

**STARWOOD HOTELS & RESORTS WORLDWIDE, INC.**

**AND**

**STARWOOD HOTELS & RESORTS**

**CHARTER OF THE  
CORPORATE GOVERNANCE AND NOMINATING COMMITTEES  
OF THE  
BOARD OF DIRECTORS**

**AND**

**BOARD OF TRUSTEES**

It is the policy of Starwood Hotels & Resorts Worldwide, Inc. (the “Corporation”) and Starwood Hotels & Resorts (the “Trust”, together with the Corporation, “Starwood”) to maintain corporate governance practices that are consistent with the highest standards and in full compliance with applicable regulatory requirements. The Board of Directors of the Corporation and the Board of Trustees of the Trust (collectively, the “Board”) have each established a Corporate Governance and Nominating Committee as a means of implementing this policy. In order to define the responsibilities and operations of the Corporate Governance and Nominating Committees, the Board has unanimously adopted this Charter (this “Charter”) that sets forth the purposes, composition and governing policies and procedures for the Corporate Governance and Nominating Committees.

The purposes and procedures outlined in this Charter are meant to serve as guidelines, and the Corporate Governance and Nominating Committees are delegated the authority to adopt such additional procedures and standards as they deem necessary from time to time to fulfill their responsibilities. Nothing herein is intended to expand applicable standards of liability under state or federal law for directors of a corporation or the trustees of a trust.

**Purpose**

The Corporate Governance and Nominating Committees shall oversee compliance with Starwood’s corporate governance standards, which are described herein and shall consider and report periodically to the Board on all matters relating to the selection and qualification of members of the Board and identify, screen and recommend to the Board qualified candidates to serve as directors of the Corporation, trustees of the Trust, and to recommend the composition of Board committees. The Committees also shall assist the Board in fulfilling its oversight responsibilities by establishing or assisting in the establishment of, and in monitoring and advising as to compliance with, the following (hereinafter referred to collectively as the “Governance Policies”):

- Corporate governance policies, including, but not limited to, its policies with respect to conflicts of interest;
- Code of Conduct;
- Non-Competition Agreements (as defined below); and
- Corporate Opportunity Policy.

The Committees shall perform such activities in a manner consistent with this Charter, the Corporation's Articles of Incorporation and Bylaws, the Trust's Declaration of Trust and Bylaws, governing law and the rules of any national securities exchange on which Starwood's securities are listed.

### **Composition**

The Committees shall be comprised of not fewer than three directors as determined by the Board. Each member of the Committees shall meet the independence requirements of the New York Stock Exchange, Inc. and any other securities exchange on which Starwood's securities are traded and shall be an "Outside Non-Management Director" or an "Outside Non-Management Trustee" as defined in the attached Exhibit A.

In recognition of the time demands placed on members of the Committees, each member should realistically assess his or her other responsibilities and commitments to determine whether he or she will be able to devote sufficient attention to the responsibilities of membership on the Committees.

The members of each Committee shall be elected by the Board at the annual organizational meeting of the Board and shall serve on the Committee until the next annual organizational meeting or until their successors shall be duly elected and qualified, or their earlier death, disability, resignation, or removal by the Board, with or without cause. If not designated by the Board, the members of the Committee shall designate a Chairman by majority vote of the full Committee membership.

### **Meetings**

The Committees shall meet at least twice annually, and more frequently as circumstances dictate. In addition, the Committees shall meet at least annually with (i) Starwood's senior management, (ii) Starwood's General Counsel, and (iii) the Board, in separate executive sessions, to discuss any matters that the Committees or any of these groups determine should be discussed in private.

The Secretary of Starwood or another person designated by the Committees shall take minutes at each meeting of the Committees. The minutes shall be included in the permanent minute books of Starwood. In addition, the Committees shall present a written report to the Board at least annually.

