

Starwood Hotels & Resorts Victorious in an Arbitration Relating to the Ownership and Management of the Westin St. Francis Hotel and the Westin Michigan Avenue Hotel

WHITE PLAINS, N.Y. - May 11, 2006 -- Starwood Hotels & Resorts Worldwide, Inc. (NYSE:HOT) announced today a major victory in an arbitration relating to the ownership and management of two Westin hotels. A three-member arbitration panel issued a unanimous ruling on April 28, finding that Starwood and Westin Hotels Limited Partnership ("WHLP") had prevailed in a 17-month long arbitration proceeding and were not liable for any portion of the more than \$200 million Kalmia Investors, LLC ("Kalmia") alleged as damages to the WHLP partnership in which it is an investor.

Kalmia is the largest limited partner of WHLP, which owned both the Starwood-managed Westin St. Francis Hotel in San Francisco and the Westin Michigan Avenue Hotel in Chicago before those properties were sold in April 2000 and January 2005, respectively. Kalmia asserted numerous claims against WHLP, Starwood and Westin Realty Corporation ("Westin Realty"), the general partner of WHLP, and sought lost profits, disgorgement of management fees, punitive damages and the alleged lost value from the sale of the two hotels in question.

The panel denied Kalmia's claims, stating, "Kalmia failed to carry its burden of proving, separately or in combination, misconduct (by Starwood, WHLP, or Westin Realty) violative of any contractual, fiduciary or other legal duty owed to Kalmia by those parties," and that, "the total damages sought by Kalmia were inflated, unsupported, and lacking in credibility." The panel also characterized Kalmia's main theory of damages as "entirely speculative and highly improbable."

"This is an important victory for us," said Kenneth S. Siegel, Chief Administrative Officer and General Counsel of Starwood Hotels. "This ruling is a major validation of Starwood's business practices and proves that we honored our duties to all parties involved and acted in the utmost good faith. We look forward to continuing to successfully manage the Westin St. Francis Hotel and the Westin Michigan Avenue Hotel."

"The panel's decision vindicates Starwood's management of these two great hotels," said William A. Brewer III, partner at Bickel & Brewer and lead defense counsel for Starwood. "We are pleased that the panel agreed and denied Kalmia's claims in all respects."

Kalmia was represented by Cecelia L. Fanelli, Albert M. Appel, and David Bowles of Stroock & Stroock & Lavan LLP.