

Hotel or in the case of a licensee committing to develop multiple hotels with Starwood, and who meets our then current other criteria, participate with a third party lender acceptable to us in loaning to you, as a part of the loan, a percentage of the principal loan amount extended to you by the third party lender. Such mezzanine loans and loan participations, if made, would generally be between \$1,000,000 and \$5,000,000 of a secured loan with a duration of five years or less on terms acceptable to us and, in the case of the loan participation, the third party lender. Because such loans are not regularly made and because of the varying nature of the items that we may finance, the amount or percentage of the cost, the annual percentage rate, the term of the loan and number of payments, the nature of the security for the loan, requirements for personal guarantees and liabilities on default may vary.

It is not our practice to sell or assign any interest we have in any promissory note or loan you execute in our favor, but we may elect to do so.

Item II

FRANCHISOR'S OBLIGATIONS

Except as listed below, we need not provide any assistance to you. All Section references below are to the License Agreement, unless otherwise noted.

Our Obligations Before Opening the Franchise Business

Before the opening of a Brand Hotel, the License Agreement obligates us to provide you with the following:

- (1) Access to one set of operations manuals, guidelines and other manuals, materials and catalogs ("Manuals") that we may select (Sections 2.1 and 8.3.1). Many manuals are now in electronic format, not hard copies.
- (2) Specifications and requirements for furnishings, equipment, facilities, supplies and services to be used in Brand Hotels (Sections 2.1 and 5.1.1 and a Property Improvement Plan Section 6.1.1, for a conversion hotel).
- (3) Limited review of all plans and specifications for sales and marketing, finance, conversion, communications and information technology systems, remodeling and construction of Brand Hotels (Sections 6.1.5, 6.3 and 6.2.5 of conversion License Agreement and Sections 6.1.2 and 6.3.2 of new build License Agreement).
- (4) The Pre-opening Date Activities described in Section 6.2 of the License Agreement which include: three pre-opening visits to the Hotel, initial training for Licensee and Hotel's general manager, inspection of the Hotel facilities, communication and information technology systems and life-safety items to determine what you must do to bring such items in compliance with System standards. If we have to make more than three pre-opening visits to your hotel, we can charge you for the reasonable costs of all trips over three.

Our Obligations During Operation of the Franchise Business

During the operation of your Brand Hotel, we are obligated to provide you with the following:

- (1) Access to and use of the LE MERIDIEN System, as changed from time to time, which includes among other things: the Standards and Policies, Manuals, Technology Systems (including the Reservation System), mandatory and optional System Programs and Services, Starwood Preferred Guest loyalty program, the Licensed Marks, Marketing Fund, and Confidential Information (Section 2.1 and definition of System in Exhibit B to License Agreement).

- (2) Use of the Reservation System that we and our subsidiaries and affiliates use (Sections 4.1, 4.2 and 16.1(a) of the License Agreement.
- (3) Use of selected proprietary software programs (Section 4.1, 4.2 and 5.8 of the License Agreement.
- (4) Access to global, national and regional conventions or conferences for Brand Hotels as and when held (Section 5.13.4).

Marketing (Advertising)

We are not required to provide you with assistance and advice in marketing. You pay for all local advertising, marketing and promotion of your hotel, both before opening and during the operation of the hotel. Any of your local advertising, marketing or promotions which makes use of the mark "LE MERIDIEN" or any of the trademarks, trade names, service marks, designs, logos, slogans, symbols, product configuration, industrial design, trade dress, indicia, or origin or other identifying characteristics of LE MERIDIEN is subject to our prior approval. We may make available local advertising and marketing materials at reasonable prices and we may profit or benefit from your purchases from us or from third parties (Sections 3.2, 4.1.1, 4.1.3, 4.1.4, and Article 9). You must at your expense, obtain and maintain special promotional materials that we require for hotels in the same category, and obtain listings in appropriate classified telephone and trade directories (Section 9.4) and you must conduct an opening advertising and marketing campaign (Section 9.7).

