



**CONTACT: Jason Koval  
(914) 640-4429**

**FOR IMMEDIATE RELEASE  
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## **STARWOOD REPORTS STRONG FIRST QUARTER 2008 RESULTS**

**WHITE PLAINS, NY, April 24, 2008** – Starwood Hotels & Resorts Worldwide, Inc. (NYSE: HOT) today reported strong first quarter 2008 financial results.

### **First Quarter 2008 Highlights**

- Excluding special items, EPS from continuing operations was \$0.44. Including special items, EPS from continuing operations was \$0.42.
- Excluding special items, income from continuing operations was \$83 million. Income from continuing operations, including special items, was \$79 million.
- Total Company Adjusted EBITDA was \$255 million.
- Worldwide System-wide REVPAR for Same-Store Hotels increased 8.4% compared to the first quarter of 2007. System-wide REVPAR for Same-Store Hotels in North America increased 2.9%.
- Management and franchise revenues increased 17.7% when compared to 2007.
- Worldwide REVPAR for Starwood branded Same-Store Owned Hotels increased 9.7% compared to the first quarter of 2007. REVPAR for Starwood branded Same-Store Owned Hotels in North America increased 8.2%.
- Margins at Starwood branded Same-Store Owned Hotels Worldwide and in North America were flat when compared to the first quarter of 2007.
- Reported revenues from vacation ownership and residential sales decreased 16.8% when compared to 2007.
- The Company signed 43 hotel management and franchise contracts in the quarter representing approximately 13,000 rooms.
- During the first quarter, the Company repurchased approximately 6.1 million shares at a cost of \$277 million.

Starwood Hotels & Resorts Worldwide, Inc. (“Starwood” or the “Company”) today reported EPS from continuing operations for the first quarter of 2008 of \$0.42 compared to \$0.56 in the first quarter of 2007. Excluding special items, EPS from continuing operations was \$0.44 for the first quarter of 2008 compared to \$0.48 in the first quarter of 2007. Excluding special items, the effective income tax rate in the first quarter of 2008 was 28.7% compared to 35.7% in the same period of 2007 primarily due to various tax planning initiatives.

Income from continuing operations was \$79 million in the first quarter of 2008 compared to \$123 million in 2007. Excluding special items, which net to a \$4 million charge in 2008 and a \$19 million benefit in 2007, income from continuing operations was \$83 million for the first quarter of 2008 compared to \$104 million in 2007.

Net income was \$32 million and EPS was \$0.17 in the first quarter of 2008, compared to net income of \$122 million and EPS of \$0.56 in the first quarter of 2007. The 2008 results were adversely affected by a \$47 million tax charge to discontinued operations as a result of a 2008 administrative tax ruling for an unrelated taxpayer that impacts the tax liability associated with the 1998 disposition of a business.

Frits van Paasschen, CEO, said, “Starwood has again beaten expectations due to our strong global presence and leading upper upscale and luxury platform. While domestic REVPAR growth slowed in the quarter, our international divisions continued to experience robust demand and delivered REVPAR growth of 15.5%. With 55% of our 120,000 room pipeline to be built outside of the US, we continue to expand our lead in international markets with strong new unit growth expected over the coming years. Our global portfolio of branded owned hotels also performed well, delivering world-wide REVPAR growth of 9.7%. Finally, we continue to reduce our share count, buying back 6.1 million shares in the quarter.”

## **Operating Results**

### **First Quarter Ended March 31, 2008**

#### **Management and Franchise Revenues**

Worldwide System-wide REVPAR for Same-Store Hotels increased 8.4% compared to the first quarter of 2007, including 17.5% in Africa & the Middle East, 16.3% in Asia Pacific, 15.3% in Europe, 9.1% in Latin America, and 2.9% in North America. Worldwide System-wide REVPAR increases for Same-Store Hotels by brand were: Le Méridien 16.8%, St. Regis/Luxury Collection 9.3%, Four Points 8.6%, Sheraton 7.6%, W Hotels 6.3%, and Westin 5.8%.

Management fees, franchise fees and other income were \$210 million, up \$18 million, or 9.4%, from the first quarter of 2007. Management fees grew 15.4% to \$105 million and franchise fees grew 18.2% to \$39 million.

