

SECTION II: ST. REGIS NAPA VALLEY USE PERMIT

Resort Operator and Program

St. Regis is one of the most acclaimed brands in the luxury leisure industry. It belongs to Starwood Hotels & Resorts Worldwide, Inc., a fully integrated owner, operator and franchisor of high-end hotels and resorts. Starwood owns or operates 850 properties employing some 145,000 people in more than 95 countries around the globe. It also owns Starwood Vacation Ownership, one of the premier developers and operators of high quality vacation interval resorts. Of these 850 properties, only 13 are a St. Regis.

St. Regis Hotels & Resorts traces its name and heritage to the internationally acclaimed St. Regis New York, the original Beaux Arts classic landmark built by Colonel John Jacob Astor IV in 1904. This legendary property is consistently ranked as one of the world's finest hotels. Astor's original mission in creating the St. Regis was to bring the feeling of Old World charm, service and hospitality to the New World. Today, nearly a century later, this objective has not changed.

The site of the original St. Regis, at Fifth Avenue and 55th Street, was a residential neighborhood when Astor broke ground for it in 1902. He wanted to create a hotel where gentlemen and their families could feel as comfortable as they would as guests in a private home; in fact, he frequently used The St. Regis as a place for his personal guests and visiting relatives to stay at his invitation. For their comfort, Astor introduced such "modern" conveniences as telephones in every room, a fire alarm system, central heating and an air-cooling system that efficiently predated modern air conditioning and allowed each guest to control the temperature of his room. Mail chutes were installed on each floor, a newsworthy innovation at that time. One of the hotel's other novel features was a special design "for the disposition of dust and refuse" - one of the first central vacuum systems. All maids had to do was plug their vacuum cleaner's hose into sockets situated throughout the hotel. Colonel Astor died on the Titanic in 1912, but his influence will always be felt at all St. Regis Hotels - an impressive roster that continues to grow with the addition of distinctive properties around the world.

The first hotel to join the New York flagship was St. Regis Hotel, Washington, D.C. (the former Carlton Hotel), followed closely by St. Regis Resort, Aspen (the former Ritz-Carlton) in early 1999. After an extensive yearlong \$35 million restoration, the Grand Hotel in Rome officially became St. Regis Grand Hotel, Rome in early 2000 making it the first St. Regis to open in Europe. In February 2000, St. Regis Hotel, Houston (formerly The Luxury Collection Hotel) was introduced, marking an important milestone in the brand's development. In March 2000, the Beijing International Club, formerly part of The Luxury Collection, converted to St. Regis Hotel, Beijing - becoming the first St. Regis hotel in Asia. Then in August 2001, St. Regis Resort, Monarch Beach - situated on 200 acres overlooking the Pacific Ocean

- opened. St. Regis Hotel, Shanghai opened its doors in September 2001 providing China's most international city with a hotel that combines the best of both Eastern and Western ambience. Considered one of London's most prestigious addresses, the world-renowned The Lanesborough, A St. Regis Hotel became a St. Regis in May 2002, strengthening the brand's overall presence in Europe.

Every St. Regis Hotel is a distinctive reflection of the locale. St. Regis has demonstrated leadership in the five-star luxury brand category, with 80% of the St. Regis hotels on the *Travel & Leisure* list of 500 World's Best Hotels. This is largely due to their commitment to creating luxury experiences that are personalized, unique and the highest expression of individualized elegance. The centralized marketing system developed by the Starwood Preferred Guest programs enhances the St. Regis brand growth. For example 45% of the St. Regis room revenues in North America were generated through this preferred guest program, assuring year round consistent levels of occupancy.

St. Regis Napa Valley will be no different. It will offer a guest the finest expression of luxury. The indelible memories that will be created at the St. Regis Napa Valley will further the name of the Napa Valley as a world class destination.

The Stanly Ranch setting will allow the St. Regis to build a Napa Valley Food and Wine program that will be known internationally. The St. Regis Aficionado Programs offer guests private access to premier collections and auctions. Napa Valley wineries will be featured as a part of the Food and Wine Program, local artists will become a part of the Art and Design Calendar, and the natural beauty of Napa County will become known through the adventure and unique outings developed for the St. Regis guest.

All guests will have the ability to take advantage of St. Regis guest transportation services to bring them to other areas in the Napa Valley and to connect the St. Regis guest to the many food, arts and cultural activities in the downtown area. St. Regis looks forward to the unique opportunity of transporting a guest to the downtown area by boat on the Napa River.

St. Regis Napa Valley will include a program offering deeded member-owned two to four bedroom units. The amenities that will be available to members of this program include all resort amenities (spa, pools, restaurants, room service) as well as the St. Regis staff housekeeping services. This program was developed specifically to combine the benefits of second home ownership and the amenities and services available from a first-class hotel facility. Owners benefit from conveniences, services and amenities that are usually not provided by free-standing, condominium developments. An ownership interest in the St. Regis Napa Valley is conveyed by a deed, which is recorded and is guaranteed by a title insurance company. Each member will own a deeded fee simple interest in one or more club interests.