, 2008 consisted of an annual net base remuneration of CHF 950.796 (905,520) was according to the contract for the extended term increased as of January 1st, 2009 to CHF 1.045.875. The minimum annual increase in the contracted net base remuneration of the CEO remained at 5% and with January 1st, 2010 as the first annual revision. The CEO is as from January 1st, 2009 entitled to a variable remuneration of maximum of 75% of his annual base remuneration based on achievement of pre–set targets for the consolidated profitability of Rezidor, the company growth target and strategic objectives. The variable remuneration may reach 150% of the CEO's annual base remuneration if higher targets are achieved and 200% of such remuneration if stretched goals are achieved. The annual variable remuneration for years 2009 and 2010 was earned and paid in two portions: (i) 50% paid latest by May 1st each year, and (ii) 50% was due and payable on March 1st, 2012. The CEO is also entitled to certain benefits such as housing, car and travel allowances. Either the Company or the CEO may terminate the agreement upon six months' written notice. The CEO participates in a contribution pension scheme to which the Company makes annual contributions in an amount equal to 41% of his annual net base remuneration until the termination of his employment. In the event of termination of the CEO's contract, the Company will be under no obligation to the CEO other than to provide all employment benefits during the period of notice and in such case the CEO shall not be entitled to any severance payment or any other kind of compensation as a result of the termination of his employment.

In light of the market conditions a further amendment to the CEO's contract was made in March 2009 pursuant to which the CEO agreed to forego his entitlement to the variable remuneration for 2008 and further defer the payment of the total amount owed to him upon the expiry of the original employment agreement, until February 28th, 2012 when a lump sum payment was due to him corresponding to three (3) times the annual base remuneration for 2010 plus a fixed amount of EUR 422,000.

On April 15th, 2011 the Board secured an extension of the term of the CEO's employment until February 28th, 2015. Under the contract which was signed in April 2011, the CEO's pension age is 68. The remuneration of the CEO which from January 1st, 2010 consisted of an annual net remuneration of CHF 1.098.168 was according to the contract for the extended term increased as of January 1st, 2011 with 5%. Starting January 1st, 2012 the annual base remuneration will be reviewed and the CEO will be considered for annual base remuneration increases, including the CPI annual increase pursuant to Belgian law. Based on pre–set targets the variable remuneration remains 75% of annual base remuneration if targets are achieved and may reach 150% of the CEO's annual base remuneration if higher targets are achieved and 200% of such remuneration if stretched goals are achieved. The variable remuneration for 2011 and each fiscal year thereafter shall be due and payable annually in arrears.

Stockholm in March 2012

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