

Starwood Hotels And Resorts Worldwide, Inc.

Company Overview

The following Company Overview is excerpted from the Company's 2010 10-K. A full copy of the 10-K is available by clicking [here](#).

We are one of the world's largest hotel and leisure companies. We conduct our hotel and leisure business both directly and through our subsidiaries. Our brand names include the following:

St. Regis®

(luxury full-service hotels, resorts and residences) are for connoisseurs who desire the finest expressions of luxury. They provide flawless and bespoke service to high-end leisure and business travelers. St. Regis hotels are located in the ultimate locations within the world's most desired destinations, important emerging markets and yet to be discovered paradises, and they typically have individual design characteristics to capture the distinctive personality of each location.

The Luxury Collection®

(luxury full-service hotels and resorts) is a group of unique hotels and resorts offering exceptional service to an elite clientele. From legendary palaces and remote retreats to timeless modern classics, these remarkable hotels and resorts enable the most discerning traveler to collect a world of unique, authentic and enriching experiences indigenous to each destination that capture the sense of both luxury and place. They are distinguished by magnificent decor, spectacular settings and impeccable service.

W®

(luxury and upscale full service hotels, retreats and residences) feature world class design, world class restaurants and "on trend" bars and lounges and its signature Whatever/Whenever® service standard. It's a sensory multiplex that not only indulges the senses, it delivers an emotional experience. Whether it's "behind the scenes" access at W Happenings, or our cutting edge music, lighting and scent programs, W hotels delivers an experience unmatched in the hotel segment.

Westin®

(luxury and upscale full-service hotels, resorts and residences) provides a thoughtfully designed experience making the healthiest choices irresistibly appealing. A welcoming oasis to the savvy traveler, every innovative service aims to help guests thrive so they feel better than when they arrived. Truly restorative sleep in the world-renowned Heavenly® Bed. Spa-like invigoration with the Heavenly® Bath. Healthful indulgence from SuperFoodsRx™ menus. Energizing exercise with WestinWORKOUT®. Fresh air from BreatheWestin™, the industry's first smoke-free policy. Whether an epic city center location or refreshing resort destination, Westin ensures guests are well rested, well nourished and well cared for.

Le Méridien®

(luxury and upscale full-service hotels, resorts and residences) is a European-inspired brand with a French accent. Each of its hotels, whether city, airport or resort has a distinctive character driven by its individuality and the Le Méridien brand values. With its underlying passion for food, art and style and its classic yet stylish design, Le Méridien offers a unique experience at some of the world's top travel destinations.

Sheraton®

(luxury and upscale full-service hotels, resorts and residences) is our largest brand serving the needs of upscale business and leisure travelers worldwide. For over 70 years this full-service, iconic brand has welcomed guests, becoming a trusted friend to travelers and one of the world's most recognized hotel brands. From being the first hotel brand to step into major international markets like China, to completely captivating entire destinations like Waikiki, Sheraton understands that travel is about bringing people together. In Sheraton lobbies you'll find the Link@Sheraton™ experienced with Microsoft, which fosters connections, whether face-to-face or webcam-to-webcam. The Sheraton Club is also a social space where guests indulge in the upside of everything with likeminded travelers. Sheraton transcends lifestyles, generations and geographies and will continue to welcome generation after generation of world traveler, because we believe, as strongly as ever, that life is better when shared.

Four Points®

(select-service hotels) delights the self-sufficient traveler with what is needed for greater comfort and productivity. *Great Hotels. Great Rates.* All at the honest value our guests deserve. Our guests start their day feeling energized and finish up relaxed, maybe even with one of our *Best Brews* (local craft beer). It's the little indulgences that make their time away from home special.

Aloft®

(select-service hotels) first opened in 2008. It will already be opening its 50th property in 2011. Aloft provides new heights: an oasis where you least expect it, a spirited neighborhood outpost, a haven at the side of the road. Bringing a cozy harmony of modern elements to the classic on-the-road tradition, Aloft offers a sassy, refreshing, ultra effortless alternative for both the business and leisure traveler. Fresh, fun, and fulfilling, Aloft is an experience to be discovered and rediscovered, destination after destination, as you ease on down the road. *Style at a Steal.*

Element(SM)

(extended stay hotels), a brand introduced in 2006 with the first hotel opened in 2008, provides a modern, upscale and intuitively designed hotel experience that allows guests to live well and feel in control. Inspired by Westin, Element hotels promote balance through a thoughtful, upscale environment. Decidedly modern with an emphasis on nature, Element is intuitively constructed with an efficient use of space that encourages guests to stay connected, feel alive, and thrive while they are away. Primarily all Element hotels are LEED certified, depicting the importance of the environment in today's world. *Space to live your life.*

Through our brands, we are well represented in most major markets around the world. Our operations are reported in two business segments, hotels and vacation ownership and residential operations.

