

starwood investor day 2006

what's next?

forward-looking statements









These presentations contain forward-looking statements within the meaning of federal securities regulations. These forward-looking statements generally can be identified by phrases such as Starwood or its management “believes,” “expects,” “anticipates,” “foresees,” “forecasts,” “estimates” or other words or phrases of similar import. Similarly, statements in this release that describe the Company’s business strategy, outlook, objectives, plans, intentions or goals also are forward-looking statements. Forward-looking statements are not guarantees of future performance and involve risks and uncertainties and other factors that may cause actual results to differ materially from those anticipated at the time the forward-looking statements are made. Future results, performance and achievements may be affected by general economic conditions including the timing and robustness of a recovery from the current global economic downturn, the impact of war and terrorist activity, business and financing conditions, foreign exchange fluctuations, cyclicalities of the real estate, including the sale of residential units, and the hotel and vacation ownership businesses, operating risks associated with the sale of residential units, hotel and vacation ownership businesses, relationships with associates, customers and property owners, the impact of the internet reservation channels, our reliance on technology, domestic and international political and geopolitical conditions, competition, governmental and regulatory actions (including the impact of changes in U.S. and foreign tax laws and their interpretation), travelers’ fears of exposure to contagious diseases, risk associated with the level of our indebtedness, risk associated with potential acquisitions and dispositions, and other circumstances and uncertainties. These risks and uncertainties are presented in detail in our filings with the Securities and Exchange Commission. Although we believe the expectations reflected in such forward-looking statements are based upon reasonable assumptions, we can give no assurance that our expectations will be attained or that results will not materially differ. We undertake no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

Please note that these presentations include non-GAAP financial measures. For definitions of certain terms used herein and a presentation of the most directly comparable financial measure calculated and presented in accordance with GAAP and a reconciliation of the differences between the non-GAAP financial measure disclosed and the most comparable financial measure calculated and presented in accordance with GAAP, please refer to the Company’s web site at www.starwoodhotels.com.corporate/investor_relations.html.

»»» (financial overview)

Vasant M. Prabhu

Executive Vice President, CFO
Starwood Hotels & Resorts Worldwide, Inc.

what's next?        

»»» (financial overview)

The "New" Starwood

What's Next?

Three Year Outlook

what's next?         2

»»» (financial overview)

The “New” Starwood

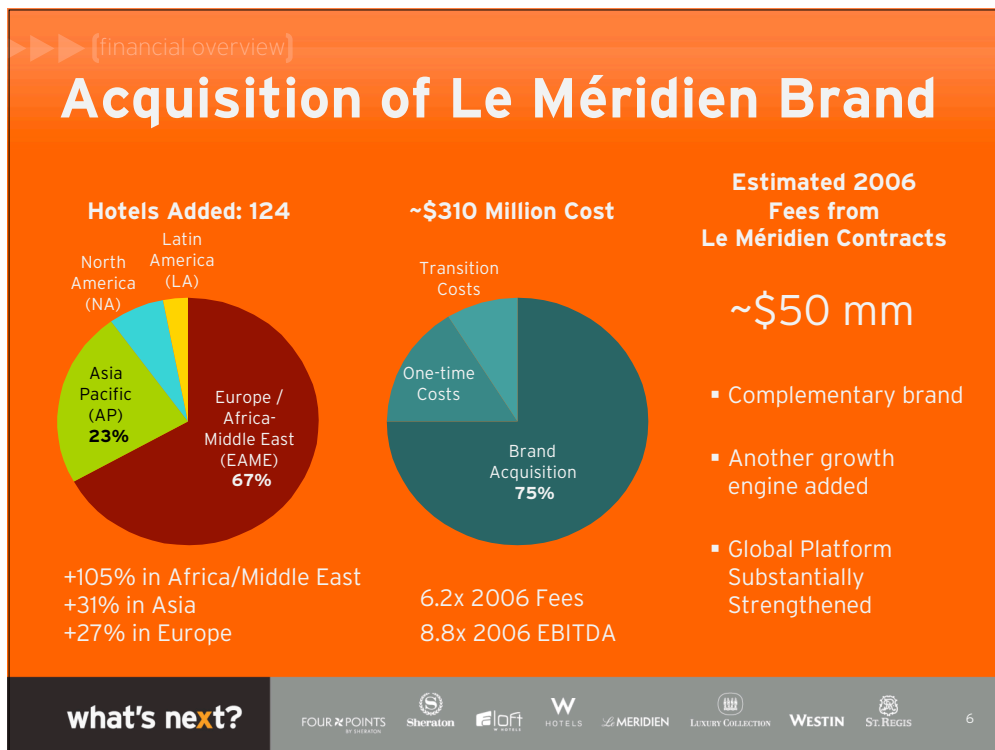
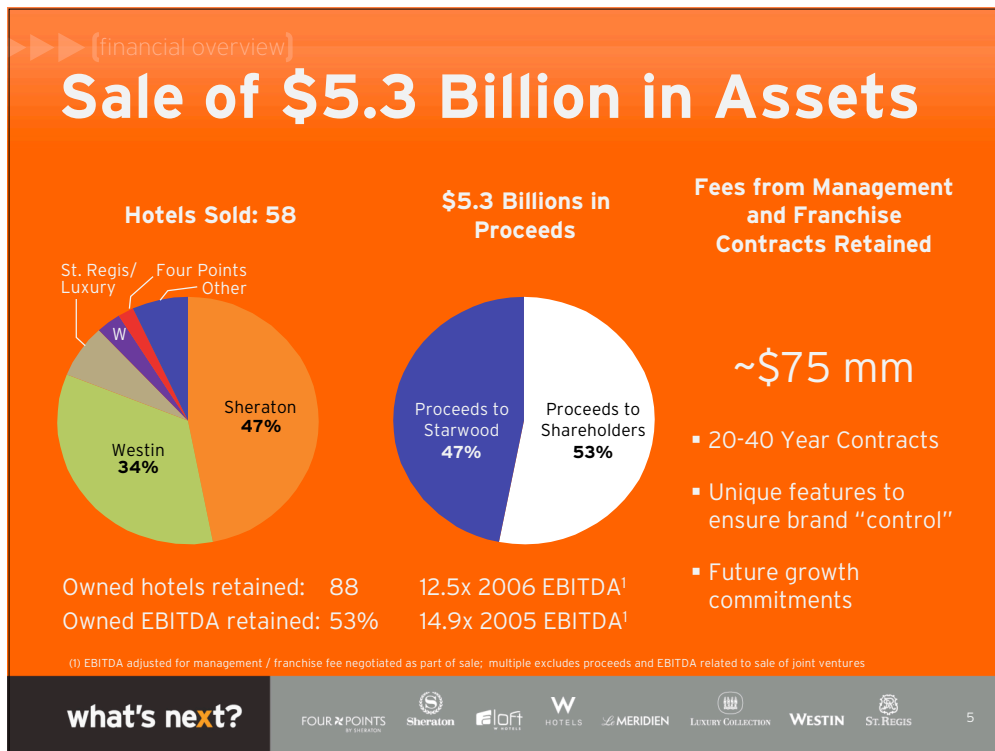
what's next? FOUR POINTS BY SHERRILL Sheraton aloft HOTELS MERIDIEN LUXURY COLLECTION WESTIN ST. REGIS 3

»»» (financial overview)

Five Transforming Events

- Sale of \$5.3 billion in assets
- Acquisition of Le Méridien brand
- Clear and unique brand positionings
- Major focus on footprint expansion and partnerships
- Launch of aloft and Project ESW

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Clear and Unique Brand Positionings

A New Paradigm

Price Point
Segmentation



Lifestyle
Segmentation

- Brand positionings defined based on:
 - Consumer research
 - Brand heritage
- Marketing programs and hotel level initiatives developed, tested and in roll-out
- Training to build associate alignment and "signature" service delivery underway

what's next?

FOUR POINTS
BY HYATT

Sheraton

loft
by Hyatt

W
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MERIDIEN

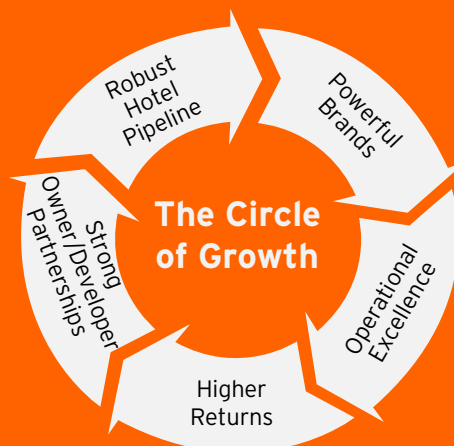
LUXURY COLLECTION

WESTIN

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7

Major Focus On Footprint Expansion and Partnerships



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by Hyatt

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8

Launch of aloft and Project ESW



Project ESW

- A major commitment to building share in the fast growing select serve segment
- 400+ hotel potential in the U.S. alone and a global opportunity
- Extends Westin into attractive Extended Stay segment
- 300+ hotel potential in the U.S.

what's next?