### **Responsibilities and Duties**

As a means of assisting the Board in its oversight responsibilities, the Committees shall have the following responsibilities and duties:

*Documents/Reports Review*

- Review the Code of Conduct periodically and recommend to the Board any changes that they deem appropriate.
- Review Starwood's corporate governance policies, including, but not limited to, the items set forth in Exhibit A and B hereto periodically, and recommend to the Board any changes that they deem appropriate.
- Establish and review periodically a Corporate Opportunity Policy pursuant to which each director, trustee and executive officer shall submit to the Corporate Governance and Nominating Committees any opportunity that the director, trustee or executive officer reasonably believes (1) is within Starwood's existing line of business *or* (2) is one in which Starwood either has an existing interest or a reasonable expectancy of an interest, and (3) Starwood is reasonably capable of pursuing. The Policy shall provide (1) that notwithstanding the foregoing, with respect to any director or trustee who is not employed by Starwood or an affiliate of Starwood, the opportunity must have been presented to that director or trustee as a direct result of such director's or trustee's position as a member of Starwood's Board or it shall not constitute a "corporate opportunity;" (2) that any determination as to whether a "corporate opportunity" has arisen which requires disclosure to and review by the Corporate Governance and Nominating Committees should take into account whether a director, trustee or member of senior management has used, or is using, Starwood property, material non-public Starwood information or his or her position in Starwood in connection with the opportunity; (3) that all directors, trustees and executive officers should err on the side of disclosing an opportunity to the Committees; (4) guidelines for the review of transactions whereby Starwood is investing in entities in which an executive officer, director, trustee (or family member ) has a material interest; and (5) guidelines governing the procedural and substantive aspects of any arrangements under which Starwood might use Starwood Capital Group, L.L.C. ("Starwood Capital") (a) to seek and pursue projects for joint exploration (*e.g.*, joint ventures for the acquisition or development of hotel properties where Starwood Capital would seek, analyze and invest in opportunities that would be managed, flagged and/or partially owned by Starwood), or (b) as a consultant or financial or other advisor.
- Review the Noncompetition Agreement dated as of July 6, 1995 among Starwood Lodging Trust, SLT Realty Limited Partnership, Starwood Lodging Corporation, SLC Operating Limited Partnership and Barry S. Sternlicht, and the "Exclusivity; Excluded Assets" provisions in Section 6.6 of the Formation Agreement dated as of November 11, 1994 among Hotel Investors Trust, Hotel Investors Corporation, Starwood Capital Group, L.P., Berl Holdings L.P., Starwood Apollo Hotel Partners VIII, L.P., Starwood Apollo Hotel Partners IX, L.P., Starwood Nomura Hotel Investors, L.P., Starwood/Wichita Investors, L.P., Starwood-Huntington

Partners, L.P. and Woodstar Partners I, L.P. (collectively, the “Non-Competition Agreements”) in order to ensure compliance therewith.

- Review with Starwood’s General Counsel, as necessary, the Governance Policies.
- Review Starwood’s General Counsel’s report to the Committees, which shall be given by the General Counsel at least twice a year, as to matters of legal compliance, including issues of potential discrimination, Foreign Corrupt Practices Act enforcement and federal securities laws disclosure requirements.

*Monitor and Advise as to Compliance with the Governance Policies*

The Committees shall have the authority and responsibility to monitor and advise as to compliance with the Governance Policies. As a means of implementing these responsibilities, the Committees shall, among other things:

- Propose adoption of and periodically review with Starwood’s General Counsel a system reasonably designed to enforce compliance with the Governance Policies.
- Advise the Board as to whether a director or trustee has a conflict of interest with respect to any issues and determine whether such director or trustee should vote on any such issue. The Committees shall memorialize their determinations and the reasons therefor. In furtherance thereof, the Committees shall take appropriate steps to identify such potential conflicts of interest and to ensure that a majority of the directors or trustees voting on an issue are informed, disinterested and independent with respect to that issue.
- Review all corporate opportunities governed by the Corporate Opportunity Policy and advise the Board as to whether Starwood’s or the involved director’s, trustee’s or executive officer’s participation in any such opportunity would be in violation of any of the Governance Policies and provide the Board with guidelines with respect to participation in any such opportunity.
- Actively engage in a dialogue with the directors, trustees and officers with respect to any such relationships or transactions that may impact the objectivity and independence of such director, trustee or officer or that may fall under the Corporate Governance Policies and recommend that the Board take appropriate action in response to any such relationships.
- Review the performance of the parties under the Non-Competition Agreements and review and propose action when circumstances warrant.
- Consider the appropriateness of Starwood’s participation in any transaction or opportunity with Starwood Capital and advise the Board as to its determination.
- Review the terms and background of, and if appropriate, approve, any transactions between Starwood or any of its subsidiaries and other entities controlled by Starwood, on the one hand, and any officer, director or trustee of