We require you to contribute (See amount in Item 6) to the Brand Marketing Fund, but reserve the right to discontinue the Marketing Fund and your contributions in our discretion. In addition, we may require you to participate in local or regional cooperatives, which may require contributions in the form of cash and rooms for barter and/or promotions in addition to your Marketing Fund contribution. We may eliminate, merge or initiate new cooperatives which are generally formed to promote hotels in a geographic area or category of hotels, such as resort hotels, golf hotels, Florida or Hawaii hotels. All licensees contribute to the Marketing Fund, but the contribution level may vary by date of License Agreement. Starwood-owned Brand Hotels in the United States presently contribute at the same percentage rate as licensed hotels to the combined Marketing Fund, but there is no requirement they do so and their contribution may change or vary by hotel. The Marketing Fund may also receive revenues from our advertising partners and suppliers who may participate jointly in some of our advertising. (See Item 8, Section 9.)

You may promote your hotel during the term of the License Agreement by the internet subject to our approval and certain restrictions on the use of our marks (see Item 13), our internet policy and requirements for high moral standards and image. You may not register any domain name, universal resource locator or link that uses any of our marks. Nor may you or an affiliate acting on your behalf bid on or purchase placement rights for any keywords or ad words that incorporate our marks or create any overlay links or banners on websites by using our marks. In addition, your website shall have as its exclusive online booking functionality a hyperlink to our website(s); shall contain terms of use that include our privacy policy and our related disclaimer and you shall not collect personal information without our approval and may use such personal information only as we provide.

Contributions to the Marketing Fund may be commingled with, but are accounted for separately from, our other funds and are not used to defray our general operating expenses, except for such reasonable salaries, administrative costs, travel expenses, agency fees, market research and overhead as we may incur in activities related to the operation and administration of the Marketing Fund. We may spend, on behalf of the Marketing Fund, in any fiscal year, an amount greater or less than the aggregate contributions made in that year, and we may lend money to the Marketing Fund and charge interest on our loans to cover deficits. We do not separately account for interest earned on monies contributed to the Marketing Fund and we generally retain such interest in our general accounts for use as general operating funds. The contributions of Licensees to the Marketing Fund are not used to sell franchises. We may cause to be prepared an annual unaudited statement of contributions collected and costs incurred by the Marketing Fund, and furnish it to you on written request. The Marketing Fund monies that are not spent in a particular fiscal year are carried forward and spent in the next year, although we try to expend all funds contributed to the Marketing Fund in the year in which they are contributed.

We develop and coordinate advertising and promotions for Brand Hotels. We intend to maintain separate marketing funds for our non-U.S. and Hawaii operations but there is no obligation to do so. A portion of the Marketing Fund may be spent for regional and segment marketing. Allocations for regional marketing may benefit company-owned Brand Hotels disproportionately.

We reserve the right to establish an Owners Advisory Board ("OAB") for LE MERIDIEN Hotels. If we do create an OAB, aspects of the marketing plan and budgets, including resource allocation among the various market segments, are intended to be developed and implemented with input from the Owners Advisory Board ("OAB"), which is an advisory board. We anticipate OAB members will have an equity position or represent an equity position and are nominated from owners and appointed by us for staggered, two year terms. We reserve the right to change the composition of the OAB, its duties, governance and how its members are elected or to discontinue the OAB or replace it with a different advisory board.

The media, in which advertisements may be disseminated include, without limitation, print ads, radio and television, direct marketing, the internet, and interactive marketing, and may be conducted on a regional, national or international basis. Presently, we use one national advertising agency to create and place brand advertising and another for local property advertising. We may use the contributions to the Marketing Fund to pay for market research, promotions, marketing collateral, public relations, media placement, advertising, websites, guest surveys, field marketing services, directories, Global Sales Organization and Global Preference program (and any expenses, production costs, commissions, or administrative overhead in connection with any of these expenditures).

Global Sales

Global Sales Organization (GSO) is an organization and program by which Licensor sells group, transient corporate and leisure business under terms and conditions set by Licensor. The GSO includes Global Preference which is an organization and program by which Licensor sells corporate transient business under terms and conditions set by Licensor. We reserve the right to discontinue the GSO and your contributions in our discretion. You must contribute the GSO and Global Preference fee stated in Item 6, until such fee is changed (See Item 6). GSOs generate business and promote the use of LE MERIDIEN Hotels as well as Other Starwood Brands that are franchised, managed, and company owned. Starwood owned Brand Hotels in the United States presently contribute the same or greater fee for GSO and Global Preference as licensed hotels but there is no requirement they do so and their contributions may change or vary by hotel.