Approximately 55% of the Company’s management and franchise fees are generated in markets outside the United States.

During the first quarter of 2008, the Company signed 43 hotel management and franchise contracts representing approximately 13,000 rooms of which 39 were new builds and 4 were conversions from other brands. At March 31, 2008, the Company had approximately 500 hotels in the active pipeline representing over 120,000 rooms, driven by strong interest in all Starwood brands. Of these rooms, almost 70% are in the upper upscale/luxury segment and over half are outside North America.

During the first quarter of 2008, 10 new hotels and resorts (representing approximately 5,000 rooms) entered the system, including the Sheraton Denver (Denver, Colorado, 1,225 rooms) and Sheraton Dallas (Dallas, Texas, 1,840 rooms). Seven properties (representing approximately 2,000 rooms) were removed from the system during the quarter.

#### Owned, Leased and Consolidated Joint Venture Hotels

Worldwide REVPAR for Starwood branded Same-Store Owned Hotels increased 9.7%. REVPAR at Starwood branded Same-Store Owned Hotels in North America increased 8.2%. Internationally, Starwood branded Same-Store Owned Hotel REVPAR increased 2.9%, excluding the impact of foreign exchange, and as reported, in US dollars, branded Same-Store Owned Hotel REVPAR increased 12.3%.

Revenues at Starwood branded Same-Store Owned Hotels in North America increased 6.3% while costs and expenses increased 6.2% when compared to 2007. Margins at these hotels increased 6 basis points.

Revenues at Starwood branded Same-Store Owned Hotels Worldwide increased 8.0% while costs and expenses increased 8.2% when compared to 2007. Margins at these hotels decreased 9 basis points.

Approximately 45% of Starwood's Owned Hotel earnings (before depreciation) is generated from outside the United States.

Revenues at owned, leased and consolidated joint venture hotels were \$560 million when compared to \$559 million in 2007. Reported revenues and operating income were impacted by the sale and closing of 11 hotels since the beginning of the first quarter of 2007. These hotels had no revenues and expenses in 2008 as compared to \$48 million of revenues and \$36 million of expenses (before depreciation) in the same quarter of 2007.

#### Vacation Ownership

Total vacation ownership reported revenues decreased 16.2% to \$191 million when compared to 2007. Reported revenues are significantly impacted by the timing of the recognition of deferred revenues under percentage of completion accounting for projects under construction. During the first quarter of 2008, the Company was actively selling vacation ownership interests at 17 resorts and is also in the predevelopment phase of several other new vacation ownership resorts in California, Colorado, Hawaii, and Mexico.

Originated contract sales of vacation ownership intervals decreased 6.9% primarily due to the sellout of the Company's Westin Ka'anapali Ocean Resort North in Maui. The impact in Hawaii was partly offset by stronger results in Orlando driven by higher tour flow and close rates. The average price per vacation ownership unit sold decreased 14.2% to approximately \$24,000, driven by a reduction in the average sales price in Hawaii as the

Company shifted to sales of lower priced inventory at the Westin Princeville Resort in Kauai. The number of contracts signed increased 8.8% when compared to 2007.

Vacation ownership results were well ahead of the Company's expectations for the first quarter, primarily due to the favorable product mix of units sold, timing of expenses and other items that were realized earlier than expected. The Company expects that full year 2008 results will be in line with the Company's prior guidance.

Conditions remain uncertain in the asset backed securities market. We continue to expect that we will complete a sale of vacation ownership notes receivable before the end of 2008. However, given market conditions, we are now assuming the gain from this sale to be \$30 million to \$35 million, down \$10 million from prior expectations.

### Residential

During the first quarter of 2008, the Company's residential revenues were \$2 million compared to \$4 million in the prior year as our residential inventory at the St. Regis New York is substantially sold out.

### Selling, General, Administrative and Other

Selling, general, administrative and other expenses increased 15.5% to \$134 million compared to the first quarter of 2007. The increase was primarily due to the impact of foreign currency exchange rates and two items that benefited 2007; the reversal of workers compensation reserves and the reversal of a performance guarantee liability that was eliminated.

### Asset Sales

During the first quarter of 2008, the Company entered into purchase and sale agreements for the sale of four wholly-owned hotels. The expected sales proceeds from these sales, which are expected to close later in 2008, are \$269 million.

