

May 21, 2007

Dear Current or Former Starwood Hotels & Resorts Worldwide, Inc. Employee:

Attached please find a Notice of Proposed Class Action Settlement, regarding the lawsuit entitled Higgins v. Starwood Hotels & Resorts Worldwide, Inc. United States District Court for the Central District of California Case No. EDCVO5-0719 VAP (SGLx) provided to you at the direction of the United States District Court for the Central District of California. This Notice is being sent to you because you have been identified as a member of the class. This Notice will affect your rights. Please read it carefully.

If you have any questions regarding this Notice or this lawsuit, please follow the procedures set forth in the attached Notice. Please do not call or write the Court.

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UNITED STATES DISTRICT COURT
FOR THE CENTRAL DISTRICT OF CALIFORNIA

HOLLISTER HIGGINS, as an individual and on behalf of others similarly situated;

Plaintiff,

vs.

STARWOOD HOTELS & RESORTS
WORLDWIDE, INC., a Delaware corporation,

Defendant.

Case No.: EDCVO5-0719 VAP (SGLx)

CLASS ACTION

NOTICE OF PROPOSED CLASS
SETTLEMENT AND FINAL FAIRNESS
AND APPROVAL HEARING CLAIM
FORM ATTACHED

TO: FORMER AND CURRENT NON-EXEMPT EMPLOYEES OF STARWOOD HOTELS & RESORTS WORLDWIDE, INC. WHO WERE EMPLOYED IN THE STATE OF CALIFORNIA AT ANYTIME BETWEEN THE DATES AUGUST 5, 2001 AND FEBRUARY 15, 2007.

**THIS NOTICE MAY AFFECT YOUR RIGHTS.
PLEASE READ IT CAREFULLY.**

YOU MAY BE ENTITLED TO BENEFITS FROM THE SETTLEMENT, BUT ONLY IF YOU COMPLETE AND RETURN THE CLAIM FORM WITH A POSTMARK DATE OF NO LATER THAN 30 DAYS FOLLOWING THE DATE OF MAILING OF THIS NOTICE.

Notice is hereby given that a proposed Stipulation of Settlement and Release of Certain Class Action and Individual Claims ("Stipulation") of the class action lawsuits entitled Higgins v. Starwood Hotels & Resorts Worldwide, Inc. (the "Litigation") has been reached between Plaintiff Hollister Higgins and Defendant Starwood Hotels & Resorts Worldwide, Inc. ("Defendant") and has been granted preliminary approval by the United States District Court for Central District of California.

The proposed Stipulation will resolve all claims made against the Defendants and other Released Parties, as that term is defined in the Stipulation attached hereto, in the above-captioned Litigation. A hearing addressing the fairness, adequacy and reasonableness of the Stipulation will be held on October 15, 2007 to determine whether the Litigation should be finally settled. **Because your rights may be affected, it is extremely important that you read this Notice carefully. Unless you are serving active military duty, you must file a claim by June 20, 2007 to participate in the settlement, the terms of which are set forth in detail in the Stipulation. If you fail to file a valid and timely claim, you will receive nothing under the settlement. If you are on active military duty, you will have up until 4 months from the original mailing date of this Notice to file your claim.**

A. PURPOSE OF THIS NOTICE

The United States District Court of the Central District – Eastern Division has ordered that this Notice be sent to you because you are a potential member of one of two Classes. The first "Class" is defined as all current and former non-exempt employees of Starwood Hotels & Resorts Worldwide, Inc. who were employed in the State of California at anytime between the dates August 5, 2001 and February 15, 2007. A second "Class" is defined as all current and former non-exempt employees of Starwood Hotels & Resorts Worldwide, Inc. who were employed at the Spa at Westin Mission Hills at anytime between the dates August 5, 2001 and February 15, 2007.

You are potentially a member of one of these two Classes and if you do not request exclusion from the relevant Class (i.e., opt out), the information contained in this Notice will affect your legal rights. Receipt of this Notice does not mean that you are entitled to additional wages or other sums; rather, receipt of this Notice means that you may be entitled to share in the proceeds from the settlement. The proposed Stipulation is not an admission of liability by the Defendant; rather, it is a resolution of disputed claims.

The purpose of this Notice is to: a) provide a brief description of this lawsuit; b) inform you of the proposed Stipulation; and c) discuss your rights and options with respect to the lawsuit and the Stipulation.

B. DESCRIPTION OF THE LITIGATION

Individual Plaintiff Hollister Higgins and other purported class members were employed by Defendant Starwood Hotels & Resorts Worldwide, Inc. Plaintiff Higgins filed a representative action lawsuit against Defendant on August 5, 2005.