Contributions to the GSO may be commingled with, but are accounted for separately from, our other funds and are not used to defray our general operating expenses, except for such reasonable salaries, administrative costs, travel expenses, agency fees, market research and overhead as we may incur in activities related to the operation and administration of the GSO. We may spend, on behalf of the GSO, in any fiscal year, an amount greater or less than the aggregate contributions made in that year, and we may lend money to and charge interest on our loans to cover deficits. We do not separately account for interest earned on monies contributed to the GSO and we generally retain such interest in our general accounts, for use as general operating funds. The contributions of Licensees to the GSO are not used to sell franchises. We may cause to be prepared an annual unaudited statement of contributions collected and costs incurred by the GSO, and furnish it to you on written request. The GSO monies that are not spent in a particular fiscal year are carried forward and spent in the next year, although we try to expend all funds contributed to the GSO in the year in which they are contributed.

We do not undertake any obligation to ensure that expenditures through the Global Sales Program are proportionate or equivalent to sales or business generated for any particular hotel by such program or that your hotel will benefit directly or in proportion to your contribution to the Global Sales Program. We do not hold the assets of the Global Sales Program in trust for you, nor do we assume any fiduciary obligation to you with respect to such program.

We did not have a Marketing Fund for licensed LE MERIDIEN Hotels in 2006.

Starwood Preferred Guest Program (SPG)

You must participate in the SPG frequent guest and customer loyalty program which promotes the LE MERIDIEN Brand and the other Starwood Brands. We have the exclusive right to create, maintain and administer this program and in doing so we do not insure or represent that any licensee or hotel will benefit directly or prorated from the program. We do not hold the assets of the SPG Program in trust for you, nor do we assume any fiduciary obligation to you with respect to such assets. We reserve the right to terminate the program at any time and as long as this or a successor similar program is in effect, you cannot participate in a similar program for yourself or in a program sponsored by a third party. Presently our affiliate, Preferred Guest Inc., will provide SPG program services to you. Also see Item 6 and note 4 in Item 6.

Computer Hardware and Software

The hotel business utilizes sophisticated electronic equipment, software, hardware, telecommunications equipment and connectivity, systems and other technologies, to, among other things, receive and process reservations from many sources, manage revenue, supply guest services and support hotel operations. The License Agreement gives us the right to require you to install, update or replace any equipment (including computers) and software that we designate, such as reservation system equipment and software, property management equipment and software, software and equipment designed to enhance communications (such as e-mail, Internet and Extranet) and software designed to record point-of-sale receipts and software and equipment necessary to receive electronic versions of manuals. This equipment and software may include third party components and components that are proprietary to us and/or our affiliates.

Specific hardware components and software programs that you must purchase include the following, some of which are described in Item 6:

- (1) A part of the Reservation System.
- (2) Integrated Property System (Galaxy, which is owned by Starwood, is required).
- (3) Network e-mail and Internet Support.
- (4) CRM Starguest Response Plus System.
- (5) An Oracle license (See Item 6, note 9).
- (6) Starwood Guest Portal.
- (7) StarwoodONE Intranet Site, which costs \$1,201 per year.
- (8) Hardware and Software generally need to be upgraded every three years to have current capable facilities.
- (9) Starwood has a mandatory technical standard for a converged voice and data network. This network encompasses the guest HSIA (high speed internet access) system, the guest voice system, the administrative data network, and administrative voice network. The network must be installed by an approved Starwood supplier.

The Reservation System is proprietary to us and our affiliate, ResCorp provides reservation services to you using the Reservations System pursuant to Sections 4.1 and 4.2 of the License Agreement. We repair, maintain, support, upgrade and update this proprietary Reservation System for the Reservation System Fees referenced in Item 6. If your hotel accepts reservations from third party online wholesalers, your hotel is requested to house PRSNet reservations system for setting your daily pricing to integrate with StarLink. PRSNet is the reservations system that enables your hotel to comply with "Best Rate Guarantee" which is a mandatory program that requires rates offered through the Reservation System to be equal to or better than the rates offered through third party systems.