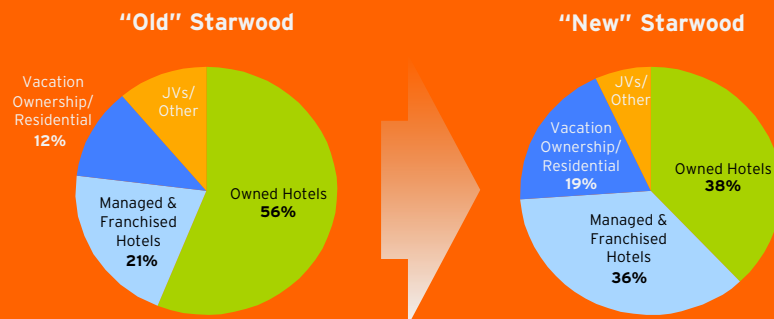


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The "New" Starwood

A better balance across lines of business

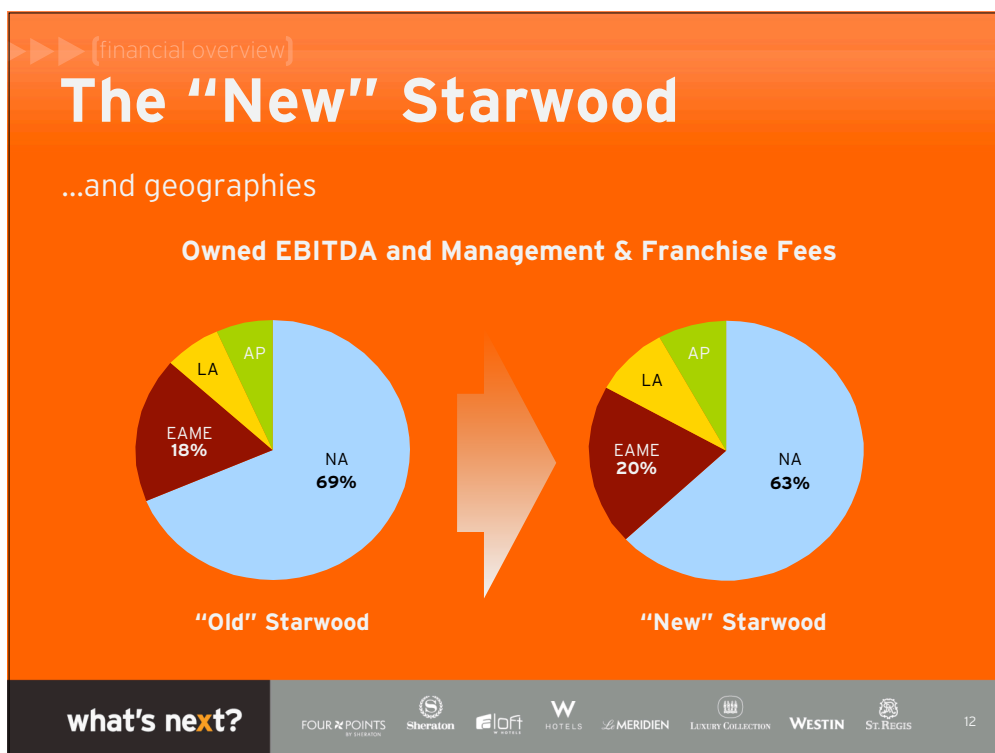
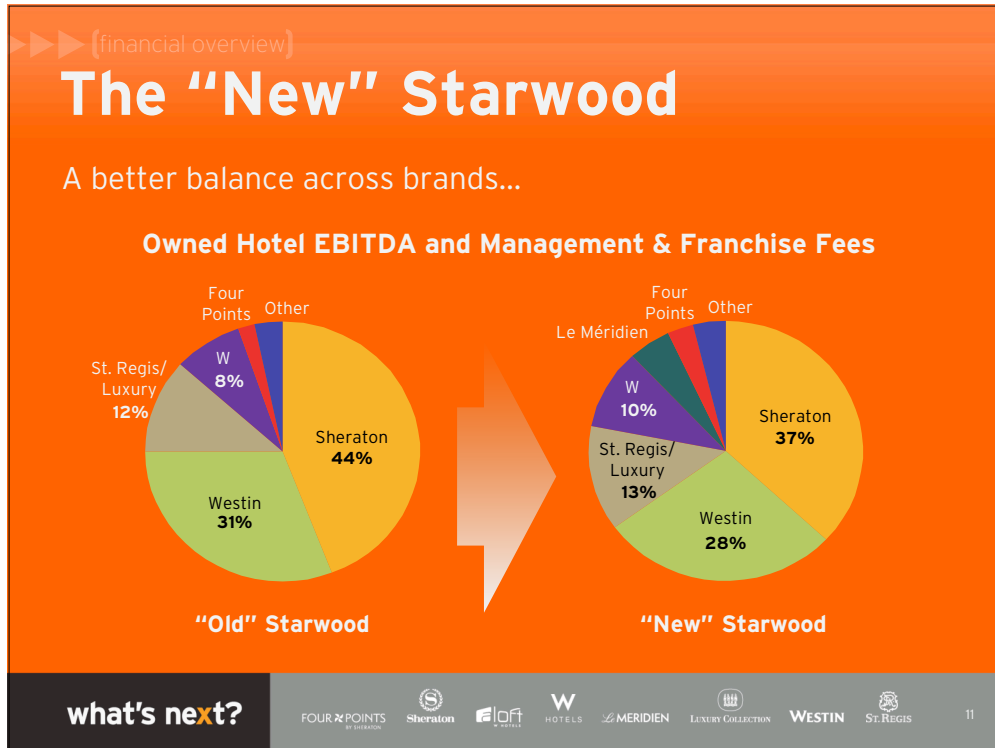
EBITDA (pre-overhead)



what's next?



10



▶▶▶ (financial overview)

The “New” Starwood

Enhanced Financial Metrics

- Hotel capital spending down 45% or \$130M
- ROIC up 200 basis points and will continue to improve
- Higher long term growth and lower cyclicalty from reduced dependence on mature owned real estate

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W
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13

▶▶▶ (financial overview)

The “New” Starwood

A higher value business

- More capital efficient
- Superior cash generation
- Higher growth
- Lower cyclicalty



A Multiple “Premium”

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Sheraton

loft
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14

»»» (financial overview)

What's Next?

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»»» (financial overview)

What's Next?

Mutually Reinforcing Lines of Business

Managed and Franchised Hotels <ul style="list-style-type: none"> Brand value Global distribution platform Capital efficient growth Less cyclical 		Owned Hotels <ul style="list-style-type: none"> Facilitates innovation Brand "Standard Bearers" Enables capture of mixed use/SVO opportunities Provides credibility with owners
Related Products and Marketing Alliances <ul style="list-style-type: none"> Leverages hotel network New revenue streams Reinforces brand experience 		Starwood Vacation Ownership <ul style="list-style-type: none"> Taps high growth opportunity Leverages owned properties Strengthens customer loyalty

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▶▶▶ (financial overview)

What's Next?

Owned Hotel Strategy

- Superior growth/IRR opportunities
 - Redevelopment
 - Repositioning
- Brand "Standard Bearers"
 - Flagship hotels
 - Centers for innovation
- Sell "non-strategic" hotels

High Growth, High Value, High Return Owned Hotels

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What's Next?

Owned Portfolio Profile

Mix of Owned Hotel EBITDA

The slide displays three pie charts illustrating the composition of owned hotel EBITDA. The first chart breaks down EBITDA by brand, with Sheraton being the largest contributor at 30%, followed by Westin at 28%, St. Regis Luxury at 18%, W at 16%, and Four Points and Other brands making up the remainder. The second chart shows the geographic distribution of EBITDA by location type, with Urban hotels accounting for 64%, Resort hotels for 28%, Suburban hotels for a small portion, and Airport hotels for the smallest share. The third chart details the regional breakdown, with North America (NA) contributing 69%, EAME (Europe, Middle East, and Africa) contributing 15%, and LA (Latin America) contributing 13%, with AP (Asia Pacific) making up the final percentage.

Brand	Percentage
Sheraton	30%
Westin	28%
St. Regis Luxury	18%
W	16%
Four Points	-
Other	-


Location Type	Percentage
Urban	64%
Resort	28%
Suburban	-
Airport	-

Region	Percentage
NA	69%
EAME	15%
LA	13%
AP	-


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▶▶▶ (financial overview)


What's Next?




W New York - Times Square




W Los Angeles - Westwood



HOTELS











W San Francisco



W Chicago - City Center


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19

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What's Next?




St. Regis New York




St. Regis Grand - Rome



ST. REGIS HOTELS & RESORTS











St. Regis Aspen



St. Regis San Francisco

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20

▶▶▶ (financial overview)

What's Next?

The Phoenician

Gritti Palace - Venice

THE LUXURY COLLECTION®

Hotel Alfonso XIII - Seville

Grand Hotel - Florence

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▶▶▶ (financial overview)

What's Next?

Westin Excelsior - Rome

Westin Resort & Spa - Los Cabos

WESTIN®

Westin Horton Plaza - San Diego


Westin Peachtree - Atlanta

what's next?

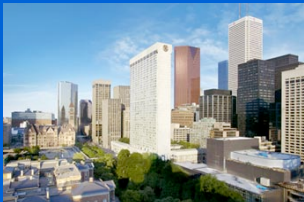
FOUR POINTS BY SHERRATON Sheraton | loft | HOTELS | MERIDIEN | LUXURY COLLECTION | WESTIN | ST. REGIS 22

(financial overview)


What's Next?




Park Lane Sheraton - London




Sheraton Centre - Toronto



Sheraton Buenos Aires



Sheraton On the Park - Sydney



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BY SHERATON

Sheraton

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W
HOTELS

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23

(financial overview)


What's Next?




Westin Maui



Sheraton Kauai



Sheraton Cancun



Westin St. John

STARWOOD

VACATION OWNERSHIP

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W
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24

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What's Next?

Owned Portfolio Profile

25 Top Owned Hotels - 66% of Owned EBITDA

United States		International
The Phoenician	Westin Maui	Gritti Palace
St. Regis New York	Westin Peachtree (Atlanta)	St. Regis Grand (Rome)
St. Regis Aspen	Westin Horton Plaza (San Diego)	Westin Excelsior (Rome)
W New York - Times Square	Sheraton Manhattan	Westin Resort & Spa - Los Cabos
W San Francisco	Sheraton Bal Harbour	Westin Resort & Spa - Puerto Vallarta
W Los Angeles Westwood	Sheraton Kauai	Sheraton Centre (Toronto)
W Chicago - City Center		Sheraton On the Park (Sydney)
W Chicago - Lakeshore		Park Lane Sheraton (London)
		Sheraton Maria Isabel (Mexico City)
		Sheraton Buenos Aires

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▶▶▶ (financial overview)

What's Next?

Superior Growth/IRR opportunities - Redevelopment (~10 locations)

Bal Harbour
(Conversion from Sheraton to St. Regis Hotel & Residences)

Cancun
(Conversion of Sheraton to Westin Vacation Ownership)

St. John
(Vacation Ownership redevelopment)

New York
(Evaluating options for Sheraton Manhattan)

Rome
(Evaluating fractional opportunity)

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▶▶▶ (financial overview)

What's Next?

Superior Growth/IRR opportunities - Repositioning (~10 locations)



aloft

- Philadelphia (excess land)
- Four Points Tucson (conversion)

aloft and Project ESW Campus

- Sheraton Lexington
- Clarion - SFO

London
(Conversion of Sheraton to W)

Venice
(Conversion of Gritti to St. Regis)


Buenos Aires
(Conversion of Park Tower to St. Regis)

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▶▶▶ (financial overview)

What's Next?

Monetize non-EBITDA producing real estate



Poconos
(600 acres)

Las Vegas
(Minority ownership of 2 parcels, 62 acres and 25 acres)

The Phoenician
(8 acres)

Turnberry
(350 acres)

Sardinia
(50% ownership of 6,000 acres)

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»»» (financial overview)

What's Next?

Sell \$500 million to \$1 billion in non-strategic hotels over the next 12-18 months

Sale of 15-18 Hotels

United States:

- 6-7 Suburban Sheratons
- 2-3 Four Points
- 1 Urban Westin

International:

- 2 Canadian Sheratons (originally part of the Host properties)
- 2 Latin American Sheratons
- 3 Hotels in Europe

and, we will acquire hotels that meet our criteria

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»»» (financial overview)

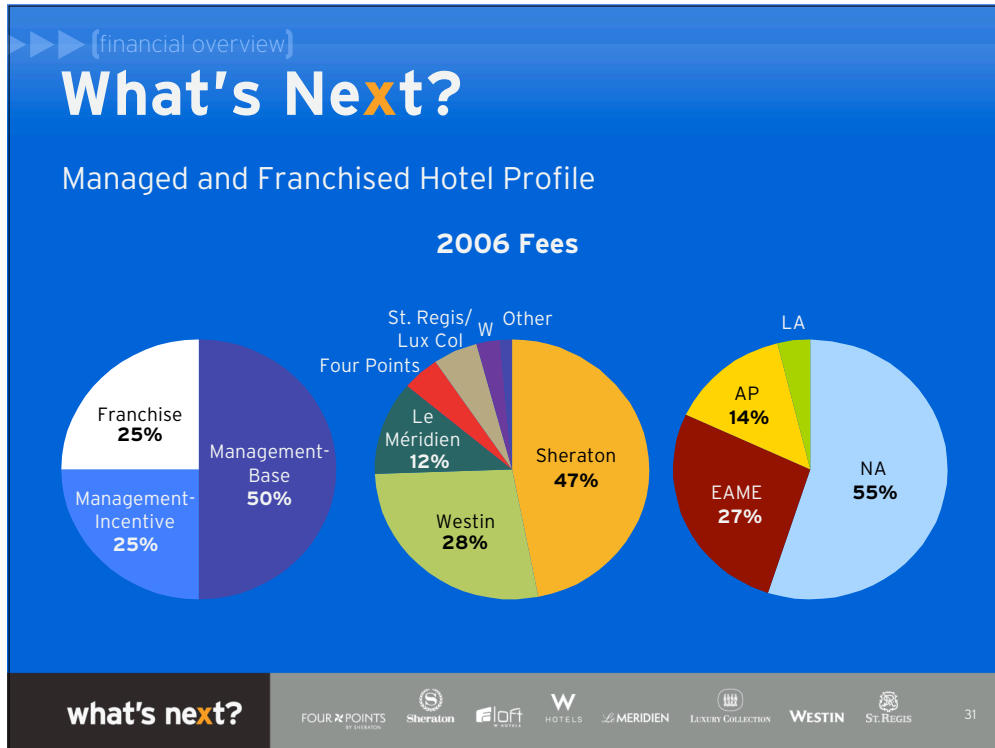
What's Next?