Starwood, any affiliate of any of the foregoing, or any entity in which any of the foregoing has a significant interest, on the other hand.

- Consider the appropriateness of Starwood's participation in any transaction or opportunity that is presented to Starwood by either Mr. Sternlicht or Starwood Capital and advise the Board as to its determination.
- Review with Starwood's General Counsel pending and threatened litigation or governmental actions or proceedings, legal compliance matters, including corporate securities trading policies, and any other legal matter, and any proposed shareholder resolutions or other actions, in each case relating to the Governance Policies, that could have a significant impact on Starwood.

#### *Process Improvement*

Following completion of a review of a significant transaction or opportunity, report to the Board any significant difficulties encountered during the course of the review, including any restrictions on the scope of work or access to required information. Recommend changes or improvements in any of the Governance Policies that may improve such process.

#### *Nominating Directors*

- Periodically review the Corporate Governance Guidelines as then in effect regarding Board size, composition, criteria for selecting nominees, term limits and retirement age, and recommend to the Board changes or additions to those guidelines, if applicable;
- Evaluate and recommend for nomination by the Board candidates presented by directors, trustees, officers, employees or stockholders to serve on the Board;
- Consider the performance of incumbent members of the Board, including the information provided by the Board's annual self-assessment, to determine whether to recommend that they be nominated for re-election;
- Assist in attracting qualified candidates to serve on the Board;
- Retain (and terminate), if desirable, search firms to identify director candidates for such fees and on such terms as are acceptable to the Committees;
- Recommend for Board approval persons to fill vacancies on the Board;
- If an incumbent director or trustee resigns upon retirement or a change in his or her principal occupation, the Committees shall consider the appropriateness of continued Board membership and make recommendations to the Board concerning the same; and

- Make recommendations to the Board concerning the size and composition of each standing committee.

*Miscellaneous*

- The Committees shall conduct an annual self-assessment; and
- The Committees shall review this Charter periodically and recommend updates to this Charter to the Board, if applicable.

Effective: May 7, 2004

## **Exhibit A**

### **DEFINITION OF OUTSIDE NON-MANAGEMENT DIRECTOR AND OUTSIDE NON-MANAGEMENT TRUSTEE**

- (a) Outside non-management directors and trustees shall neither be current members of senior management of either Starwood or any of its affiliates nor, within the five years preceding election to the Board, former members of the senior management of Starwood or any of its affiliates;
- (b) Outside non-management directors and trustees shall not have any business or professional relationship with Starwood either personally or through a company of which the director or trustee is an officer or controlling shareholder that is material to Starwood or to the director or trustee, unless the Corporate Governance and Nominating Committees specifically determines that the relationship in question does not interfere with the director's or trustee's exercise of independent judgment;
- (c) Outside non-management directors and trustees shall not have any close family relationship (by blood or marriage) with a member of senior management of Starwood or one of its affiliates;
- (d) Outside non-management directors and trustees shall not be senior officers of a company upon the board of which Starwood's Chairman or Chief Executive Officer serves as a member of that board's executive or compensation committee;
- (e) Outside non-management directors and trustees shall not receive any compensation from Starwood, other than in such director's or trustee's capacity as a board member, that is material to that director or trustees unless the Corporate Governance and Nominating Committees both approves the arrangement and determines that the compensation does not interfere with the director's or trustee's exercise of independent judgment;
- (f) Outside non-management directors and trustees shall not personally receive from or be an employee of a foundation, university, or other institution that receives grants or endowments from Starwood that are material either to Starwood, the director, trustees, or institution, unless the Corporate Governance and Nominating Committees, on an annual basis, make a determination that the grant or endowment has not interfered with that director's or trustee's exercise of independent judgment and Starwood disclosed the grant or endowment in its proxy materials;
- (g) With respect to (a) through (f) above, and as otherwise used below, a "non-management" director or trustee means a director or trustee who is not a current employee of Starwood;

