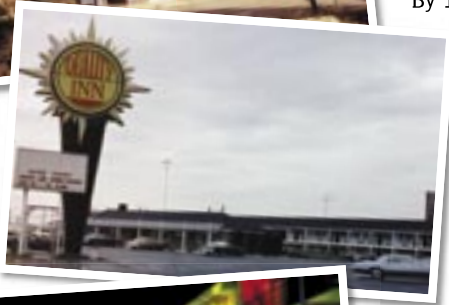


COMPANY OVERVIEW

THE HISTORY OF CHOICE



The Choice story began in 1939 when seven independent motel owners in Florida got together to talk about how they could better satisfy the needs of their customers. Over the next few years, the group continued to meet and share best practices, and in 1941 they formalized the relationship by creating a membership association called Quality Courts United, with its headquarters in Daytona Beach, Florida, creating the nation's first hotel chain. Their vision was to develop safety, security and quality standards for their customers, as well as to refer guests to each other's motels.



By 1946, the association had grown to include 50 motels familiar to many by their common sunburst-logo sign.

By 1952 the association had grown to include 100 hotels, providing helpful assistance to new motel owners with site selection, cash flow projections, construction plans and operations guidance.



In November 1961, Stewart Bainum, who operated the hotels he owned under the name Park Consolidated, joined the board of directors of Quality Motels. With his influence, the board began to explore the possibility of restructuring the organization from a non-profit membership organization into a for-profit corporation in order to build and leverage the financial resources needed to drive growth and remain a leader in the lodging industry.

The members approved the change at the annual convention in New Orleans, and in January 1963 the organization officially became a for-profit corporation operating under the name Quality Courts Motels Inc. Soon after, a training school, a central reservations system and hotel directory were added.



In April 1968, the board agreed to merge Stewart Bainum's Park Consolidated with Quality in order to build the organizational strength necessary to attract an aggressive and dedicated management team that could compete with other lodging companies that had entered the market. Stewart Bainum became president and chief executive officer of the company and moved the company's headquarters from Daytona Beach to Silver Spring, Maryland.

The 1970s were truly an exciting time for the company, with the Quality brand continuing to grow and build a reputation for providing quality, affordable lodging in convenient and popular locations. Stewart Bainum, who owned 75 of Quality's 375 hotels at that time, continued to run the company, expanding its presence to international markets – beginning with Germany and Belgium, followed by Mexico, New Zealand and Canada. As a result, Quality reservations centers opened in Canada and Mexico.



In 1980, Quality merged with Manor Care, a healthcare company founded by the Bainum family. With the additional financial strength afforded by its association with Manor Care, Quality Motels continued to grow and create new lodging segments in which to expand. In 1981, the Comfort brand was created, followed by the purchase of the Clarion brand and the launch of Sleep Inn and Comfort Suites in 1986. These new hotel brands brought new options in lodging, including all-

ABOUT CHOICE: COMPANY OVERVIEW

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Western Headquarters
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RESERVATION CALL CENTERS

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Minot Call Center
Choice Hotels International
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suite hotels, non-smoking rooms, in-room amenity packages, enhanced reservations systems, marketing programs and partnerships.

In 1990, in order to better reflect its variety of brand offerings and its presence in other countries, the company changed its name to Choice Hotels International.

That same year, Choice entered the economy-lodging segment by acquiring the Econo Lodge and Rodeway Inn brands.

In 1996, Choice entered the midscale extended stay market through the introduction of MainStay Suites. That same year, the company spun-off from Manor Care to become a separate, public company – trading its shares on the New York Stock Exchange (Symbol: CHH).

In 2004, Choice further enhanced its strong brand portfolio with the addition of Cambria Suites, a select-service upscale hotel with a contemporary flair and amenities that meet the needs of modern business travelers.

In 2005, Choice expanded its presence in and commitment to the extended stay market with the acquisition of the Suburban Extended Stay Hotel brand. The acquisition marked the company's entrance into the economy extended stay lodging segment and positioned Choice as its largest franchisor with 65 hotels and nearly 9,000 rooms online.

Over the past six decades, Choice has solidified its position as an industry leader. Consider these Choice innovations, which have helped shape the industry:

- First to offer a brand name.
- First to guarantee reservations.
- First to provide travel directories.
- First to offer non-smoking rooms in every hotel.
- First to segment in the lodging industry.
- First to offer toll-free reservations.

Today, Choice Hotels International is one of the world's largest lodging franchisors – committed to serving the traveling public by offering high-standard accommodations at an affordable price, and to ensuring an outstanding return on investment for its franchisees. Currently, the company franchises more than 5,200 hotels, representing more than 400,000 rooms, in the United States and more than 40 countries and territories.

Choice Hotels International is headquartered in Silver Spring, Maryland, and employs approximately 1,700 associates nationwide.