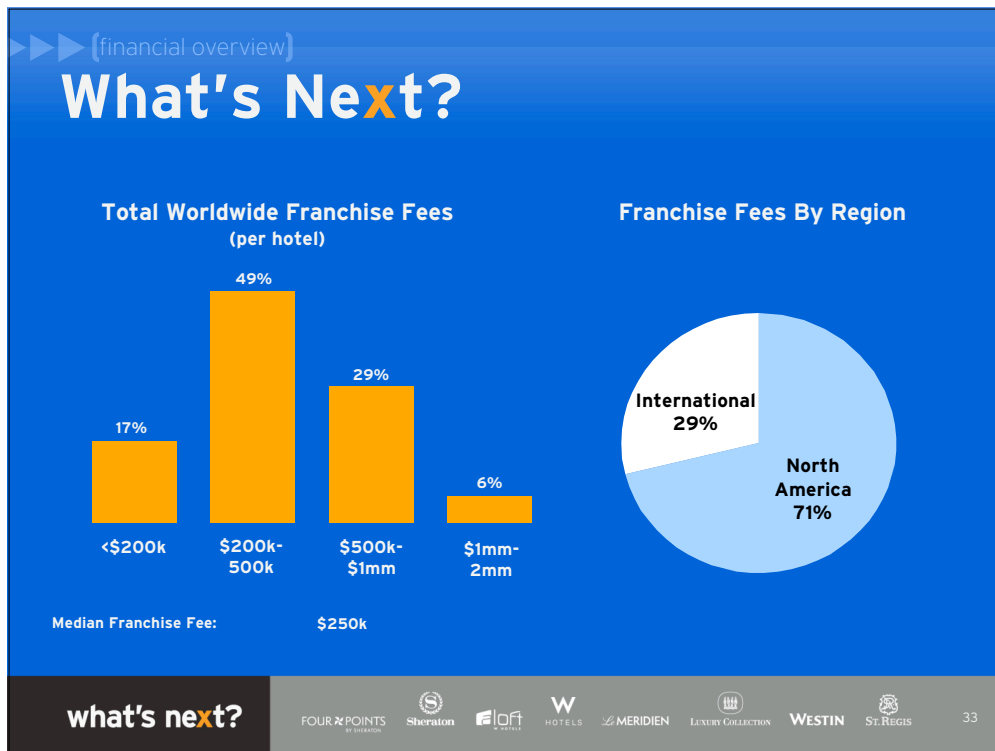
Managed and Franchised Hotel Growth Strategy

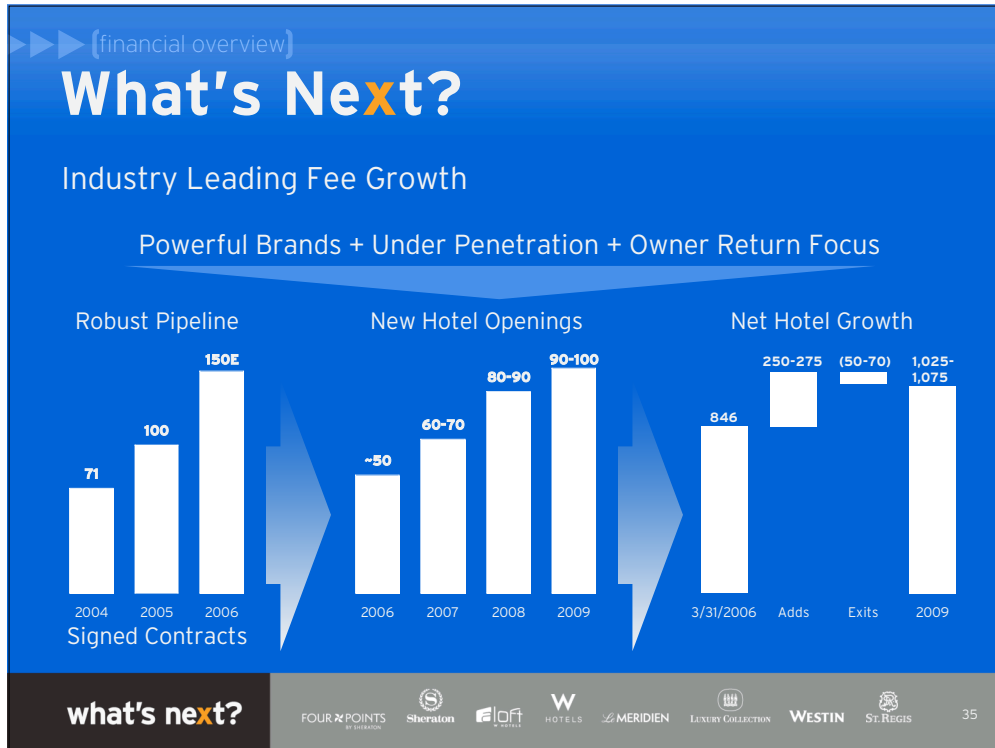
- Leverage Powerful, Differentiated Brands
- Tap significant penetration opportunity
- Think like an owner
 - Margin/Return focus
 - Signature service
 - Skin in the game

Industry Leading Fee Growth

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What's Next?

Vacation Ownership Strategy

- Capture high growth opportunity
- Leverage Starwood Brands and Real Estate
- Enhance Starwood brand equity and guest loyalty

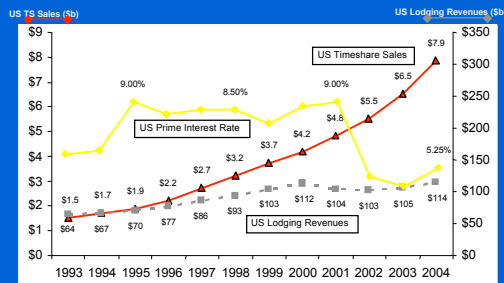
what's next? FOUR POINTS BY STARWOOD Sheraton |loft HOTELS MERIDIEN LUXURY COLLECTION WESTIN ST. REGIS 36

What's Next?

Vacation Ownership - A High Growth Opportunity

- Since 1993, U.S. Lodging Revenues have grown at an annual rate of **5.4%** while U.S. timeshare Sales have grown at an annual rate of **16.3%**
- Timeshare sales have been "a-cyclical" through adverse hotel and interest rate cycles

US Lodging Revenues Vs. US Timeshare Sales
1993 - 2004



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Sheraton

loft
HOTELS

W
HOTELS

MERIDIEN

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WESTIN

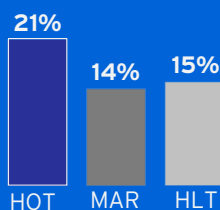
St. REGIS

37

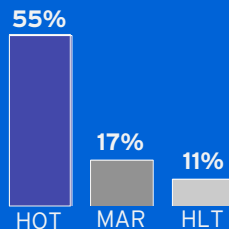
What's Next?

Industry Leading Vacation Ownership Platform

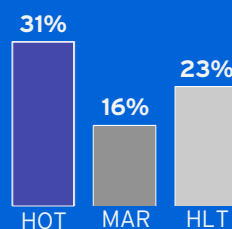
Revenue Growth
(CAGR '01-05)



Pre-tax Income Growth
(CAGR '01-05)



Pre-tax Income Margin
(FY 2005)



Source: MAR and HLT 2002 - 2005 data obtained from the 2004 and 2005 10-K filings.

To ensure consistent comparisons with the segment information presented by Marriott and Hilton, the SVO pre-tax income and margins were restated to include the gain on sale of receivables of \$16M, \$15M, \$14M, and \$25M in 2002, 2003, 2004 and 2005, respectively

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38

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What's Next?

Healthy vacation ownership pipeline assures sustainability of growth

SVO Strategy

Focus on a few locations
Align with Starwood hotels
Stay "forever"
Long term inventory planning

Higher growth
Higher margin
Long term sustainability

SVO Pipeline

Intervals

Category	Percentage
Owned and Entitled	55%
Owned, Not Entitled	30%
Not Owned, Identified	15%

85% of 4 year inventory requirement already in place

what's next?39

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What's Next?

Related Products / Services that enhance brand experience and differentiation and deliver attractive economics

W - bliss™

Value to W

- Bliss spas differentiate W Hotels
- Bliss products in W hotel rooms

Value to Bliss

- Builds awareness and sampling of Bliss products/services
- Bliss benefits from association with W

WESTIN® - NORDSTROM

Value to Westin

- New revenues and profits
- Builds Westin awareness and brand equity

Value to Nordstrom

- Proprietary differentiated product line
- Nordstrom benefits from association with Westin Heavenly bed franchise

what's next?40

What's Next?

In Summary - The "New" Starwood

- Own hotels with high value / growth / returns
- Superior fee growth driven by powerful brands and untapped global potential
- Industry leading vacation ownership platform
- Selective growth of related businesses

what's next?

FOUR POINTS
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Sheraton

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41

Three Year Outlook

what's next?