### Capital

Gross capital spending during the quarter included approximately \$57 million in renovations of hotel assets including construction capital at the Sheraton Suites Philadelphia, W Times Square, aloft Philadelphia, aloft Lexington and Element Lexington. Investment spending on gross vacation ownership interest ("VOI") inventory was \$106 million, which was offset by cost of sales of \$39 million associated with VOI sales during the quarter. The inventory spend included VOI construction at the Sheraton Vistana Villages in Orlando, the Westin St. John Resort and Villas in the Virgin Islands, the Westin Riverfront Resort in Avon, Colorado, and the Westin Lagunamar Ocean Resort in Cancun, as well as construction costs at the St. Regis Bal Harbour Resort in Miami Beach.

### Share Repurchase

During the first quarter of 2008, the Company repurchased approximately 6.1 million shares at a total cost of approximately \$277 million. At March 31, 2008, approximately \$316 million remained available under the Company's previously approved share

repurchase authorization. Starwood had approximately 189 million shares outstanding (including partnership units) at March 31, 2008.

### **Dividend**

The Company paid a dividend of \$0.90 per share on January 11, 2008 to holders of record on December 31, 2007. This represents a 7% increase over the prior year dividends.

### **Balance Sheet**

At March 31, 2008, the Company had total debt of \$4.115 billion and cash and cash equivalents (including \$248 million of restricted cash) of \$462 million, or net debt of \$3.653 billion, compared to net debt of \$3.229 billion at the end of 2007.

At March 31, 2008, debt was approximately 43% fixed rate and 57% floating rate and its weighted average maturity was 3.8 years with a weighted average interest rate of 5.3%. The Company had cash (including total restricted cash) and availability under the domestic and international revolving credit facility of approximately \$1.352 billion.

In April 2008, \$375 million of the revolving credit facility that was to expire on April 27, 2008 was converted to a term loan that matures in April 2010, with a Company option to extend until February 2011 as long as certain conditions are satisfied. The amount available under the revolving credit facility was reduced by \$375 million.

### **Outlook**

While overall lodging trends are currently strong, uncertainty surrounding the U.S. economic environment and its impact on travel patterns continues to make it difficult to predict future results.

For the full year 2008:

- Assuming a REVPAR growth range at Same-Store Company Operated Hotels worldwide of 8% to 10% and a REVPAR growth range at Branded Same-Store Company Owned Hotels in North America of 4% to 6%:
  - Adjusted EBITDA would be between \$1.250 billion and \$1.300 billion.
  - EPS before special items would be between \$2.40 and \$2.58.
  - North America Same-Store Branded Owned Hotel EBITDA growth of 0% to 7% versus 2007 with margin changes between negative 50 basis points and positive 50 basis points.
  - Management and franchise revenue growth between 12% and 14%.
  - Operating income from our vacation ownership and residential business will decline \$40 million to \$60 million versus 2007 (including potential gains on sale of vacation ownership notes receivable of \$30 million to \$35 million in the fourth quarter of 2008).
  - Income from continuing operations before special items would be between \$452 million and \$486 million reflecting an effective tax rate of 33%.

- Full year capital expenditures (excluding vacation ownership and residential inventory) would be approximately \$500 million, including \$300 million for maintenance, renovation and technology and \$200 million for other growth initiatives. Additionally, net capital expenditures for vacation ownership and residential inventory, including Bal Harbour, would be approximately \$275 million.
- Full year depreciation and amortization would be approximately \$355 million.
- Full year interest expense would be approximately \$220 million and cash taxes of approximately \$200 million.
- Full year weighted average diluted shares outstanding of 188 million.
- The Company expects to open approximately 80 to 100 hotels (representing approximately 20,000 rooms) in 2008 and is targeting signing over 200 hotel management and franchise contracts in 2008.