We will have independent access to the reservations data generated by the Reservation System, which we own (including all intellectual property rights therein and arising therefrom) and may use for any purpose, including to assist you in your operations of the Hotel. There are no contractual limitations on our access to the reservation system and the reservations data. We and our affiliates own all information in the reservations system and marketing programs about the LE MERIDIEN System and Hotels.

All properties whether corporate owned, managed or franchised are required to have an approved Integrated Property System (IPS). Currently, because of the system advantages in having an IPS system customized to system needs there is one authorized vendor for the IPS system: Galaxy. (Starwood owns Galaxy, and may make a profit on your purchase of a Galaxy system or your payments to Galaxy). The Galaxy IPS system (including installation and training) is estimated to cost \$75,000-\$150,000. Included in this cost is a \$25 per room fee that goes to Starwood for development and programming costs. A project management fee of \$5,000 is also included. In addition, you will pay travel and living expenses for each trainer, installer and a Starwood Project Manager. You will also be responsible for the cabling, millwork, electrical charges, overtime, any data communication lines and other costs associated with the installation. The Galaxy IPS is a full-featured property management system integrated with StarLink.

As a new Licensee, you are required to purchase IPS and have it installed and operational upon opening as a Brand Hotel. You are required to have annual upgrades on the Galaxy system. While the vendor does not normally charge for the annual upgrade, you should expect to spend \$5,000-\$10,000 for training, equipment, travel and expenses associated with the annual upgrades.

Additional Consulting Services are available, including PBX, structural cabling and other hospitality applications. Pricing is based on hotel size and requirements. The estimated cost of this, including travel and expenses is \$5,000 to \$10,000. Please contact the conversion manager assigned to your Hotel for assistance.

Annual optional IPS training classes will be available through the vendor or us. The estimated cost of this, including travel is \$5,500.

Annual maintenance provided by Galaxy is required and will be billed by the vendor. Annual maintenance is estimated at \$4,300 to \$63,000 per year, billed quarterly.

We reserve the right to make technological changes, as we see the need. This includes the right to move from the Galaxy platform to another vendor.

You have the option of joining the Franchise e-mail at a cost of \$13 per user per month.

Network Connectivity

Connectivity between each property and the Central Reservation System is required through the Starwood Wide Area Network (WAN). Each property is responsible for paying the vendor (AT&T or Equant) for the circuit, the router, and the monitoring and maintenance of the services and equipment. Furthermore, a Network Support fee is paid to Starwood to maintain services over that WAN.

Additionally, you are prohibited from connecting to other networks (including, but not limited to Management Company networks and Internet Service Providers) without you, at your expense providing the proper security measures (firewalls) required by Starwood to prevent risk to the Starwood network systems and services.

We reserve the right to make strategic network changes, which include (but are not limited to) such things as moving data via the Internet, the Intranet, the Wide Area Network, Microwave Communications, or any other Wire or Wireless methods.

You must also have the necessary telecommunications connectivity to connect your hotel electronically with the Reservation System, Licensor and third parties to properly operate and utilize the required System programs and services.

System Manuals

LE MERIDIEN has a website, StarwoodONE, designed to replace our paper manuals. It integrates traditional network services and web technology to create a private information exchange service. All information contained on StarwoodONE is proprietary to Starwood.

You have access to the StarwoodONE portal and Starwood archive website which contains, but is not limited to, the following information for your use:

Brand Standards	TeamHOT Program
StarLink Manual	Starwood Preferred Guest Program
Front Office SOP Manual	Starwood Preferred Planner Program
Housekeeping SOP Manual	Architecture and Construction Standards
Paperless Front Office Manual	Design Specifications
Advertising/Marketing Guidelines	Signage Specifications
Collateral Specifications	Life Safety Manuals
Graphic Standards	Property Technology Standards

We make available to you the above confidential Manuals for which there may be a charge. These Manuals are available for your inspection before you sign the License Agreement, but we may require you to execute a confidentiality agreement. We reserve the right to change these Manuals at any time and to delete and/or add Manuals at any time.