The operative complaint alleges the following claims for relief: (1) failure to pay overtime wages; (2) failure to pay vacation wages; (3) breach of contract; (4) violation of Labor Code § 226 relating to record-keeping; and (5) unfair business practices (Business & Professions Code § 17200 et seq.).

On March 27, 2006, the Parties mediated this case with a well-respected mediator, Gig Kyriacou. Following that mediation, the parties continued to negotiate a settlement over a period of several months. In February 2007, the parties informed the Court that a settlement had been reached.

The United States District Court has made no ruling on the merits of Plaintiffs' claims or the Defendants' defenses. The Court has only preliminarily approved the proposed Stipulation. The Court will decide whether to give final approval to the settlement at a hearing scheduled for October 15, 2007, at 10:00 a.m. in Courtroom 2 of the Court, located at 3470 Twelfth Street, Riverside, California 92501.

Attorneys for the Class ("Class Counsel") in this lawsuit are:

Peter M. Hart, Esq. (California Bar No. 198691)
LAW OFFICES OF PETER M. HART
13952 Bora Bora Way, #F-320
Marina Del Rey, CA 90292
Telephone: (310) 478-5789
Facsimile: (509) 561-6441

Eric Honig, Esq. (California Bar No. 140765)
LAW OFFICE OF ERIC HONIG
P.O. Box 10327
Marina del Rey, CA 90295

Kenneth H. Yoon, Esq. (California Bar No. 198443)
LAW OFFICES OF KENNETH H. YOON
One Wilshire Boulevard, Suite 2200
Los Angeles, CA 90017

Attorneys for Defendant ("Defense Counsel") in this lawsuit are:

Gregory S. Glazer, Esq. (California Bar No. 172197)
David G. Abbott, Esq. (California Bar No. 241209)
CURIALE DELLAVERSON HIRSCHFELD & KRAEMER, LLP
2425 Olympic Boulevard, Suite 550 East Tower
Santa Monica, CA 90404
Telephone: (310) 255-0705
Facsimile: (310) 255-0986

C. YOUR OPTIONS

If you believe you fall within either of the Classes described above, you have several options. Each option will have its consequences, which you should understand before making your decision. Your rights regarding each option, and the procedure you must follow to select each option, are explained below.

1. *You Can Remain A Member of the Class and Participate in the Settlement.*

If you want to participate in the settlement (and you do not opt out of the Class), you must complete and return a Claim Form to the Settlement Administrator at the following address by first class U.S. mail postmarked no later than 30 calendar days after the date that this Notice, Proposed Settlement and Hearing on Court Approval was mailed:

**Starwood Hotels Settlement Administrator
c/o Desmond Marcello & Amster
P.O. Box 451999
Los Angeles, CA 90045**

A copy of your Claim Form is attached to this Notice. (If you need another copy, contact the Settlement Administrator or Class Counsel.) You may fill out this Claim Form, sign it and return it to the Settlement Administrator within 30 days of receipt of this Notice. If you want confirmation that your Claim Form has been received by the Settlement Administrator, then you may send your Claim Form by certified U.S. Mail with a return receipt request.

Potential Class Members serving active military duty may submit their Claim Form postmarked no later than 4 months from the original mailing date of this Notice if they submit proof of such military service along with their Claim Form.

If you choose to participate in the settlement, you will be bound by all the terms set forth in the Stipulation, including a full release of claims that will prevent you from separately suing the Defendants, its employees or any other related persons or entities for the matters being settled in this case.

2. *You Can Do Nothing.*

If you do nothing – that is, if you do not send a timely and properly completed Claim Form – you will not be entitled to a share of the settlement. **However, you will be bound by the terms of the Stipulation, including the release of Claims, even though you did not receive any money or benefits from the settlement.** Therefore, if you do nothing, you will not have the right to pursue your own claims, if any, against the Defendants or other related persons or entities.