For the three months ended June 30, 2008:

- Adjusted EBITDA is expected to be \$285 million to \$295 million assuming:
  - REVPAR growth at Same-Store Company Operated Hotels worldwide of 10% to 12%.
  - REVPAR growth at Branded Same-Store Owned Hotels in North America of 5% to 7%.
  - North America Branded Same Store Owned Hotel EBITDA growth of 0% to 5% with margin changes of approximately 0 to negative 50 basis points.
  - Growth from management and franchise revenues of 12% to 14%.
  - Operating income from our vacation ownership and residential business will be down \$50 million to \$55 million.
- Income from continuing operations, before special items, is expected to be approximately \$95 million to \$102 million, reflecting an effective tax rate of 33%.
- EPS before special items is expected to be approximately \$0.50 to \$0.54.

## **Special Items**

The Company recorded net charges of \$4 million (after-tax) for special items in the first quarter of 2008 compared to \$19 million of net credits (after-tax) in the same period of 2007.

Special items in the first quarter of 2008 primarily relate to severance and related costs in connection with the reorganization of certain divisions and the consolidation of certain offices and sales centers.

The following represents a reconciliation of income from continuing operations before special items to income from continuing operations after special items (in millions, except per share data):

	<b>Three Months Ended</b>	
	<b>March 31,</b>	
	<b>2008</b>	<b>2007</b>
Income from continuing operations before special items .....	\$ 83	\$ 104
EPS before special items .....	\$ 0.44	\$ 0.48
<b>Special Items</b>		
Restructuring and other special (charges) credits, net <sup>(a)</sup> .....	(9)	2
(Loss)/gain on asset dispositions and impairments, net <sup>(b)</sup> .....	(1)	11
Total special items – pre-tax .....	(10)	13
Income tax benefit for special items <sup>(c)</sup> .....	6	2
Reserves and credits associated with tax matters <sup>(d)</sup> .....	–	4
Total special items – after-tax .....	(4)	19
Income from continuing operations .....	\$ 79	\$ 123
EPS including special items .....	\$ 0.42	\$ 0.56

- (a) During the three months ended March 31, 2008, the Company recorded a restructuring charge associated with the reorganization of certain divisions and the consolidation of certain sites including severance, lease termination fees and the write-off of leasehold improvements. During 2007, the Company recorded the reversal of costs and refund of insurance payments related to a retired executive.
- (b) For the three months ended March 31, 2008, primarily reflects impairment charges for a hotel expected to be sold in the second quarter of 2008. For the three months ended March 31, 2007, primarily reflects the gain on the sale of one hotel.
- (c) In 2008, benefit relates to the reduction of valuation allowance for capital losses that are expected to be utilized prior to expiration and tax benefits at the statutory rate for the restructuring charges discussed in (a). In 2007, represents a tax benefit on the sale of one hotel due to the utilization of capital losses.
- (d) Income tax benefit relates to adjustments to deferred taxes associated with deferred gains on previous hotel sales.

The Company has included the above supplemental information concerning special items to assist investors in analyzing Starwood's financial position and results of operations. The Company has chosen to provide this information to investors to enable them to perform meaningful comparisons of past, present and future operating results and as a means to emphasize the results of core on-going operations.

Starwood will be conducting a conference call to discuss the first quarter financial results at 10:30 a.m. (EST) today at (913) 312-0384. The conference call will be available through simultaneous webcast in the Investor Relations/Press Releases section of the Company's website at <http://www.starwoodhotels.com>. A replay of the conference call will also be available from 12:30 p.m. (EST) today through Thursday, May 1 at 12:00 midnight (EST)

on both the Company's website and via telephone replay at (719) 457-0820 (access code 3588734).