Our revenue and earnings are derived primarily from hotel operations, which include management and other fees earned from hotels we manage pursuant to management contracts, the receipt of franchise and other fees and the operation of our owned hotels.

Our hotel business emphasizes the global operation of hotels and resorts primarily in the luxury and upscale segment of the lodging industry. We seek to acquire interests in, or management or franchise rights with respect to properties in this segment. At December 31, 2010, our hotel portfolio included owned, leased, managed and franchised hotels totaling 1,027 hotels with approximately 302,000 rooms in approximately 100 countries, and is comprised of 62 hotels that we own or lease or in which we have a majority equity interest, 463 hotels managed by us on behalf of third-party owners (including entities in which we have a minority equity interest) and 502 hotels for which we receive franchise fees.

Our revenues and earnings are also derived from the development, ownership and operation of vacation ownership resorts, marketing and selling vacation ownership interests ("VOIs") in the resorts and providing financing to customers who purchase such interests. Generally these resorts are marketed under the brand names described above. Additionally, our revenue and earnings are derived from the development, marketing and selling of residential units at mixed use hotel projects owned by us as well as fees earned from the marketing and selling of residential units at mixed use hotel projects developed by third-party owners of hotels operated under our brands. At December 31, 2010, we had 23 owned vacation ownership resorts and residential properties (including 14 stand-alone, eight mixed-use and one unconsolidated joint venture) in the United States, Mexico and the Bahamas.

Due to the global economic crisis and its impact on the long-term growth outlook for the timeshare industry, in 2009 we evaluated all of our existing vacation ownership projects, as well as land held for future vacation ownership projects. We have thereby decided that no new vacation ownership projects are being initiated and we have decided not to develop certain vacation ownership sites and future phases of certain existing projects.

Our operations are in geographically diverse locations around the world. The following tables reflect our hotel and vacation ownership and residential properties by type of revenue source and geographical presence by major geographic area as of December 31, 2010:

	<u>Number of Properties</u>	<u>Rooms</u>
Managed and unconsolidated joint venture hotels	463	159,200
Franchised hotels	502	121,400
Owned hotels(a)	62	21,100
Vacation ownership resorts and stand-alone properties	<u>14</u>	<u>7,000</u>
Total properties	1,041	308,700

(a) Includes wholly owned, majority owned and leased hotels.

	<u>Number of Properties</u>	<u>Rooms</u>
North America (and Caribbean)	551	175,800
Europe, Africa and the Middle East	247	61,300
Asia Pacific	181	58,500
Latin America	<u>62</u>	<u>13,100</u>
Total properties	1,041	308,700

We have implemented a strategy of reducing our investment in owned real estate and increasing our focus on the management and franchise business. In furtherance of this strategy, since 2006, we have sold 62 hotels for approximately \$5.3 billion. As a result, our primary business objective is to maximize earnings and cash flow by increasing the number of our hotel management contracts and franchise agreements; selling VOIs; and investing in real estate assets where there is a strategic rationale for doing so, which may include selectively acquiring interests in additional assets and disposing of non-core hotels (including hotels where the return on invested capital is not adequate) and "trophy" assets that may be sold at significant premiums. We plan to meet these objectives by leveraging our global assets, broad customer base and other resources and by taking advantage of our scale to reduce costs. The implementation of our strategy and financial planning is impacted by the uncertainty relating to geopolitical and economic environments around the world and its consequent impact on travel.

The Corporation was incorporated in 1980 under the laws of Maryland. Sheraton Hotels & Resorts and Westin Hotels & Resorts, Starwood's largest brands, have been serving guests for more than 60 years. Starwood Vacation Ownership (and its predecessor, Vistana, Inc.) has been selling VOIs for more than 20 years.

Our principal executive offices are located at One StarPoint, Stamford, CT 06902, and our telephone number is (203) 964-6000.

For discussion of our revenues, profits, assets and geographical segments, see the notes to financial statements of this Annual Report. For additional information concerning our business, see Item 2 Properties, of this Annual Report.

Competition

The hotel and timeshare industry is highly competitive. Competition is generally based on quality and consistency of room, restaurant and meeting facilities and services, attractiveness of locations, availability of a global distribution system, price, the ability to earn and redeem loyalty program points and other factors. Management believes that we compete favorably in these areas. Our properties compete with other hotels and resorts in their geographic markets, including facilities owned by local interests and facilities owned by national and international chains. Our principal competitors include other hotel operating companies, national and international hotel brands, and ownership companies (including hotel REITs).

We encounter strong competition as a hotel, residential, resort and vacation ownership operator. While some of our competitors are private management firms, several are large national and international chains that own and operate their own hotels, as well as manage hotels for third-party owners and sell VOIs, under a variety of brands that compete directly with our brands.