3. *You Can Object to the Settlement.*

If you are a potential Class Member who does not opt out of the Class, you may object to the settlement, personally or through an attorney, by filing your written objection with the Court and mailing a copy of your objection to Class Counsel and Defense Counsel at the above addresses. All objections must be signed and should contain your address, telephone number and the name of the case (Higgins v. Starwood Hotels & Resorts

Worldwide, Inc.). All objections must be filed with the Court and postmarked on or before 30 calendar days after the date that the Notice of Proposed Settlement and Hearing on Court Approval was mailed. Your written objection should clearly explain why you object to the Stipulation and must state whether you (or someone on your behalf) intend to appear at the Fairness Hearing. If you timely submit a written objection, you may appear, personally or through an attorney, at your own expense, at the Fairness Hearing at 10:00 a.m. on October 15, 2007 in Courtroom 2 of the United States District Court for the Central District of California, Eastern Division located at 3470 Twelfth Street, Riverside, California 92501 to present your objection directly to the Court. If you object to the settlement and if the Court approves the settlement as set forth in Stipulation, you will be bound by the terms of the Stipulation in the same way as a Class Member who does not object.

4. *You Can Opt Out of the Class.*

If you do not want to remain a member of the Class, you can request exclusion from the Class (i.e., opt out). You can opt out of the Class by mailing and delivering (e-mail is not considered adequate) an original, signed "Request for Exclusion" to the Settlement Administrator at the above-stated address, such that it is **postmarked** no later than 30 calendar days after the date that this Notice of Proposed Settlement and Hearing on Court Approval was mailed. This Request for Exclusion must contain your name and address; be **signed** by you; and include the name of the case Higgins v. Starwood Hotels & Resorts Worldwide, Inc. If you opt out of the Class, you will no longer be a member of the Class, you will be barred from participating in this settlement, and you will receive no benefit from this settlement. By opting out of the Class, you will retain whatever rights or claims you may have, if any, against Defendants or related persons or entities, and you will be free to pursue them on an individual basis, if you choose to do so.

D. SUMMARY OF TERMS OF SETTLEMENT STIPULATION

The principal terms of the settlement reached between Plaintiffs and Defendants are summarized in this Notice. If you would like a complete copy of the Stipulation or if you have any questions about the Stipulation, please contact Class Counsel at the address, e-mail address or telephone number provided above.

1. Settlement Fund.

The Stipulation provides that (a) Defendants will stipulate to the certification of class for settlement purposes only, conditioned upon the Court granting final approval of the settlement; (b) Defendants will contribute \$450,000 into a Settlement Fund for Class Members who worked during the time period specified above; (c) Class Members who file valid and timely claim forms ("Qualified Claimants") will be paid out of the Settlement Fund on a claims-made basis; and (d) individual Plaintiff Hollister Higgins will receive an Incentive Award, which will be paid from the Settlement Fund, for her participation in and assistance with the lawsuit.

Administrative Costs. The administration costs of the settlement will be split evenly by Defendant Starwood and the Class by way of the Settlement Fund.

Attorneys' Fees and Costs. Subject to Court approval, the Defendants will not oppose Class Counsel's application for an award of up to \$112,500 in attorneys' fees and \$7,500 in costs, to be paid out of the Settlement Fund.

Plan of Distribution to Class Members. The second form of distribution shall consist of cash Settlement Payments to Authorized Claimants from the Settlement Fund after deduction for Incentive Awards, attorney's fees, and the costs of administration. Each Settlement Payment shall be calculated in accordance with the allocations and formula set forth below. Absent Court order, the following allocations of the Net Settlement Fund shall not be exceeded or diminished:

- A. \$50,000 to be prorated between Class Members of the Westin Mission Hills Spa Class employed at any time from August 5, 2001 to February 15, 2007 based upon each class member's number of pay periods of active employment with Defendant during the period of August 5, 2001 to February 15, 2007 from the Net Settlement Remainder as a percentage of the total number of pay periods worked by all Mission Hills Spa class members who file a timely claim.

- B. The remainder of the Net Settlement Fund shall be prorated between all non-exempt Class Members employed by Starwood Hotels at any time from August 5, 2001 to February 15, 2007 with a cap of \$200 for any claiming Class Member.

Attorney's fees and costs and the cost of the claims administration are to first be paid from the Gross Settlement Fund. The amounts set-out in (A) and (B), *above*, will be reduced proportionally if required after assessment and payment of attorney's fees and costs and the cost of the claims administration.

Should Class Counsel apply for a fee award of less than \$112,500, or costs of less than \$7,500, or should the Court award less than these amounts, the Parties agree that the difference will proportionally be added to the amounts specified in subsections (A) and (B) to be paid to the Class Members.