### Definitions

All references to EPS, unless otherwise noted, reflect earnings per diluted share from continuing operations. All references to "net capital expenditures" mean gross capital expenditures for timeshare and fractional inventory net of cost of sales. All references to "close rates" refer to the percentage of tours converted to actual sales of vacation ownership intervals. EBITDA represents net income before interest expense, taxes, depreciation and amortization. The Company believes that EBITDA is a useful measure of the Company's operating performance due to the significance of the Company's long-lived assets and level of indebtedness. EBITDA is a commonly used measure of performance in its industry which, when considered with GAAP measures, the Company believes gives a more complete understanding of the Company's operating performance. It also facilitates comparisons between the Company and its competitors. The Company's management has historically adjusted EBITDA (i.e., "Adjusted EBITDA") when evaluating operating performance for the total Company as well as for individual properties or groups of properties because the Company believes that the inclusion or exclusion of certain recurring and non-recurring items, such as revenues and costs and expenses from hotels sold, restructuring and other special charges and gains and losses on asset dispositions and impairments, is necessary to provide the most accurate measure of core operating results and as a means to evaluate comparative results. The Company's management also uses Adjusted EBITDA as a measure in determining the value of acquisitions and dispositions and it is used in the annual budget process. Due to guidance from the Securities and Exchange Commission, the Company now does not reflect such items when calculating EBITDA; however, the Company continues to adjust for these special items and refers to this measure as Adjusted EBITDA. The Company has historically reported this measure to its investors and believes that the continued inclusion of Adjusted EBITDA provides consistency in its financial reporting and enables investors to perform more meaningful comparisons of past, present and future operating results and provides a means to evaluate the results of its core on-going operations. EBITDA and Adjusted EBITDA are not intended to represent cash flow from operations as defined by GAAP and such metrics should not be considered as an alternative to net income, cash flow from operations or any other performance measure prescribed by GAAP. The Company's calculation of EBITDA and Adjusted EBITDA may be different from the calculations used by other companies and, therefore, comparability may be limited.

All references to Same-Store Owned Hotels reflect the Company's owned, leased and consolidated joint venture hotels, excluding condo hotels, hotels sold to date and hotels undergoing significant repositionings or for which comparable results are not available (i.e., hotels not owned during the entire periods presented or closed due to seasonality or hurricane damage). References to Company Operated Hotel metrics (e.g. REVPAR) reflect metrics for the Company's owned and managed hotels. References to System-Wide metrics (e.g. REVPAR) reflect metrics for the Company's owned, managed and franchised hotels. REVPAR is defined as revenue per available room. ADR is defined as average daily rate.

All references to contract sales or originated sales reflect vacation ownership sales before revenue adjustments for percentage of completion accounting methodology.



All references to management and franchise revenues represent base and incentive fees, franchise fees, amortization of deferred gains resulting from the sales of hotels subject to long-term management contracts and termination fees offset by payments by Starwood under performance and other guarantees.

Starwood Hotels & Resorts Worldwide, Inc. is one of the leading hotel and leisure companies in the world with approximately 900 properties in more than 100 countries and 155,000 employees at its owned and managed properties. Starwood® Hotels is a fully integrated owner, operator and franchisor of hotels and resorts with the following internationally renowned brands: St. Regis®, The Luxury Collection®, W®, Westin®, Le Méridien®, Sheraton®, Four Points® by Sheraton, aloft<sup>(SM)</sup>, and Element<sup>(SM)</sup>. Starwood Hotels also owns Starwood Vacation Ownership, Inc., one of the premier developers and operators of high quality vacation interval ownership resorts. For more information, please visit [www.starwoodhotels.com](http://www.starwoodhotels.com).

<p><b>** Please contact Starwood's new, toll-free <u>media</u> hotline at (866) 4-STAR-PR (866-478-2777) for photography or additional information.**</b></p>
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Note: This press release contains forward-looking statements within the meaning of federal securities regulations. 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. Further results, performance and achievements may be affected by general economic conditions, including the duration and severity of any global or regional economic downturns, the availability of financing alternatives at acceptable terms, the impact of war and terrorist activity, business and financing conditions, foreign exchange fluctuations, cyclicalities of the real estate (including residential) and the hotel and vacation ownership businesses, operating risks associated with the hotel, vacation ownership and residential businesses, relationships with associates and labor unions, 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 the introduction of new brand concepts and other risks and uncertainties. These risks and uncertainties are presented in detail in our filings with the Securities and Exchange Commission. Future vacation ownership and residential units indicated in this press release include planned units on land owned by the Company or by joint ventures in which the Company has an interest that have received all major governmental land use approvals for the development of vacation ownership resorts. 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. There can also be no assurance that agreements will be entered into for the hotels in the Company's pipeline and, if entered into, the timing of any agreement and the opening of the related hotel. 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.

**STARWOOD HOTELS & RESORTS WORLDWIDE, INC.**  
**UNAUDITED CONSOLIDATED STATEMENTS OF INCOME**  
(In millions, except share data)

	Three Months Ended March 31,		
	2008	2007	%
			Variance
<b>Revenues</b>			
Owned, leased and consolidated joint venture hotels .....	\$ 560	\$ 559	0.2
Vacation ownership and residential sales and services.....	193	232	(16.8)
Management fees, franchise fees and other income .....	210	192	9.4
Other revenues from managed and franchised properties <sup>(a)</sup> .....	503	448	12.3
	<u>1,466</u>	<u>1,431</u>	<u>2.5</u>
<b>Costs and Expenses</b>			
Owned, leased and consolidated joint venture hotels .....	438	436	(0.5)
Vacation ownership and residential .....	158	179	11.7
Selling, general, administrative and other .....	134	116	(15.5)
Restructuring and other special charges (credits), net .....	9	(2)	n/m
Depreciation .....	71	67	(6.0)
Amortization .....	7	6	(16.7)
Other expenses from managed and franchised properties <sup>(a)</sup> .....	503	448	(12.3)
	<u>1,320</u>	<u>1,250</u>	<u>(5.6)</u>
Operating income .....	146	181	(19.3)
Equity earnings and gains and losses from unconsolidated ventures, net .....	6	12	(50.0)
Interest expense, net of interest income of \$2 and \$7 .....	(47)	(32)	(46.9)
(Loss)/gain on asset dispositions and impairments, net ....	(1)	11	n/m
Income from continuing operations before taxes and minority equity .....	104	172	(39.5)
Income tax expense .....	(26)	(51)	49.0
Minority equity in net loss.....	1	2	(50.0)
Income from continuing operations .....	79	123	(35.8)
Discontinued Operations:			
Net loss on dispositions .....	(47)	(1)	n/m
Net income .....	<u>\$ 32</u>	<u>\$ 122</u>	<u>(73.8)</u>
<b>Earnings (Loss) Per Share – Basic</b>			
Continuing operations .....	\$ 0.43	\$ 0.58	(25.9)
Discontinued operations.....	(0.26)	--	n/m
Net income .....	<u>\$ 0.17</u>	<u>\$ 0.58</u>	<u>(70.7)</u>
<b>Earnings (Loss) Per Share – Diluted</b>			
Continuing operations .....	\$ 0.42	\$ 0.56	(25.0)
Discontinued operations.....	(0.25)	--	n/m
Net income .....	<u>\$ 0.17</u>	<u>\$ 0.56</u>	<u>(69.6)</u>
Weighted average number of Shares .....	<u>184</u>	<u>211</u>	
Weighted average number of Shares assuming dilution ...	<u>189</u>	<u>219</u>	

(a) The Company includes in revenues the reimbursement of costs incurred on behalf of managed hotel property owners and franchisees with no added margin and includes in costs and expenses these reimbursed costs. These costs relate primarily to payroll costs at managed properties where the Company is the employer.

n/m = not meaningful

# STARWOOD HOTELS & RESORTS WORLDWIDE, INC.

## CONSOLIDATED BALANCE SHEETS (in millions, except share data)

	<u>March 31,</u> <u>2008</u> (unaudited)	<u>December 31,</u> <u>2007</u>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents .....	\$ 214	\$ 162
Restricted cash .....	240	196
Accounts receivable, net of allowance for doubtful accounts of \$48 and \$50.....	625	616
Inventories .....	804	714
Prepaid expenses and other .....	163	136
Total current assets .....	2,046	1,824
Investments .....	425	423
Plant, property and equipment, net .....	3,840	3,850
Assets held for sale <sup>(a)</sup> .....	101	--
Goodwill and intangible assets, net .....	2,295	2,302
Deferred tax assets .....	747	713
Other assets <sup>(b)</sup> .....	519	494
	\$ 9,973	\$ 9,606
<b>Liabilities and Stockholders' Equity</b>		
Current liabilities:		
Short-term borrowings and current maturities of long-term debt <sup>(c)</sup> .....	\$ 4	\$ 5
Accounts payable .....	190	201
Accrued expenses .....	1,152	1,175
Accrued salaries, wages and benefits .....	317	405
Accrued taxes and other .....	376	299
Total current liabilities .....	2,039	2,085
Long-term debt <sup>(c)</sup> .....	4,111	3,590
Deferred tax liabilities .....	29	28
Other liabilities .....	1,826	1,801
	8,005	7,504
Minority interest .....	25	26
Commitments and contingencies		
Stockholders' equity:		
Corporation common stock; \$0.01 par value; authorized 1,000,000,000 shares; outstanding 188,623,936 and 190,998,585 shares at March 31, 2008 and December 31, 2007, respectively .....	2	2
Additional paid-in capital .....	679	868
Accumulated other comprehensive loss .....	(123)	(147)
Retained earnings .....	1,385	1,353
Total stockholders' equity .....	1,943	2,076
	\$ 9,973	\$ 9,606

(a) Includes four hotels expected to be sold in 2008.

(b) Includes restricted cash of \$8 million at March 31, 2008 and December 31, 2007, respectively.

(c) Excludes Starwood's share of unconsolidated joint venture debt aggregating approximately \$606 million and \$572 million at March 31, 2008 and December 31, 2007, respectively.

**STARWOOD HOTELS & RESORTS WORLDWIDE, INC.**  
**Non-GAAP to GAAP Reconciliations – Historical Data**  
(in millions)

	Three Months Ended March 31,		
	2008	2007	%
<b>Reconciliation of Net Income to EBITDA and Adjusted EBITDA</b>			
Net income .....	\$ 32	\$ 122	(73.8)
Interest expense <sup>(a)</sup> .....	54	43	25.6
Income tax expense <sup>(b)</sup> .....	73	52	40.4
Depreciation <sup>(c)</sup> .....	78	74	5.4
Amortization <sup>(d)</sup> .....	8	7	14.3
EBITDA .....	245	298	(17.8)
Loss (Gain) on asset dispositions and impairments, net ..	1	(11)	n/m
Restructuring and other special charges (credits), net ....	9	(2)	n/m
Adjusted EBITDA .....	<u>\$ 255</u>	<u>\$ 285</u>	<u>(10.5)</u>

- (a) Includes \$5 million and \$4 million of interest expense related to unconsolidated joint ventures for the three months ended March 31, 2008 and 2007, respectively.
- (b) Includes \$47 million and \$1 of tax expense recorded in discontinued operations for the three months ended March 31, 2008 and 2007, respectively.
- (c) Includes \$7 million of Starwood's share of depreciation expense of unconsolidated joint ventures for the three months ended March 31, 2008 and 2007, respectively.
- (d) Includes \$1 million of Starwood's share of amortization expense of unconsolidated joint ventures for the three months ended March 31, 2008 and 2007, respectively.

**STARWOOD HOTELS & RESORTS WORLDWIDE, INC.**  
**Non-GAAP to GAAP Reconciliations – Future Performance**  
(In millions, except per share data)

Low Case

Three Months Ended June 30, 2008		Year Ended December 31, 2008
\$ 95	<b>Net income</b> .....	\$ 448
55	Interest expense .....	220
48	Income tax expense .....	217
87	Depreciation and amortization .....	355
285	EBITDA .....	1,240
—	Loss on asset disposition and impairments, net .....	1
—	Restructuring and other special charges, net .....	9
\$ 285	Adjusted EBITDA .....	\$ 1,250
Three Months Ended June 30, 2008		Year Ended December 31, 2008
\$ 95	Income from continuing operations before special items .....	\$ 452
\$ 0.50	EPS before special items .....	\$ 2.40
	<b>Special Items</b>	
—	Restructuring and other special charges, net .....	(9)
—	Loss on asset dispositions and impairments, net .....	(1)
—	Total special items – pre-tax .....	(10)
—	Income tax benefit on special items .....	6
—	Total special items – after-tax .....	(4)
\$ 95	Income from continuing operations .....	\$ 448
\$ 0.50	EPS including special items .....	\$ 2.38

High Case

Three Months Ended June 30, 2008		Year Ended December 31, 2008
\$ 102	<b>Net income</b> .....	\$ 482
55	Interest expense .....	220
51	Income tax expense .....	233
87	Depreciation and amortization .....	355
295	EBITDA .....	1,290
—	Loss on asset disposition and impairments, net .....	1
—	Restructuring and other special charges, net .....	9
\$ 295	Adjusted EBITDA .....	\$ 1,300
Three Months Ended June 30, 2008		Year Ended December 31, 2008
\$ 102	Income from continuing operations before special items .....	\$ 486
\$ 0.54	EPS before special items .....	\$ 2.58
	<b>Special Items</b>	
—	Restructuring and other special charges, net .....	(9)
—	Loss on asset dispositions and impairments, net .....	(1)
—	Total special items – pre-tax .....	(10)
—	Income tax benefit on special items .....	6
—	Total special items – after-tax .....	(4)
\$ 102	Income from continuing operations .....	\$ 482
\$ 0.54	EPS including special items .....	\$ 2.56