Environmental Matters

We are subject to certain requirements and potential liabilities under various foreign and U.S. federal, state and local environmental laws, ordinances and regulations ("Environmental Laws"). Under such laws, we could be held liable for the costs of removing or cleaning up hazardous or toxic substances at, on, under, or in our currently or formerly owned or operated properties. Such laws often impose liability without regard to whether the owner or operator knew of, or was responsible for, the presence of such hazardous or toxic substances. The presence of hazardous or toxic substances may adversely affect the owner's ability to sell or rent such real property or to borrow using such real property as collateral. Persons who arrange for the disposal or treatment of hazardous or toxic wastes may be liable for the costs of removal or remediation of such wastes at the treatment, storage or disposal facility, regardless of whether such facility is owned or operated by such person. We use certain substances and generate certain wastes that may be deemed hazardous or toxic under applicable Environmental Laws, and we from time to time have incurred, and in the future may incur, costs related to cleaning up contamination resulting from historic uses of certain of our current or former properties or our treatment, storage or disposal of wastes at facilities owned by others. Other Environmental Laws govern occupational exposure to asbestos-containing materials ("ACMs") and require abatement or removal of certain ACMs (limited quantities of which are present in various building materials such as spray-on insulation, floor coverings, ceiling coverings, tiles, decorative treatments and piping located at certain of our hotels) in the event of damage or demolition, or certain renovations or remodeling. Environmental Laws also regulate polychlorinated biphenyls ("PCBs"), which may be present in electrical equipment. A number of our hotels have underground storage tanks ("USTs") and equipment containing chlorofluorocarbons ("CFCs"); the operation and subsequent removal or upgrading of certain USTs and the use of equipment containing CFCs also are regulated by Environmental Laws. In connection with our ownership, operation and management of our properties, we could be held liable for costs of remedial or other action with respect to PCBs, USTs or CFCs.

Congress and some states are considering or have undertaken actions to regulate and reduce greenhouse gas emissions. New or revised laws and regulations or new interpretations of existing laws and regulations, such as those related to climate change, could affect the operation of our hotels and/or result in significant additional expense and operating restrictions on us. The cost impact of such legislation, regulation, or new interpretations would depend upon the specific requirements enacted and cannot be determined at this time.

Environmental Laws are not the only source of environmental liability. Under common law, owners and operators of real property may face liability for personal injury or property damage because of various environmental conditions such as alleged exposure to hazardous or toxic substances (including, but not limited to, ACMs, PCBs and CFCs), poor indoor air quality, radon or poor drinking water quality. Although we have incurred and expect to incur remediation and various environmental-related costs during the ordinary course of operations, management does not anticipate that such costs will have a material adverse effect on our operations or financial condition.

Seasonality and Diversification

The hotel industry is seasonal in nature; however, the periods during which our properties experience higher revenue activities vary from property to property and depend principally upon location. Generally, our revenues and operating income have been lower in the first quarter than in the second, third or fourth quarters.

Comparability of Owned Hotel Results

We continually update and renovate our owned, leased and consolidated joint venture hotels. While undergoing renovation, these hotels are generally not operating at full capacity and, as such, these renovations can negatively impact our owned hotel revenues and operating income. Other events, such as the occurrence of natural disasters may cause a full or partial closure or sale of a hotel, and such events can negatively impact our revenues and operating income. Finally, as we pursue our strategy of reducing our investment in owned real estate assets, the sale of such assets can significantly reduce our revenues and operating income.

Employees

At December 31, 2010, approximately 145,000 people were employed at our corporate offices, owned and managed hotels and vacation ownership resorts, of which approximately 26% were employed in the United States. At December 31, 2010, approximately 34% of the U.S.-based employees were covered by various collective bargaining agreements providing, generally, for basic pay rates, working hours, other conditions of employment and orderly settlement of labor disputes. Generally, labor relations have been maintained in a normal and satisfactory manner, and management believes that our employee relations are satisfactory.

Where You Can Find More Information

We file annual, quarterly and special reports, proxy statements and other information with the Securities & Exchange Commission ("SEC"). Our SEC filings are available to the public over the Internet at the SEC's website at <http://www.sec.gov>. Our SEC filings are also available on our website at http://www.starwoodhotels.com/corporate/investor_relations.html as soon as reasonably practicable after they are filed with or furnished to the SEC. You may also read and copy any document we file with the SEC at its public reference room located at 100 F Street, NE, in Washington, D.C. 20549 on official business days during the hours of 10 a.m. to 3 p.m. Please call the SEC at (800) SEC-0330 for further information. Our filings with the SEC are also available at the New York Stock Exchange. For more information on obtaining copies of our public filings at the New York Stock Exchange, you should call (212) 656-5060. You may also obtain a copy of our filings free of charge by calling Investor Relations at (203) 351-3500.