Selection of the Site for the Franchise Business

You select your business site for a new build hotel subject to our approval. Whether you intend to build or convert a hotel, before we consider your application for a franchise, you must already have an available site identified. The specific site is one of the factors pertinent to our consideration of your application. In deciding whether to approve your proposed site, we consider such factors as accessibility, visibility, proximity to major demand generators such as business or entertainment facilities and whether the site is in a growth area. For a new build hotel, we may require at your expense a market demand study prepared by an independent, nationally-recognized market research firm which states their opinion as to the market demand for a Brand Hotel on your site. Generally, we do not assist you in site selection, but if you are developing a new build hotel using our prototype plans, we will, upon your request give you a list of possible markets and a list of brokers who may assist you with those or other markets. We make no representation regarding such lists of potential markets or brokers, and you should make your own determination regarding their suitability and desirability.

Time Period Between Signing Franchise Agreement and Opening of a Brand Hotel

A new build Brand Hotel is typically completed and ready to be opened for business from 18 to 36 months after the date of signing a License Agreement. If you are converting an existing non-Brand property to a Brand Hotel, this time frame would be approximately 1 to 12 months, depending on the extent of renovation that is required to meet our minimum required standards.

Training

We provide training to you as follows:

- (1) Your general manager must attend an orientation and training program at our world headquarters in White Plains, New York, or other location that we designate. General Managers generally must participate in our initial training only once. The program pertains to all functional areas of the hotel and food and beverage, including the introduction to all Starwood programs and other areas to effectively familiarize the general manager to the Brand franchise system. The program will be 7 to 10 days in duration and must be completed six months after opening or the next scheduled program. Any replacement general manager must be approved by us and attend the earlier of six months following his or her appointment or the next scheduled program. The program is

scheduled periodically. We charge \$400 per day per trainee for the program, and you must pay your employees and any other related travel, lodging, meals and other expenses. Your general manager must be competent, skilled and experienced in the management of hotel properties, you must furnish us with information concerning the relevant background and experience of your proposed general manager and we must approve your general manager prior to hire.

- (2) We also provide Reservation System training for your front office and revenue managers, or replacement front office managers, at various locations that we designate.

Completion of the above programs are not required in the case of properties which change ownership, but continue as a Brand Hotel with the same front office and/or revenue management, except for *initial training for replacement general managers*, revenue managers and reservations system training for front office and/or revenue managers.

- (3) We require your property to participate in the Operations Assistant Program. The program offers operations experts in the area of Front Office, Revenue Management, Sales and Marketing, Food and Beverage, and Housekeeping. An estimate cost of the program for each Hotel property is \$16,000 - \$20,000 and includes the Operations Assistant's travel and hotel expenses, as well as daily salary. An average of 5 Operations Assistants would be available for an average of 5 days.
- (4) HUB Training: We may provide Food & Beverage, Revenue Management, Sales Training, Directors of Sales and Marketing Orientation, Housekeeping, Six Sigma, StarwoodONE, IT Managers and other seminars devoted to various hotel operational areas which are periodically scheduled, and held at various Starwood properties around North America, which are open to both new and existing Licensees. We select the dates of the seminars, which are announced in advance, and are scheduled at times of the year so as to make it convenient for Licensees or their representatives to attend. The seminars are held at Starwood properties in different locations in order to minimize travel time and expense of attendees. The seminars are conducted by our staff personnel, as well as other specialists from our staff or from operating properties. In some cases outside experts are used. You must pay the cost of attending the seminars. Some examples of HUB training classes are listed below.
- (5) Global and Owners Conferences: Conferences built around a platform of Sales, Leadership, and Starwood Brands. Owners of managed and franchised properties are required to attend. The cost of the conference is approximately \$2,750 per attendee plus travel and accommodations. The program is mandatory thus each hotel will incur a mandatory charge for one attendee regardless of attendance. The most recent global conference was held in January 2006 and owners conference in February 2007.
- (6) Brand Hotels must participate in the Brand Culture Service training program at a cost to the hotel of approximately \$49 per hotel room plus the "train-the-trainer" conference fee of \$115 per day per participant, plus travel and accommodations. The "train-the-trainer" certification process is designed to prepare property trainers to deliver branded guest service training to all hourly associates, both in high guest contact areas and in the heart of the house. Each property must have a minimum of two certified trainers and we recommend 1 trainer per 200 associates as optimal. Cost of travel and accommodations to train-the-trainer sessions must be borne by you.
- (7) We provide New Director of Sales and Marketing Orientation, which is an optional program. The cost is \$200 per day plus related travel expenses for the 3 day course.
- (8) We provide New Director of Catering/Convention Services, which is an optional program. The cost is \$200 per day plus related travel expenses for 3 day course.
- (9) You must, before and after opening your hotel, at no cost to us, conduct training for your employees as may be required to train those employees properly to operate your hotel in accordance with the standards and procedures in the Manuals and otherwise in writing.