## STARWOOD HOTELS & RESORTS WORLDWIDE, INC.

### Non-GAAP to GAAP Reconciliations – Same Store Owned Hotel Revenue and Expenses (In millions)

Same-Store Owned Hotels <sup>(1)</sup> Worldwide	Three Months Ended March 31,		
	2008	2007	% Variance
<b>Revenue</b>			
Same-Store Owned Hotels .....	\$ 515	\$ 479	7.5
Hotels Sold or Closed in 2008 and 2007 (11 hotels) .....	--	48	n/m
Hotels Without Comparable Results (5 hotels) .....	45	32	40.6
Other ancillary hotel operations .....	--	--	--
<b>Total Owned, Leased and Consolidated Joint Venture Hotels Revenue .....</b>	<b>\$ 560</b>	<b>\$ 559</b>	<b>0.2</b>
<b>Costs and Expenses</b>			
Same-Store Owned Hotels .....	\$ 404	\$ 375	(7.7)
Hotels Sold or Closed in 2008 and 2007 (11 hotels) .....	--	36	n/m
Hotels Without Comparable Results (5 hotels) .....	33	25	(32.0)
Other ancillary hotel operations .....	1	--	n/m
<b>Total Owned, Leased and Consolidated Joint Venture Hotels Costs and Expenses .....</b>	<b>\$ 438</b>	<b>\$ 436</b>	<b>(0.5)</b>

  

Same-Store Owned Hotels North America	Three Months Ended March 31,		
	2008	2007	% Variance
<b>Revenue</b>			
Same-Store Owned Hotels .....	\$ 332	\$ 314	5.7
Hotels Sold or Closed in 2008 and 2007 (11 hotels) .....	--	48	n/m
Hotels Without Comparable Results (3 hotels) .....	36	28	28.6
<b>Total Owned, Leased and Consolidated Joint Venture Hotels Revenue .....</b>	<b>\$ 368</b>	<b>\$ 390</b>	<b>(5.6)</b>
<b>Costs and Expenses</b>			
Same-Store Owned Hotels .....	\$ 257	\$ 243	(5.8)
Hotels Sold or Closed in 2008 and 2007 (11 hotels) .....	--	36	n/m
Hotels Without Comparable Results (3 hotels) .....	26	21	(23.8)
<b>Total Owned, Leased and Consolidated Joint Venture Hotels Costs and Expenses .....</b>	<b>\$ 283</b>	<b>\$ 300</b>	<b>5.7</b>

  

Same-Store Owned Hotels International	Three Months Ended March 31,		
	2008	2007	% Variance
<b>Revenue</b>			
Same-Store Owned Hotels .....	\$ 183	\$ 165	10.9
Hotels Sold or Closed in 2008 and 2007 (0 hotels) .....	--	--	--
Hotels Without Comparable Results (2 hotels) .....	9	4	n/m
Other ancillary hotel operations .....	--	--	--
<b>Total Owned, Leased and Consolidated Joint Venture Hotels Revenue .....</b>	<b>\$ 192</b>	<b>\$ 169</b>	<b>13.6</b>
<b>Costs and Expenses</b>			
Same-Store Owned Hotels .....	\$ 147	\$ 132	(11.4)
Hotels Sold or Closed in 2008 and 2007 (0 hotels) .....	--	--	--
Hotels Without Comparable Results (2 hotels) .....	7	4	(75.0)
Other ancillary hotel operations .....	1	--	n/m
<b>Total Owned, Leased and Consolidated Joint Venture Hotels Costs and Expenses .....</b>	<b>\$ 155</b>	<b>\$ 136</b>	<b>(14.0)</b>

(1) Same-Store Owned Hotel Results exclude 11 hotels sold or closed in 2008 and 2007 and 5 hotels without comparable results.