- (h) With respect to (a) through (f) above, and as otherwise used below, an “affiliate” of Starwood shall have the same meaning as that set forth in NYSE Rule 303.02(B); and
- (i) With respect to (a) through (f) above, and as otherwise used herein, the term “senior management” refers to Starwood’s Chief Executive Officer; Chief Operating Officer, Chief Financial Officer, General Counsel, Chief Accounting Officer and Treasurer.

## EXHIBIT B

### CERTAIN CORPORATE GOVERNANCE POLICIES

(a) **Management and the Board**

The Chief Executive Officer should be a member of the Board. In order to ensure the greatest number of outside directors on a board of manageable size and that a majority of the Board is comprised of outside directors, other direct management representation should be kept to a minimum and should in no event exceed three other management directors.

Starwood's Chief Executive Officer, Chief Operating Officer, Chief Financial Officer, General Counsel, Chief Accounting Officer and Treasurer, with the exception of Mr. Sternlicht, shall be independent of Starwood Capital. For purposes of this paragraph, "independent" means that the officer shall not have any business relationship with Starwood Capital either personally or through a company of which such officer is a controlling shareholder or officer.

The Board shall make clear to senior management of Starwood that board membership is neither necessary to their present positions nor a prerequisite to a higher management position in Starwood. Attendance of management staff at Board meetings should be at the discretion of the Chairman and should be encouraged by the Board. The Board should have full and direct access to members of senior management and should be encouraged to request reports directly to the Board by any member of senior management.

Notwithstanding the foregoing, in the event that Starwood acquires another company by merger, acquisition, or otherwise, and determines to place members of either senior management or the board of the acquired company on Starwood's Board, the number of management directors may exceed three so long as the Starwood Board is expanded to preserve the ratio of Outside Non-Management Directors to management directors, as existed prior to the closing of the acquisition.

(b) **Conflicts of Interest and Corporate Opportunities**

A director's personal and financial interests (other than stock or options in Starwood) or family relationships may occasionally give rise to that director's material personal interest in a particular issue. There will be times when a director's material personal interest in an issue will limit that director's ability to vote on that issue. The Board, through the Corporate Governance and Nominating Committees, shall determine whether such a conflict of interest exists on a case-by-case basis and shall memorialize its determinations and the reasons

therefor. The Board, through the Corporate Governance and Nominating Committees, shall take appropriate steps to identify such potential conflicts and ensure that a majority of the directors voting on an issue are informed, disinterested and independent with respect to that issue. Accordingly, all directors shall comply with the Corporate Opportunity Policy.

(c) **Corporate Governance and Nominating Committees**

The Board shall maintain the Corporate Governance and Nominating Committees that shall be governed by the terms of this Charter.

(d) **Compensation and Option Committees**

The Compensation and Option Committees shall be comprised exclusively of Outside Non-Management Directors.

(e) **Executive Committee**

The Executive Committee shall be comprised of the Chairman and Chief Executive Officer of Starwood and at least one Outside Non-Management Director. Additional management directors and Outside Non-Management Directors may be added from time to time to the Executive Committee, so long as the ratio of Outside Non-Management Directors to management directors does not exceed one to one.

(f) **Audit Committee**

The Audit Committee shall comply with all applicable New York Stock Exchange rules related thereto.

(g) **Publication of Starwood's Corporate Governance Policies**

Starwood published the Charter of its Corporate Governance Committee, including its Corporate Governance Policies in its proxy statement dated April 12, 2002. Starwood shall publish any changes to its corporate governance policies in its annual proxy statement published following the adoption of such changes.