- (10) The IPS Property training is a mandatory service three-day training class in a property's initial IPS installation. The cost of this training is built into the IPS proposal, but the hotel will be billed for travel and expenses after this visit. The trainer provides training on the Galaxy IPS system as it pertains to status and inventory, Starwood Preferred Guest Program, and general Starlink interface maintenance.
- (11) We also provide ongoing IPS training, which is mandatory for a new DORM and optional for a previously trained DORM or other hotel personnel. Classes are scheduled in Braintree, Massachusetts and Austin, Texas throughout the year to train new Directors of Revenue Management, Reservations Managers, Front Office Managers, Directors of Sales, and General Managers. This 3-day class includes training on status and inventory, rate management, groups, packages, frequent guest programs, and StarLink overviews. The cost is \$150 per day per student (plus any travel and expenses incurred by your employees). The class can also be held as an on-line (web) version or a customized on-site version.
- (12) Prior to the hotel, we require your participation opening in Starwood Preferred Guest training at an estimated cost of \$2,000.
- (13) "Arrival" training for front office staff is a 3 day program designed for Front Office Managers and Supervisors. It trains them in the fundamentals of checking guests in and the overall "arrival" experience for the guests. The program is \$250 per day per participant plus travel and expenses.
- (14) TLPe New User Training is a four day course that provides users with a complete understanding of the TopLine Profit Enterprise ("TLPe") system and the relationship with Galaxy/IPS. This training is required only if the hotel uses TLPe. This course focuses on system functionality that *can be used to increase RevPAR*. This session is ideal for new Revenue Managers, Directors of Sales, General Managers and SRSAs. Mandatory training required within 3 months for a new hire. Cost is \$375 per day per participant for 4 day program.
- (15) Brand Hotels may participate in Revenue Management Academy 1. This HUB revenue management training program focuses on enhancing leadership drill as well as increasing overall Revenue Management knowledge and effectiveness. Module 1-5 day version cost \$375 per participant per day. Module 2 3 day version cost \$375 per participant per day. Module 3-3 day version cost \$375 per participant per day. Restrictions may apply.
- (16) Brand Hotels are to participate in Six Sigma as follows:
- a. Green Belt training is required. Participation means completing all the training required and adhering to the Franchise Six Sigma Standards and Policies. Properties under 300 rooms must have at least 2 Green Belts trained within 180 days of opening as a Brand Hotel based on training class availability. Properties over 300 rooms must have at least 3 Green Belts trained within 180 days of opening as a Brand Hotel based on training class availability. The General Manager must be one of the Green Belts. Training consists of pre-work, coaching calls and one week of classroom training at a cost of \$400 per day per participant plus travel and entertainment.
 - b. Executive Committee training. We recommend that the Hotel's Executive Committee members that have not been trained complete Process Change and Innovation Transfer ("PC&IT") training within 180 day time frame. Training consists of pre-work and 3 days of classroom training at a cost of \$150 per day per participant plus travel and entertainment. It is recommended that PC&IT training precede Green Belt training whenever possible based on training class availability.
- (17) We require your participation in Central Reservation System Redevelopment - Program Training for Enhancements - Valhalla at a cost of \$871 Per Participant (2 per hotel Revenue Management,

Reservations, Front Office Manager).

The above-described programs and costs are subject to change.