Class Member Tax Matters. Parties agree that it is currently unknown how the IRS will classify the penalty amounts to be paid under Labor Code § 226 for tax purposes. Counsel do not purport this communication to constitute legal advice. To the extent that this or any of its attachments, is interpreted to contain or constitute advice regarding any U.S. or Federal tax issue, such advice is not intended or written to be used, and cannot be used, by any person for the purpose of avoiding penalties under the Internal Revenue Code. All applicable taxes for all payments shall be paid from the Gross Settlement Fund. Defendant Starwood is not responsible for any tax consequences regarding the allocation of the settlement payments set forth below:

- a. With regard to settlement payments to Labor Code 226 Class Members who make timely and valid claims, 100% of each such payment shall be considered penalties and not subject to withholdings. Nothing in this Stipulation is intended to constitute legal advice.
- b. With regard to settlement payments to Mission Hills Spa Class Members who make timely and valid claims, 30% of each such payment shall be considered wages and subject to withholdings and 70% of each such payment shall be considered penalties and not subject to withholdings.
- c. All applicable taxes for all payments shall be paid from the Gross Settlement Fund as described above.

2. Release.

The Stipulation provides that upon the final approval by the Court of this Stipulation, and except as to such rights or claims as may be created by this Stipulation, the Settlement Class and each member of the Class Members, fully releases and discharges (a) each Mission Hills Spa Class Member who does not opt out of the settlement, shall fully release and forever discharge Defendant Starwood and its respective present and former officers, directors, employees, shareholders, agents, trustees, representatives, attorneys, insurers, subsidiaries, affiliates, successors, and assigns, and each of their respective present and former officers, directors, employees, shareholders, agents, trustees, representatives, attorneys, insurers, subsidiaries, affiliates, successors, assigns, joint venture partners and entities with an ownership interest in property owned or managed by Defendant Starwood (each and all of the foregoing are collectively referred to hereafter as the "Releasees") above from any and all claims, causes of action, damages, wages, benefits, expenses, penalties, debts, liabilities, demands, obligations, attorneys' fees, costs, and any other form of relief or remedy in law, equity, or whatever kind or nature, whether known or unknown, suspected or unsuspected, including those arising out of California Labor Code Section 226 including any claim for overtime wages, vacation wages, wages, minimum wages, Labor Code Section 203 penalties and other damages or penalties alleged in the Complaint arising out of or derivative of/from Labor Code Section 226 against the Releasees up to the expiration of the "Opt-Out Period" and (b) each Labor Code 226 Class Member shall fully release and forever discharge Defendant Starwood and the Releasees as that term is defined above from any applicable California Labor Code Section 226 penalties and/or claims arising out of or derivative of/from violations of California Labor Code Section 226 including attorneys' fees and costs up to the expiration of the "Opt-Out Period."

3. Conditions of the Settlement.

This settlement is conditioned upon the Court entering an Order at or following the Fairness Hearing approving the settlement and corresponding Stipulation as fair, reasonable, and adequate and in the best interests of the Class.

4. No Admission of Liability.

Neither Defendant nor any other Releasee or related entities named in the Complaint filed by Plaintiff admit any wrongdoing or liability; the proposed Stipulation reflects a compromise of disputed claims and does not mean that Defendant, Releasees or any of its related entities, violated any state wage requirements or is liable for any of the allegations made by Plaintiff.

E. FAIRNESS HEARING ON PROPOSED SETTLEMENT

You are not required to attend the Fairness Hearing or file an objection, although you may do both. The Fairness Hearing on the fairness and adequacy of the proposed settlement, the plan of distribution, and Class Counsel's request for attorneys' fees and costs will be held on October 15, 2007, at 10:00 a.m. The Fairness Hearing may be continued to another date without further notice. If you plan to attend the Fairness Hearing, you may contact Class Counsel to confirm the date and time.

You may object, personally or through an attorney, to the proposed settlement by following the procedures outlined above. Any Class member who does not object in the manner provided above shall be deemed to have approved the settlement and to have waived any objections, and shall be forever foreclosed from objecting to the fairness or adequacy of the proposed Stipulation, the plan of distribution, the payment of attorneys' fees and costs, the claims process, the additional payments to individual Plaintiff Higgins, or any other aspect of the Stipulation. If the Stipulation is not approved, the lawsuit will continue to be prepared for class certification, trial or other judicial resolution.

F. ADDITIONAL INFORMATION

This Notice only summarizes the lawsuit, the Stipulation and related matters. Any questions regarding this Notice or lawsuit may be sent to the Settlement Administrator at the above address and telephone number. Alternatively, you may contact your own attorney, at your own expense, to advise you, or you may contact Class Counsel at the address, e-mail address and telephone number set forth above. If your address changes, or is different from the address on the envelope enclosing this Notice, please promptly notify the Settlement Administrator.

PLEASE DO NOT CALL OR WRITE THE COURT ABOUT THIS NOTICE.