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Sheraton

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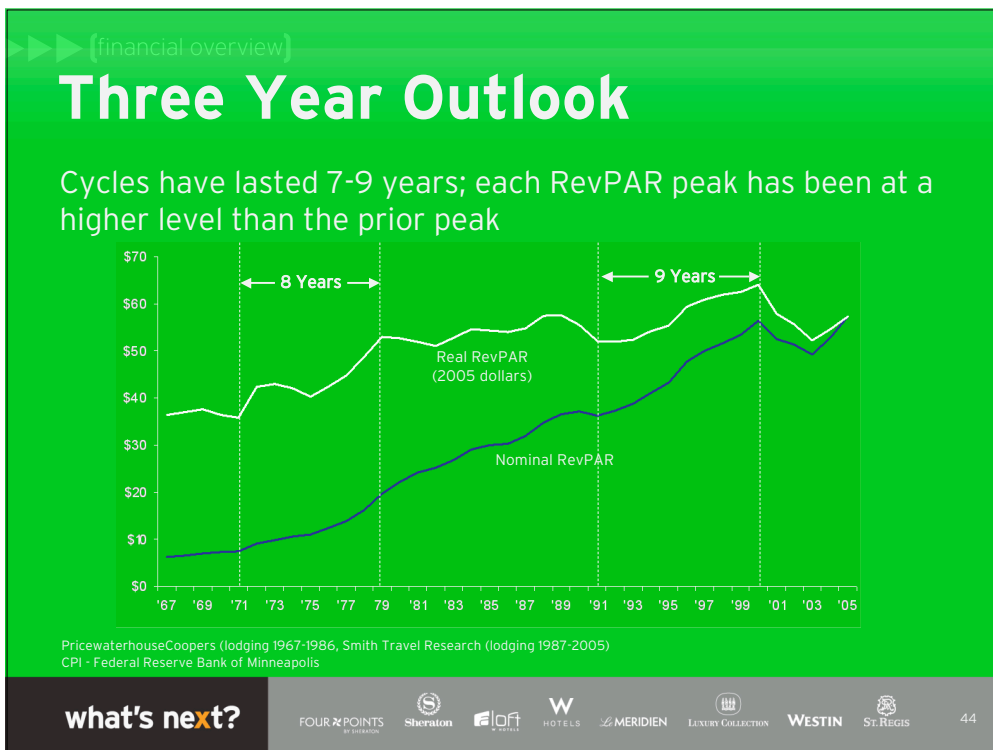
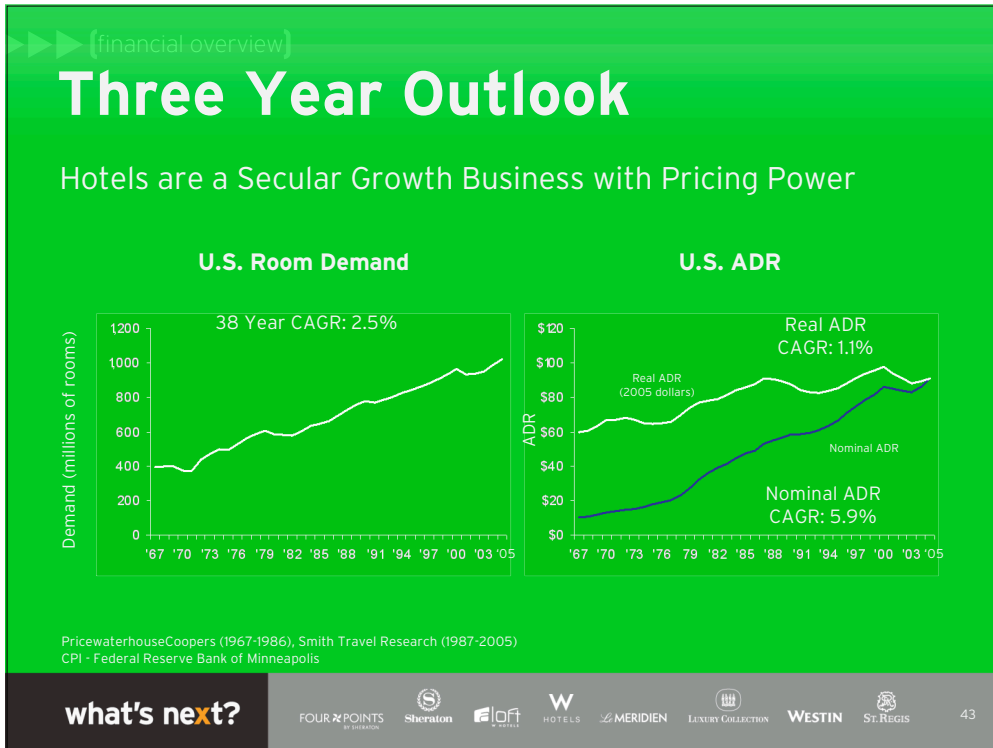
MERIDIEN

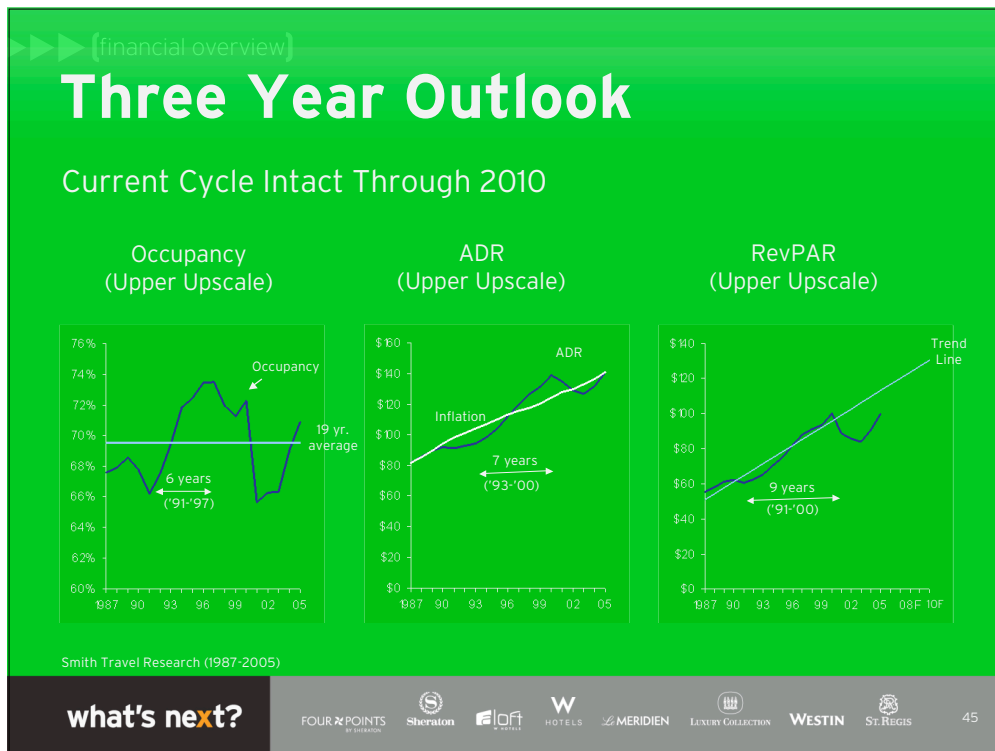
LUXURY COLLECTION

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42





financial overview

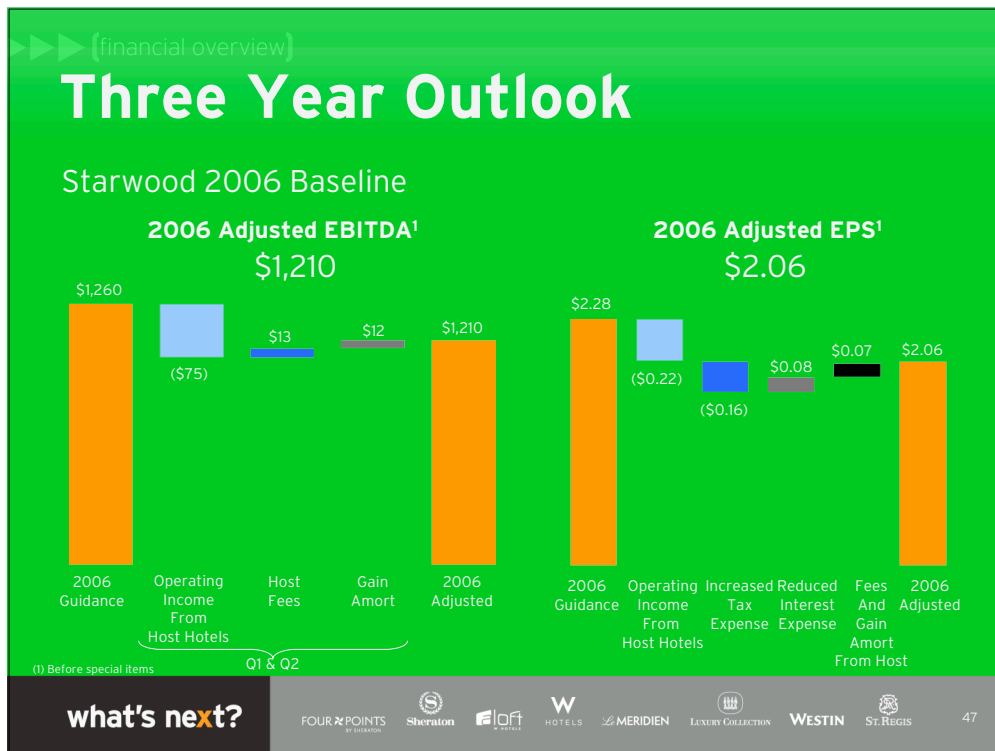
Three Year Outlook

Key Assumptions

- Cyclical recovery remains intact in the U.S., Europe picks up steam
- Assumes no additional hotel sales (adjustments in the future if/when hotels sold)
- No new residential redevelopment included in future year guidance
- Monetization of non-EBITDA producing real estate not included in future year guidance

what's next?

46



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Three Year Outlook

Owned Hotel Outlook
(CAGRs 2006-2009 unless noted)

RevPAR Growth:	7 to 9%
Margin Improvement: (cumulative increase 2006-2009)	+300-400 bp (by 2009)
EBITDA Growth:	12 to 14%

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Three Year Outlook

Managed and Franchised Hotels Outlook
(CAGRs 2006-2009)

RevPAR Growth:	7 to 9%
Base Fee Growth ¹ :	7 to 9%
Incentive Fee Growth ¹ :	14 to 18%
Net Unit Growth:	5 to 7%
Total Fee Growth:	13 to 15%

¹ Based on management fees on hotels currently in the system

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Three Year Outlook




Vacation Ownership
(CAGRs 2006-2009 unless noted)

Revenue Growth: 18 to 20%

EBITDA Growth: 18 to 20%

Not a smooth ride!!

	EBITDA Growth
2007	25-30%
2008	+/- 5%
2009	30-35%

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Three Year Outlook









Residential

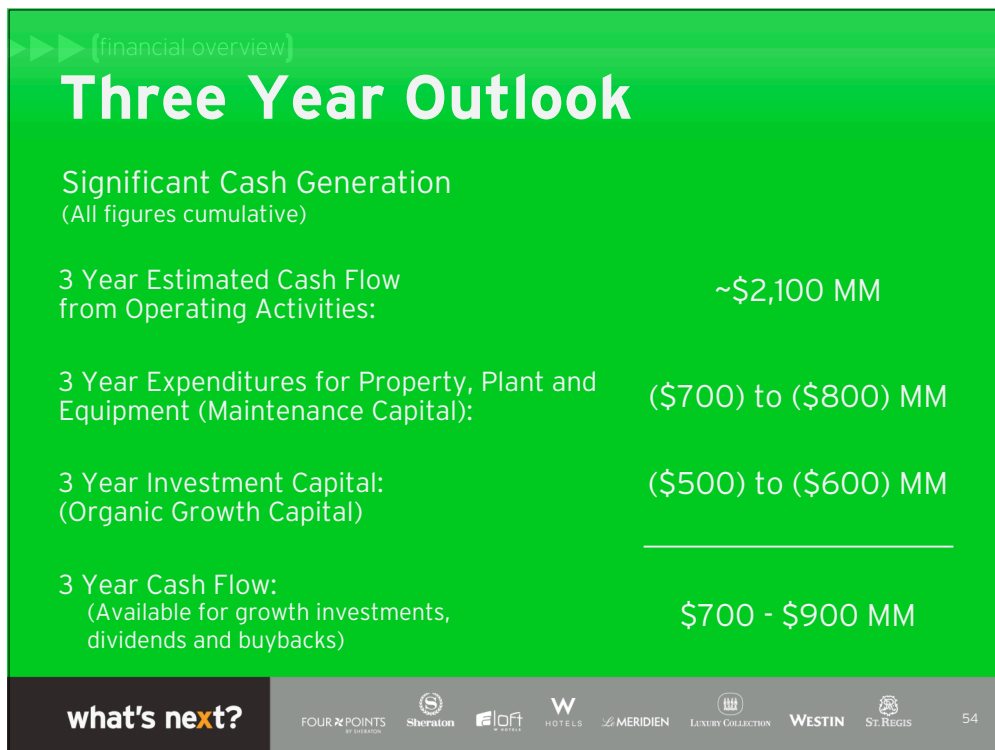
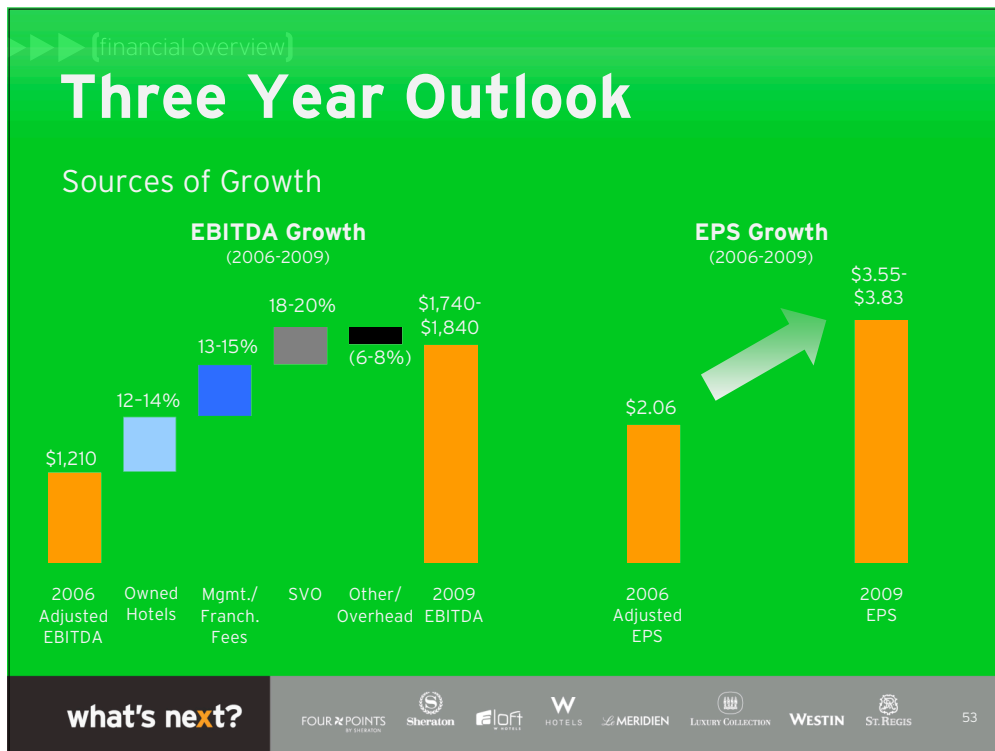
St. Regis San Francisco and St. Regis New York

- Residential sales to be completed in 2006

Bal Harbour Redevelopment

- Primary source of residential income 2007-2009
- Currently in pre-sales; final decision later this year
- Costs and returns not included in 3 year guidance
- If redevelopment moves ahead, 3 year growth rates will be higher
- If it does not move ahead, 2007 Residential income will be lower than 2006

what's next?         52











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Three Year Outlook

Significant Balance Sheet Capacity

	Current (estimated end of Q2 2006)	Target	2006 Borrowing Capacity
Gross Debt/ EBITDAR	2.3x	3.5x	\$1.3b to \$1.5b
Rating	BB+	BBB-	







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▶▶▶ (financial overview)

Three Year Outlook

Significant capacity to fund additional growth and
return value to shareholders
(All figures cumulative unless noted)

3 Year Cash Flow:	\$0.7 - \$0.9B
Balance Sheet capacity in 2009 (at target 3.5x Gross Debt/EBITDAR) :	\$2.0 to \$2.5B
Total "Capacity":	<hr/> \$2.7 to \$3.4B









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Three Year Outlook

Use of "Capacity"

Fund Growth	Return Value to Shareholders
<ul style="list-style-type: none"> ▪ Acquire New Brands <ul style="list-style-type: none"> – Complementary to existing – Significant growth potential – Meet/Exceed Hurdle Rates ▪ Acquire Real Estate <ul style="list-style-type: none"> – In sync with strategy – Growth potential – Meet/Exceed Hurdle Rates 	<ul style="list-style-type: none"> ▪ Pay Dividends <ul style="list-style-type: none"> – Maintain in 2006 at \$0.84 – Industry leading yield – Grow with profits ▪ Buy Back Stock <ul style="list-style-type: none"> – Open market purchases – Intrinsic value – EPS/NAV accretion

what's next?         57

▶▶▶ (financial overview)

Three Year Outlook

In Summary - The "New" Starwood

- More capital efficient
- Superior cash generation
- Higher growth
- Reduced cyclicity

↓

A Higher Value Business

what's next?         58

▶▶▶ (financial overview)

Three Year Outlook

In Summary - The "New" Starwood

- Own hotels with high value / growth / returns
- Superior fee growth driven by powerful brands and untapped global potential
- Industry leading vacation ownership platform
- Selective growth of related businesses

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▶▶▶ (financial overview)

Three Year Outlook

In Summary - The "New" Starwood

▪ RevPAR Growth:	7 to 9%
▪ EBITDA Growth:	13 to 15%
▪ EPS Growth:	20 to 23%
▪ Capacity to fund growth and return value to shareholders	\$2.7 to \$3.4B

Industry Leading Shareholder Value Creation

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STARWOOD INVESTOR DAY 2006

what's next?

▶▶▶ [development]

Ted Darnall

President, Real Estate Group

what's next?

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1

▶▶▶ [development]

Starwood Is Opportunity!

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2

▶▶▶ (development)

Global Growth Opportunities

Development and Real Estate Strategy

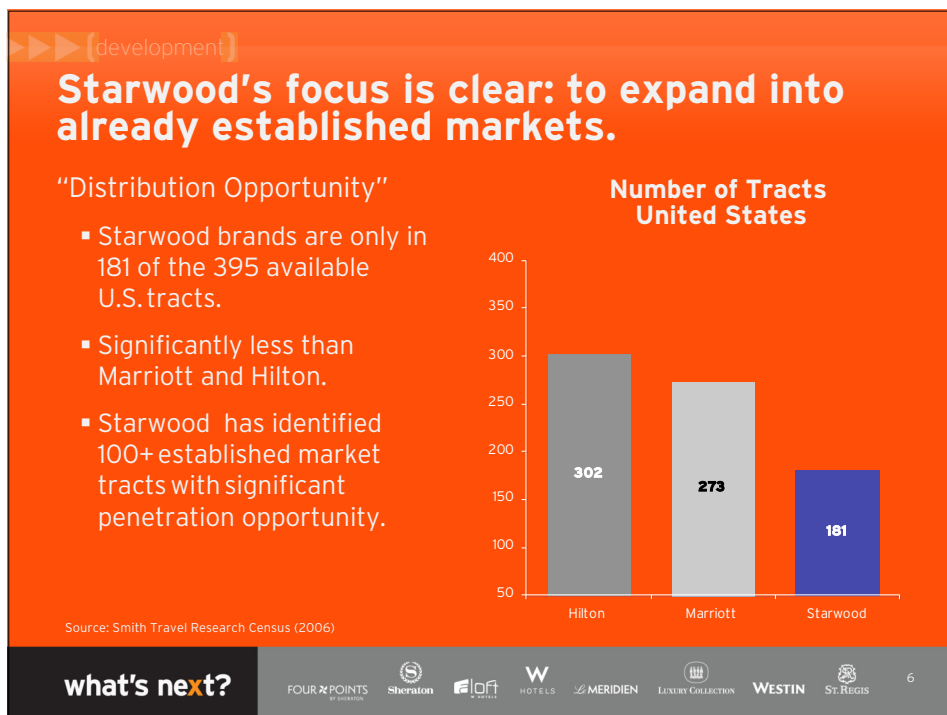
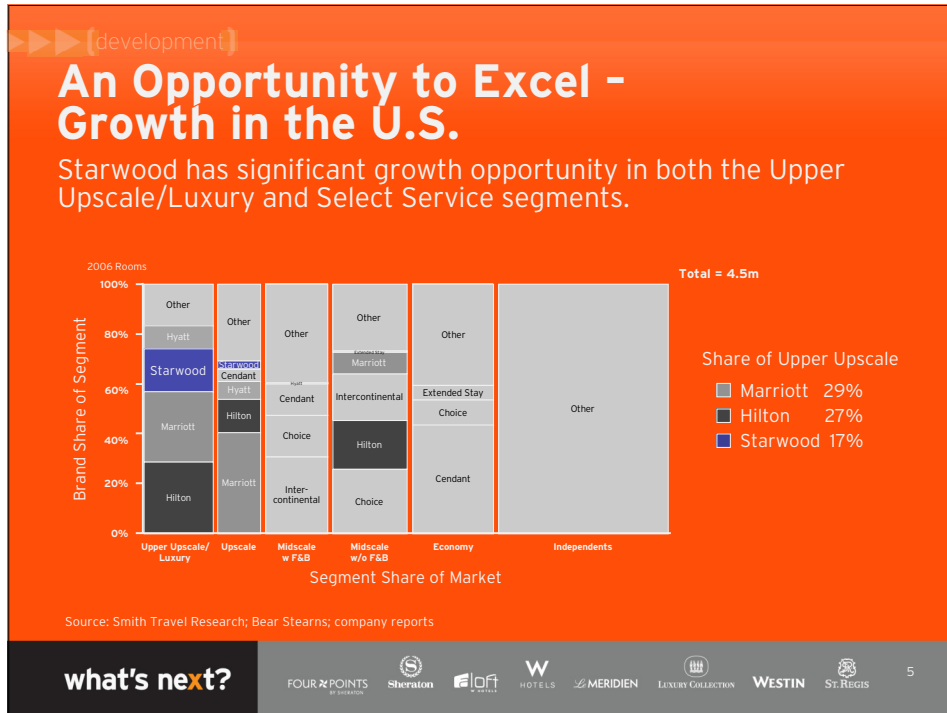
Growth Projections and Pipeline Activity

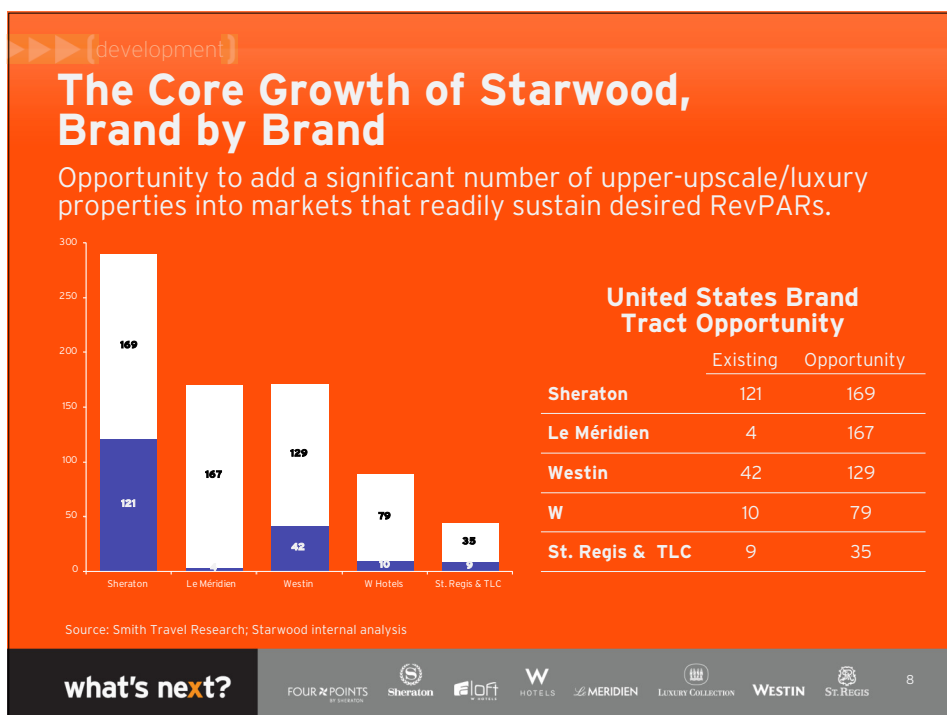
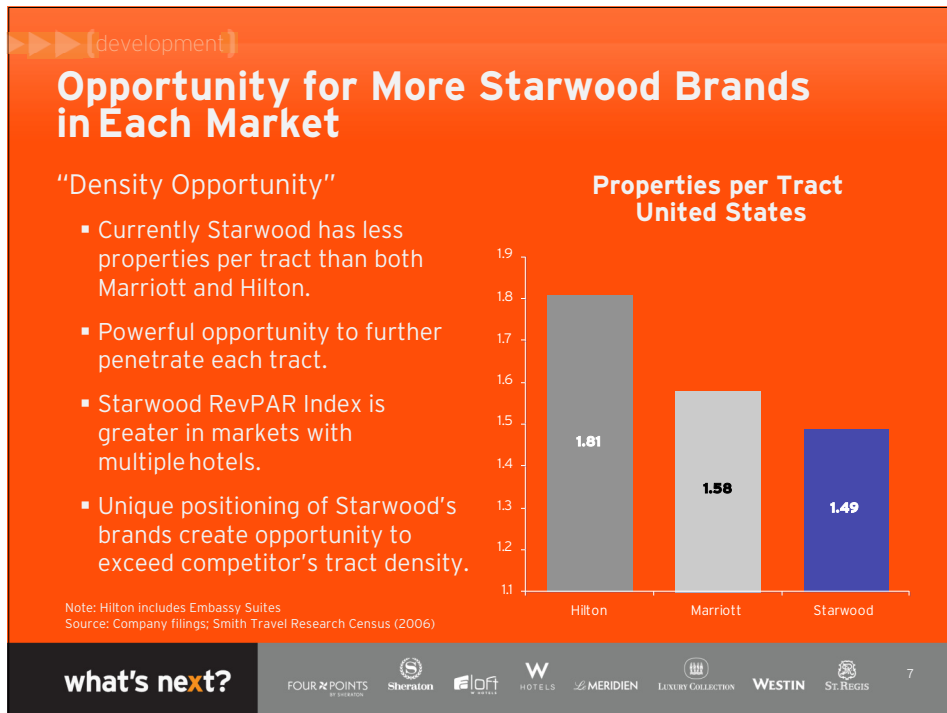
what's next? FOUR POINTS BY SHERATON Sheraton aloft HOTELS MERIDIEN LUXURY COLLECTION WESTIN St. Regis 3

▶▶▶ (development)

U.S. Growth Opportunities

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development

And, The Coolest New Brands are HOT

aloft - a vision of W Hotels

Project ESW

what's next?

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development

aloft - a Vision of W Hotels



Brand	Existing CY Tracts	New Tracts
Courtyard Marriott	398	151
Hilton Garden Inn	186	113
Springhill Suites	114	109

- Upscale Select Service product.
- Competes with Courtyard Marriott.
- Redefines entire segment.
- 400+ markets.

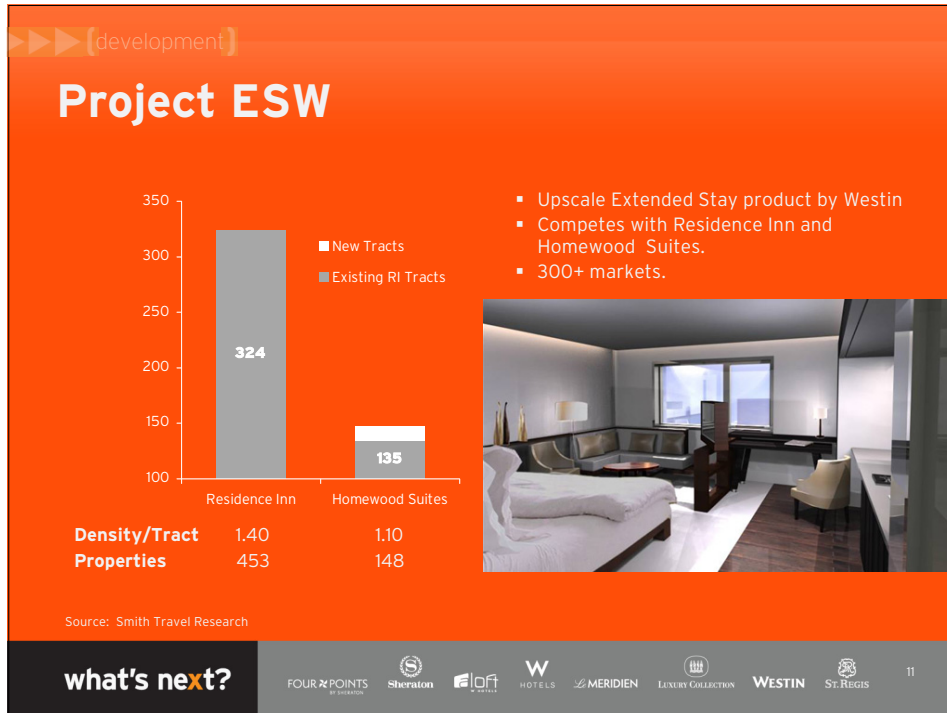


	Courtyard Marriott	Hilton Garden Inn	Springhill Suites
Density/Tract	1.51	1.13	1.09
Properties	600	211	124

Source: Smith Travel Research

what's next?

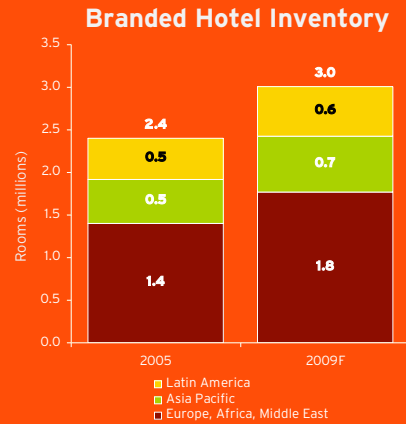
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International Growth Opportunities

Key Drivers of International Growth

- Globalization.
- Economic Growth.
- Liquid Capital Markets.
- Expansion of Middle Class.
- Branded Hotel Growth.



Source: Starwood internal analysis and Market Research

what's next?

FOUR POINTS
BY STARWOOD

Sheraton

loft
HOTELS

W
HOTELS

MERIDIEN

LUXURY COLLECTION

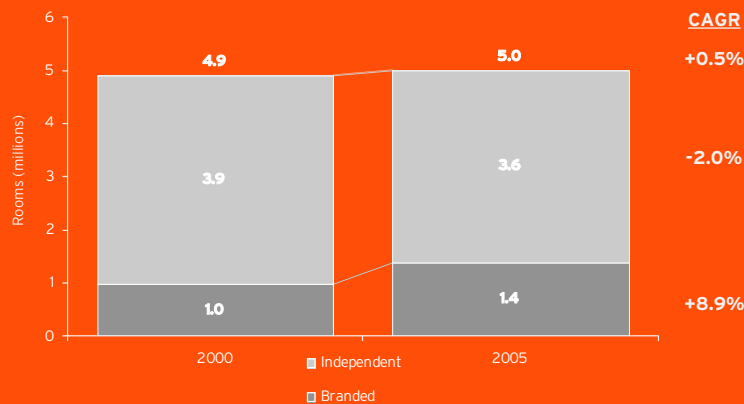
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St. REGIS

13

Europe Market Historical Growth

Branded segment is driving the growth of the market.
Most new builds are branded products.



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BY STARWOOD

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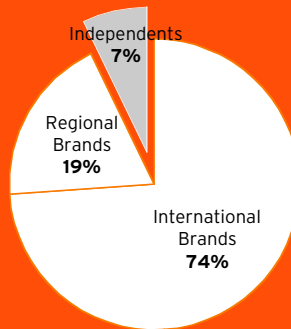
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14

Branded International Growth in Upper Upscale/Luxury Segment.

From 2002 to 2006, 93% of new rooms added internationally were branded.

International Markets



Source: Alvarez & Marsal

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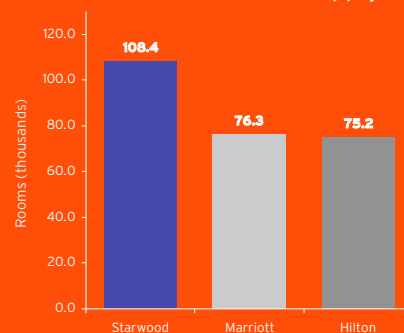
15

International Footprint

Starwood, relative to its competitors is the best positioned for growth.

- Strongest international presence and footprint.
- Current brand perception and lifestyle position.
- Significant momentum based on current development pipeline.
- Luxury Collection platform to brand deluxe independent hotels.
- Internationalization of the new brands.

Luxury & Upper Upscale International Room Supply



Note: International hotel inventory excludes US, Canada, and the Caribbean for Starwood, Hilton and Marriott

Source: Hilton Investor Presentation March 2006, Marriott Investor Factbook Q1 2006, Smith Travel Research Q1 2006 Census

what's next?

FOUR POINTS
BY SHERATON

Sheraton

loft
HOTELS

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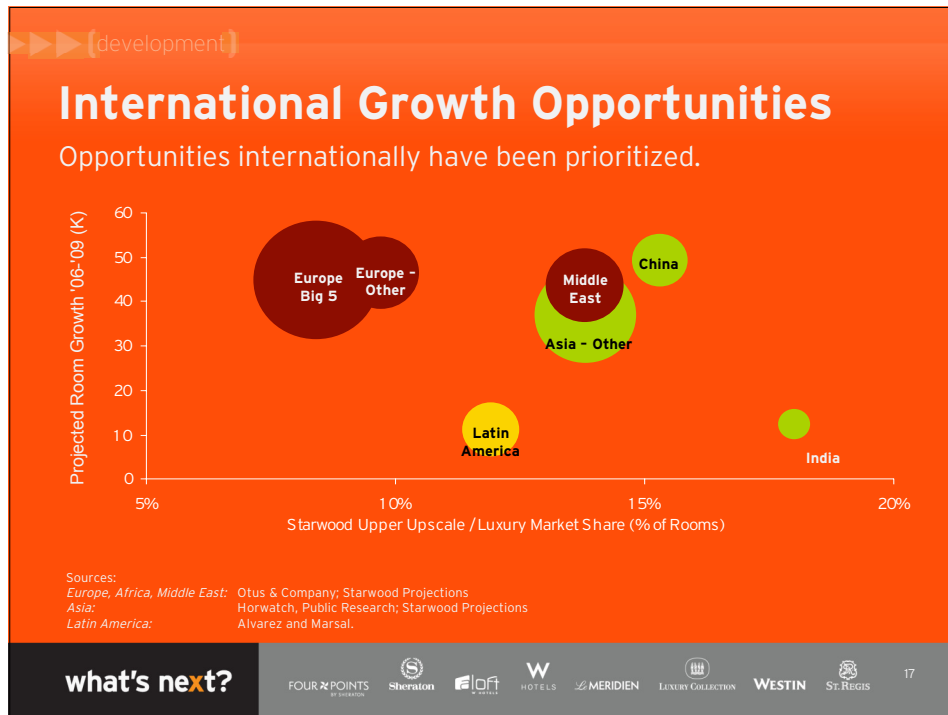
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16



development

Best of Both Worlds: Domestic & International Growth Opportunities

Established Markets

- Distribution and Density Opportunities.
- New Brand Introductions and Brand Extensions.
- Market Segment Penetration.

Emerging Markets

- Brand Positioning.
- Flagship Properties.
- Strong Market Perception.
- Footprint & Distribution.

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▶▶▶ [development]

Real Estate and Development Strategies

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▶▶▶ [development]

Bringing the Starwood Vision to Life

"A Path to Sustainable Growth"

Think Differently

Build Powerful Relationships

Collaborate on new and existing products

Create More Value for Owner and Developers

Create reasons why we are entitled to Owners' and Developers' loyalty at a premium price.

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▶▶▶ [development]

Why Starwood? The Value & Customer Proposition

Starwood has what owners and developers are looking for:

ROIC

Hotel Development

Powerful Brands

Operational Excellence

Higher Returns

Developer Economics & Relationships

what's next?

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21

▶▶▶ [development]

Why Starwood? The Value & Customer Proposition

Starwood has what owners and developers are looking for:

Powerful, Differentiated Brands

Brands that drive market share premiums
Operating Excellence that drives margins
Higher than average ROIC

Scaleable New Build And Conversion products

New products at a competitive cost
Well defined prototypes for established brands
Dedicated Resources for Architecture & Constructions, New Build Transition Team

Strong Partnerships

Development Board of Advisors
Developer/Owner Friendly Environments
Collaboration and Trust

Mixed-Use Development

Anchor Brands (W, St. Regis)
Residential Expertise and Programs
Brands that drive premiums for residential and mixed use sites

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22

Keys to Success

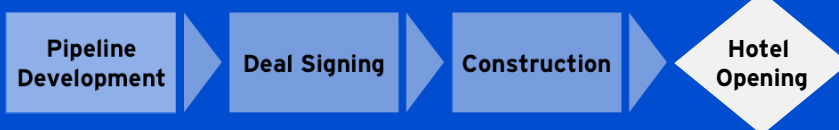
Scaling Resources to the Size of the Opportunity

GROWTH

- Globalized and Centralized Real Estate Group.
- Additional Development Resources in Key Growth Markets.
- Scaled Resources as Appropriate throughout the Development Value-Chain.
- Cross-functional teams with Dedicated Leaders for Pre-Opening and Post-Sales support.

what's next?

Value-Adding throughout the development value chain



- New Product Introductions.
- Developer Relationships.
- Site Selection.

- Development Financing.
- Mezz Loans.
- Key Money.
- Guarantees.
- Strong Alliances/ Partnerships.

- Dedicated pre-opening and construction teams.
- Proprietary Design Relationships.
- Efficient hotel design & planning.

what's next?

▶▶▶ [development]

Starwood's Strategy for Maximizing Value of Owned Real Estate

Owned Assets	Vacation Ownership	Residential	Repositioning
St. Regis Aspen	✓		
St. Regis NY	✓	✓	
Bal Harbour	✓	✓	✓
Sheraton Kauai	✓		
Park Lane			✓
Las Vegas	✓	✓	

what's next?         25

▶▶▶ [development]

St. Regis Aspen

A Case Study in Success

- Create additional value through fractional sales, without affecting overall value of hotel.
- 98 rooms converted to 25 fractional units and 20 new hotel rooms.
- Revenues from fractional unit sales of \$95 million, \$110 million upon completion.
- Hotel achieving higher rates and occupancy post resizing.



what's next?         26

St. Regis New York

Residential and Fractional (SVO) units

- Create additional value through residential and fractional sales, without affecting overall value of hotel.
- Two floors converted to condos; two floors converted to fractionals.
- Extends St. Regis Residence Club fractional concept.



what's next?



St. Regis Resort & Residences, Bal Harbour

Redevelop Sheraton Bal Harbour Resort

- Beach front property in prime location (9 acre site).
- St. Regis - 268 Condo units, 24 St. Regis Residence Club units, 36 St. Regis Condo Hotel units, and 183 Room St. Regis Hotel.
- Redevelopment “unleashes” significant value.
- Currently in pre-sales.



what's next?



▶▶▶ [development]

Sheraton Kauai

SVO (timeshare) development

- Purchased hotel and acquired adjoining site at attractive price through private negotiations.
- Leverages the SVO sales and marketing infrastructure in Hawaii.
- 186 hotel oceanfront hotel rooms and 388 two-bedroom villas.
- Extends SVO presence in Hawaii beyond Maui.



what's next?


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▶▶▶ [development]

Park Lane

Repositioning of asset to W Hotel

- Perfect W location close to Piccadilly.
- Creates flagship W in Europe.
- In discussions to extend lease.
- Evaluating cost and returns.



what's next?

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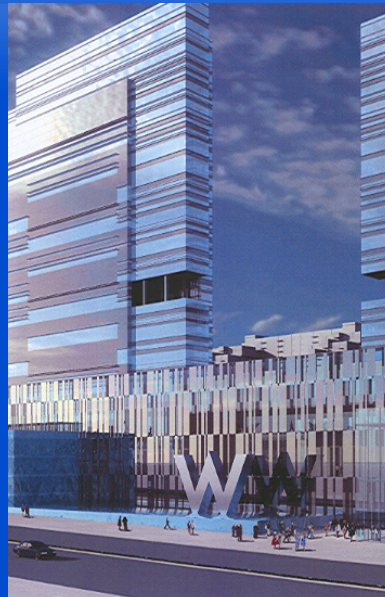
Las Vegas

Harmon & Koval Site (W Las Vegas)

- Minority partner in new mixed-use project.
- 25 acres of land.
- 3,000 rooms (hotel & residences).

Westates

- Minority position in acquisition of land (60 acres).
- Evaluating options.



what's next?

FOUR POINTS BY SHERATON SHERATON |loft| HOTELS W HOTELS MERIDIEN LUXURY COLLECTION WESTIN ST. REGIS 31

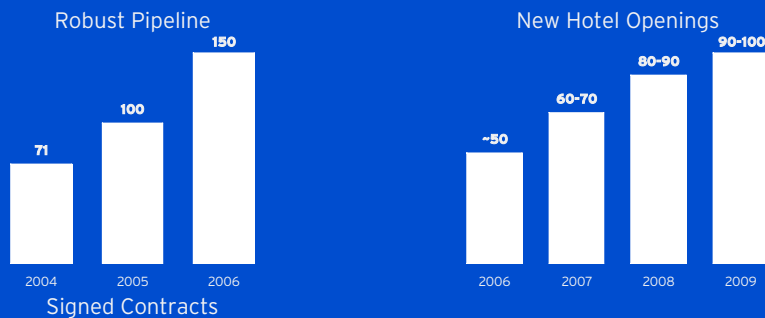
The Payoff

what's next?

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Our brands and strategy are winning...

- In 2005, Starwood executed 40% more new deals than in 2004.
- In 2006, Starwood's goal is to execute 150 new deals.
- In 2009, Starwood projects over 250 cumulative units and over \$100M in fees on a cumulative basis (from new hotels opening in 2006 and beyond).



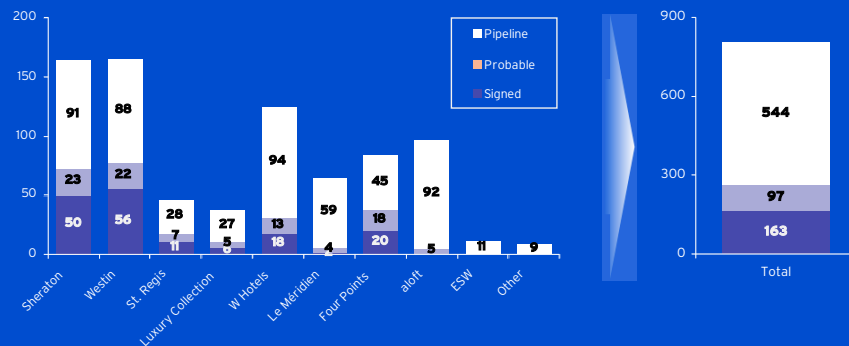
what's next?



33

The Most Robust Pipeline in Starwood History

- 163 new hotels scheduled to open by 2009.
- 97 pipeline deals in advanced stages highly probable to close.
- 544 additional projects in active pursuit.





what's next?



34

▶▶▶ (development)

Starwood Is Opportunity!

what's next?         35

▶▶▶ (development)

Starwood is Opportunity

Powerful but Under-Penetrated Lifestyle Brands

- Innovative.
- Relevant and differentiated products.
- Distinct Product for every lifestyle.

U.S. Markets

- Robust Growth.
- Distribution Opportunity.
- Density Opportunity.

International Markets

- Branding Growth in Market.
- Strongest Footprint.
- Brand Recognition and Positioning.
- Significant Momentum.

Starwood
Is
Opportunity

what's next?         36

STARWOOD INVESTOR DAY 2006

what's next?

vacation ownership

Rip Gellein

Chairman and Chief Executive Officer,
Starwood Vacation Ownership, Inc.

what's next?

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BY HYATT

Sheraton

loft
by Hyatt

W
HOTELS

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1

vacation ownership

Overview

- Strategically important to the business
- Large and growing market for the product
- Predictably high margins; Steady growth rate
- High returns on invested capital
- Drives growth of brand loyal customers

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2

Industry

Attractive Market Growth Opportunity

- Industry continues rapid growth and positive demographic trends
 - 16%+ CAGR over last 12 years
 - 2004 sales of \$8B US, \$11B Worldwide
 - Low penetration rates among qualified consumers (5-7%)
 - Target consumer base growing 30%+ over the next ten years
 - Purchasing power of target consumers increasing 47%
 - Owner base becomes brand loyal through great vacation experiences
 - Starwood Vacation Network and Starwood Elite offer flexibility that makes SVO attractive to buyers

Source: American Economics Group, The Conference Board, Bear Stearns

what's next?

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BY STARWOOD

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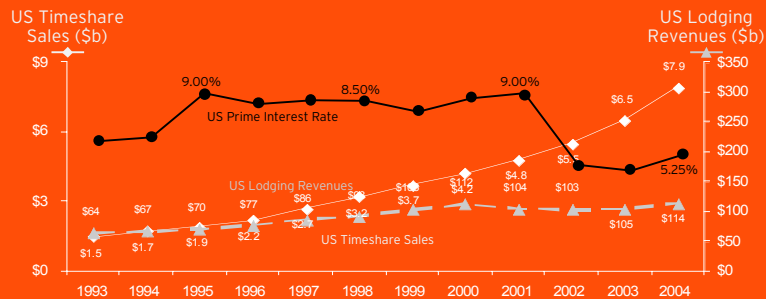
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3

Industry

- Timeshare sales continue to deliver material growth each year
- Research shows interest in purchasing grew from 11% in 2005 to 14% in 2006



Data: Plunkett Airline, Hotel & Travel Industry Almanac, 2005; American Economics Group
Research source: Yesawich, Pepperdine, Brown & Russell/Yankelovich Partners and Interval International, 2006

what's next?

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4









▶▶▶ (starwood vacation ownership)

Overview

- More than 185,000 unique owners
- 15% of owners have purchased more than one week with SVO

	Resorts in Operation	Resorts in Active Sales ⁽¹⁾	# Units ⁽²⁾
	6	6	2,596
WESTIN	4	6	1,189
 ST. REGIS HOTELS & RESORTS	1	2	47
Unbranded	4	1	322
Total	15	15	4,154



(1) Includes the following resorts in pre-sales: Westin Princeville, Westin Lagunamar, Westin Ka'anapali North, and St. Regis New York
 (2) Includes existing units and/or in active sales as of 3/31/06

what's next?         5









▶▶▶ (starwood vacation ownership)

Product Portfolio

- Product portfolio is well balanced and appeals to a vast audience

		WESTIN	 ST. REGIS HOTELS & RESORTS
% of Total 2005 Contract Sales⁽¹⁾ (revenue)	26%	68%	6%
Price Range⁽²⁾	\$8k - \$38k/ Interval	\$10k - \$106k/ Interval	\$295k - \$1.6M/ Fraction
Target Customer			
Household Income	>\$50k	>\$75k	>\$150k
Age	35-54	35-64	35-74
Net Worth	\$75k - \$750k	\$150k - \$1M	\$1M+

(1) Excluding Harborside at Atlantis; (2) Price ranges based on annual product

what's next?         6

brands

Sheraton

what's next?

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brands



Westin


what's next?

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brands

St. Regis



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9

strategy & development

Current Operating Strategy

- Develop and execute mixed-use model to leverage:
 - Hotels and other assets
 - Management infrastructure
 - Internal marketing spend
 - Starwood brands
 - SVO distribution capabilities
- Support and enhance relationships with owners for new hotel opportunities
- Positive system impact through incremental brand marketing
- Valuable customer base of brand loyal, highly satisfied owners
- Leverage superior sales & marketing processes

what's next?

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10

strategy & development

System Value

Mixed Use Economics

- By leveraging existing resources, amenities and management resources, Starwood is able to generate higher margins

Benefits to Hotels

- Guaranteed occupancy year round
- Additional revenue from preview guests, renters and owners
- Leased hotel space
- Concierge services
- HOA shares in certain hotel operating costs

Leverage

Resources
Amenities
Management
Infrastructure

Benefits to SVO

- Access to guests for tour flow
- Access to great brands
- Leverage existing assets and infrastructure
- Rooms for preview and explorer packages
- VOI Sales to hotel & vacation package guests

what's next?

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starwood vacation ownership

Competitive Advantages

Business model has substantial advantages that show in growth, margins, profitability and strong customer base

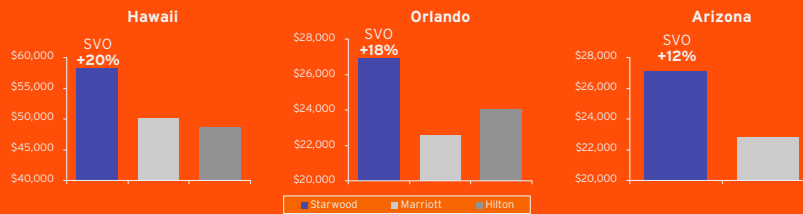
- Multiple brands - Sheraton, Westin, and St. Regis
- Predominantly mixed use model leverages resort assets
- Focused in the United States, Caribbean and Mexico
- Pricing premiums in common markets over competitors
- Combination of scale, multiple brands and price points, and efficient distribution model yields superior results
- Inventory and projects to support growth objectives over the next four years is more than 85% identified today

what's next?

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Pricing Premium

- Strong pricing premiums compared to the competitive set in primary markets⁽¹⁾
 - Attributed to excellent location, high quality physical product, strong system benefits (SVN / SPG), service delivery expectation, and strong caliber sales force
 - Pricing premiums and cost efficiencies generate better margins



(1) Comparisons based on the following (as of January 2006):
 Orlando: Lockoff product at Sheraton Vistana Villages, Marriott Grand Vista, Hilton Tuscany
 Arizona: Lock off product at Westin Kierland Villas, Marriot Canyon Villas at Desert Ridge
 Hawaii: 2 bedroom ocean view product at Westin Ka'anapali Ocean Resort, Marriott Ocean Club Maui, Hilton Waikiki - Lagoon Tower

what's next?

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BY HYATT

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13

Financial Performance

Typical Project Metrics

Number of Units	150 - 300
Construction	50-100 units/phase
Sales timeline	12-24 months prior to occupancy; sellout in 3-8 years
Project sales	\$200 - 600 million
Project Costs	As a percent of sales volume:
Sales & Marketing	36% - 39%
Product cost	30% - 34%
Gross Margin	30% - 32%
Sustained Income Stream	From management fees, club dues, rental income, etc.

what's next?

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Sheraton

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by Hyatt

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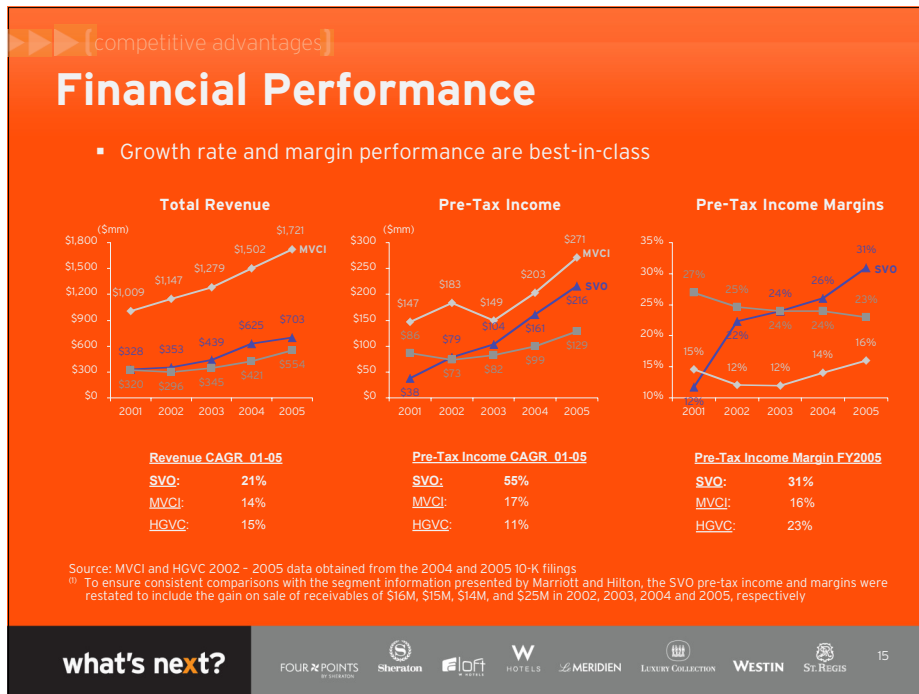
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strategy & development

Inventory Pipeline

As of 3/31/06

Brand	Completed ⁽²⁾	# of Units ⁽¹⁾		Total at Buildout
		Pre-sales/ Development ⁽³⁾	Future Capacity ^{(4),(5)}	
Sheraton	2,574	137	1703	4,414
Westin	625	564	325	1,514
St. Regis	25	22		47
Unbranded	124	0	1	125
Total SVO, Inc.	3,348	723	2,029	6,100
Unconsolidated Joint Ventures (UJVs)	198	-	36	234
Total Including UJVs	3,546	723	2,065	6,334
Total Intervals Including UJVs	184,392	37,596	107,380	329,368

⁽¹⁾ Lockoff units are considered as one unit for this analysis
⁽²⁾ Completed units include those units that have a certificate of occupancy
⁽³⁾ Units in Pre-sales/Development are in various stages of development (including the permitting stage), most of which are currently being offered for sale to customers
⁽⁴⁾ Based on owned land and average density in existing marketplaces
⁽⁵⁾ Future units indicated above include planned timeshare units on land owned by the Company or applicable UJV that have received all major governmental land use approvals for the development of timeshare. There can be no assurance that such units will in fact be developed and, if developed, the time period of such development (which may be more than several years in the future). Some of the projects may require additional third-party approvals or permits for development and build out and may also be subject to legal challenges as well as a commitment of capital by the Company. The actual number of units to be constructed may be significantly lower than the number of future units indicated.
⁽⁶⁾ Assumes 52 intervals per week.

what's next?

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strategy & development

Existing Properties with Additional Development




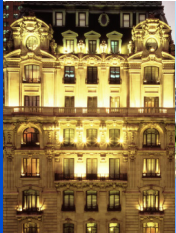




  Completed - 250 units Build out - 504 units	  Completed - 420 units Build out - 1415 units	  Completed - 92 units Build out - 186 units	  Completed - 95 units Build out - 158 units	  Completed - 280 units Build out - 538 units
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what's next?

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strategy & development

New Properties Under Development

 THE ST. REGIS RESIDENCE CLUB NEW YORK	 THE WESTIN LAGUNAMAR OCEAN RESORT A Vacation Ownership Resort Cancun, Mexico	 ST. REGIS RESIDENCES PUNTA CANA	 Sheraton Kauai RESORT	 THE WESTIN PRINCEVILLE OCEAN RESORT VILLAS A Vacation Ownership Resort
				
22 Units Planned Sales launched February 2006	295 Units Planned Sales launched October 2005	36 Units Planned Sales in 2007	Sales in 2008	179 Units Planned Sales launched in February 2006

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strategy & development

This successful brand extension will continue to . . .

- Loyalize customers with a strong brand connection
- Generate premium margins
- Provide visible growth and less cyclicity
- Create substantial earnings from its owner base & resorts – both short term and long term
- Generate highly satisfied customers at the resort experience level
- Create strong system economics within the vacation ownership model and the hotel income statements
- Overall brand enhancement through marketing efforts

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Conclusion

- Starwood's entry into Vacation Ownership has proven strategically successful
- Results to date have been exceptional
- Continuing growth opportunities are substantial

what's next?

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HOTELS

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St. Regis

21

STARWOOD INVESTOR DAY 2006

what's next?

Starwood Hotels & Resorts Worldwide, Inc.
Non-GAAP to GAAP Reconciliations - Future Performance
(In millions)

**2006 estimated EBITDA and EPS to reflect the sale of the 35 hotels to Host
assuming the closing for all hotels occurred on January 1, 2006**

2006 Adjusted EBITDA Guidance (1)	1,260
Adjustments to estimate the Impact of a January 1, 2006 Close of the hotels sold to Host	
Less: Revenues from Host Hotels for period held in 2006	(318)
Add: Expenses from Host hotels for period held in 2006	243
Add: Expected fees from Host Hotels from consumation of the Host transaction	13
Add: Expected Gain Amortization from consumation of the Host transaction	12
Estimated 2006 EBITDA Assuming the Host Deal closed on January 1, 2006	<u>1,210</u>
 2006 EPS Before Special Items (1)	 2.28
Adjustments to estimate the Impact of a January 1, 2006 Close of the hotels sold to Host	
Less: Operating Income from Host Hotels for Period held in 2006	(0.22)
Add: Fees & Gain Amortization related to the host transaction	0.07
Add: Reduced Interest Expense related to debt paydown from the Cash proceeds from Host	0.08
Less: Increased Tax Expense to reflect new corporate tax structure	(0.16)
2006 Estimated EPS assuming the Host deal closed on January 1, 2006	<u>2.06</u>

(1) See the first Quarter earnings release for detailed reconciliation

Starwood Hotels & Resorts Worldwide, Inc.
Non-GAAP to GAAP Reconciliations - Future Performance
(In millions)

	Low	High
2009 Net Income	767	832
Depreciation and amortization (1)	340	340
Interest expense (1)	220	220
Income tax expense	413	448
2009 EBITDA	<u>1,740</u>	<u>1,840</u>

"(1) Includes interest expense and depreciation from unconsolidated joint venture hotels