In addition, we provide the following orientation and training programs, among others:

Subject(1)	Classroom Hours(2)	Instructional Materials	Instructor(s)/ Experience(2)
New Director of Revenue Management Orientation (STARDORM) (Mandatory for New Directors of Revenue Management) (see NOTE 3)	32	Manuals	Corporate Director Revenue Management
Revenue Management Academy (Optional)	24-40	Manuals/Implementation Tools	Corporate Trainer
HUB Training Class Presentation Skills (Optional)	24	Manuals	Corporate Training
HUB Training Class Rooms University Arrival (Mandatory for low GSI scores)	16	Manuals	Corporate Manager Rooms & Related Programs
HUB Training Class Rooms University ABC's of Housekeeping (Mandatory for low GSI scores)	8	Manuals	Corporate Manager Rooms and Related Programs
HUB Training Class LE MERIDIEN Guest Service Training (Mandatory)	40	Manuals	LE MERIDIEN Brand Trainer
Paperless Check-In (Mandatory based on GSI scores)	Onsite	Manuals	Corporate Trainer
New General Manager Orientation (Mandatory for new GMs)	24	Manuals	Corporate Trainer/Senior Management
Fundamentals and Tools of StarLink/IPS Training	24	Manuals	StarLink Trainer
The Starwood Advantage: Training In a Box Library	24	Manuals/Videos	Self Administered
New Director of Sales and Marketing Training-HotStarts Program (Mandatory)	24	Manuals	Senior Director Sales and Revenue Management Operations; Corporate Director, Sales Training
New Director of Catering/Convention Services (Optional)	24	Manuals	Corporate Director of Convention Services
Leading Starwood (Optional)	32	Manuals	Corporate Organizational Learning Trainers
Procurement	4	Online Courses	Self Administered
e-Cornell (Optional)	--	Online Courses	Self Administered
Sales Kick-offs (Optional)	24	Manuals	Corporate Trainers/Directors of Sales
Sales Training (Optional)	--	Online Courses	Self Administered
Metro-Market Classroom Effort (Optional)	16	Manuals/Videos	Corporate Director Sales Training
Metro-Market Sales Training (Optional)	8	Manuals	Corporate Trainers
Summit Learning Sales, Skills Training In a Box	5	Videos	Self Administered

Subject(1)	Classroom Hours(2)	Instructional Materials	Instructor(s)/ Experience(2)
Fundamentals and Tools of StarLink/IPS Training	24	Manuals	StarLink Trainer
Executive Committee: Process Change and Innovations Transfer (Mandatory)	24	Manuals/StarwoodONE	Corporate Trainer
Six Sigma Green Belt Training (Mandatory)	40	Manuals/StarwoodONE	Corporate Trainer
Managing Inclusion (Optional)	16	Manuals	Corporate Trainer
Engineering Workshop (Optional)	24	Manuals	Corporate Director of Engineering
TLPe New User Training (Mandatory for new DORMs in properties w/ TLPe)	32	Manuals	Corporate Director of Revenue Management
TLPe Advanced User Training (Optional)	24	Manuals	Corporate Director of Revenue Management
IPS Training (Mandatory for new installations)	24	Manuals	Corporate Trainer
Beverage Training (Optional)		Online Course	Self-Administered

See above and Item 6 for the costs of the various Training Programs.

NOTE 1: To be a Licensee, you must have experience in hotel operations and be approved by us to manage the hotel or employ a management company that is experienced in hotel operations and approved by us. We offer training courses at designated locations. You may participate in any or all of these courses. You will be responsible for paying certain costs as noted in Item 6.

NOTE 2: Classroom training is provided. The hours devoted to each subject are estimates only and may vary substantially based on how quickly trainees grasp the material, their prior experience with the subject, and scheduling. We do not provide on-the-job training. We may change the instructors, and consequently the level of experience of the instructors teaching the subjects at any time.

NOTE 3: Hotels 300 rooms or greater are required to have a full time dedicated Revenue Manager. Hotels less than 300 rooms can opt to either have a full time dedicated Revenue Manager on property or participate in Starwood's Centralized Revenue Management Service. The Centralized Revenue Management Service program is available on a monthly fee basis. The program provides such services as pricing and inventory management for all distribution channels, database management, strategy implementation, and performance reports for the hotel team.

Item 12

TERRITORY

We grant you a geographical territory for your Brand Hotel. We determine the size of the territory through negotiations with you and based on the market in which you will locate your hotel. The territory may be defined by a radius around your hotel, or by fixed geographical boundaries such as rivers, streets or highways, or may be limited to the site of your Brand Hotel. Your territory, with several exceptions below, grants you protection against us owning, operating or granting a license to a third party to operate a Brand Hotel in the same category (Resort Hotel, Suite Hotel, Convention Hotel, Airport Hotel, Regular Hotel or other category we establish) in your territory. It does not protect you from us or our affiliates owning, leasing, operating or managing a Brand Hotel in a different category in the territory or any other hotel anywhere. The exceptions to the protection granted to you are: 1) licenses we have previously granted for Brand Hotels, which we may extend, renew or replace; 2) conversion of a hotel, which we acquire as part of our or our affiliates acquisition of four or more hotels, to a Brand Hotel in the same category as your hotel in the restricted area for your hotel, provided, in that event you have the right to terminate the License Agreement without payment of Liquidated Damages; 3) Brand timeshare, interval ownership facilities, residences or vacation clubs within or outside the territory; 4) Existing Brand Hotels in the territory at the

time we enter into the License Agreement with you and replacements or expansions to those hotels which when finished are not more than 30 % larger than the existing hotel. A separate mark modified by the words "by LE MERIDIEN" or similar type modifier is not a LE MERIDIEN Hotel in any category and you do not have protection against such hotels or businesses.

A category is a classification designated by us as a subgroup of Brand Hotels, as may be identified on a customer basis (such as, for example, frequent individual business travelers), geographic basis (such as southeast United States), target business basis (such as resorts, convention hotels, or suburban hotels), or on a combination of factors (such as Caribbean resorts), provided, however, no category shall consist of less than four hotels. We and our affiliates have the right, without regard to the economic impact on you, to own, lease, manage or operate in the restricted area for your hotel, Brand Hotels in a different category, and to own, lease, manage, operate or license the Starwood Brands, Westin Hotels, Sheraton Hotels, aloft Hotels, Four Points Hotels, W Hotels, St. Regis Hotels, The Luxury Collection Hotels, Element Hotels and all other brands or types of hotels, vacation club, timeshare, residences and other types of lodging facilities in and without the restricted area for your hotel, and to operate or license Brand Hotels in your territory to the extent of the four exceptions above.

Your territory is part of a mutually executed License Agreement and may be altered or modified only through a mutually executed amendment to the License Agreement. We cannot modify your territory based on your sales volume, market penetration or other quotas unless your License Agreement otherwise provides.

We may establish other systems involving similar services or products, under different trademarks belonging to us, and may establish company-owned, managed or franchised businesses for those other systems, in the restricted area for your hotel. We and our affiliates anticipate continuing to own, lease and manage Brand Hotels.

Item 1 of this offering circular describes the types of hotels and other Starwood Brands that Starwood presently may, directly or indirectly, own, operate, lease, manage or otherwise represent under a different service mark. Some or all of these properties may sell goods or services similar to those you would offer. The Starwood properties, LE MERIDIEN licensees and other third parties under contract with Starwood and its affiliates may solicit or accept the customer that you wish to solicit and accept. The licensor of each system makes its own policies regarding territory and customers. Starwood and its affiliates may contract with each other for any support services. In addition, Starwood and its affiliates may share facilities in White Plains, Phoenix, Atlanta, or elsewhere throughout the world where any sales or other offices are maintained.

You will not receive the right to operate additional Brand Hotels or any other hotels in your territory.

Item 13

TRADEMARKS

We grant you a limited nonexclusive right to use the LE MERIDIEN trademarks, service marks and trade names, and other trademarks, service marks, trade names, logos, designs, slogans, trade dress, commercial symbols, and other intellectual property rights ("Trademarks"), in such combinations as we may prescribe and make available to you in connection with the operation of your franchised property, subject to the terms of the License Agreement. You acknowledge that Starwood, through its subsidiaries, are the owners of the Trademarks, that Societe Des Hotels Meridien SA, one of Starwood's subsidiaries and the Trademarks owner in the United States has granted us a license to use and granted licenses to third parties as provided in this franchise offering, and that you may not use any of the Trademarks, or anything confusingly similar thereto, as part of your firm or corporate name, or in connection with the sale of unauthorized products or services, or in any manner not authorized in writing by us. All right in and goodwill from the use of the Trademarks accrue solely to us. You do not have the right to sell or to grant the right to lessees of space in your property or others to sell products bearing the Trademarks or anything confusingly similar thereto.

The following Trademarks are among the principle trademarks and are registered with the United States Patent and Trademark Office ("PTO") on its Principle Register: