

## FRANCHISE DISCLOSURE DOCUMENT

**CONRAD FRANCHISE LLC**  
A Delaware Limited Liability Company  
7930 Jones Branch Drive, Suite 1100  
McLean, Virginia 22102  
703-883-1000  
[www.hiltonworldwide.com](http://www.hiltonworldwide.com)



You will operate a Conrad hotel under a Franchise Agreement with us.

The total investment necessary for a typical 300-room Conrad hotel, excluding real property, is \$117,960,000 to \$435,577,500, including up to \$379,400 that must be paid to us or our affiliates.

This disclosure document summarizes certain provisions of your franchise agreement and other information in plain English. Read this disclosure document and all accompanying agreements carefully. You must receive this disclosure document at least 14 calendar days before you sign a binding agreement with, or make any payment to the franchisor or an affiliate in connection with the proposed franchise sale. Note, however, that no government agency has verified the information contained in this document.

The terms of your contract will govern your franchise relationship. Don't rely on the disclosure document alone to understand your contract. Read all of your contract carefully. Show your contract and this disclosure document to an advisor, like a lawyer or accountant.

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. More information on franchising, such as "A Consumer's Guide to Buying a Franchise," which can help you understand how to use this disclosure document is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, DC 20580. You can also visit the FTC's home page at [www.ftc.gov](http://www.ftc.gov) for additional information. Call your state agency or visit your public library for other sources of information on franchising.

There may also be laws on franchising in your state. Ask your state agencies about them.

**Issuance Date:** December 12, 2013

## STATE COVER PAGE

Your state may have a franchise law that requires a franchisor to register or file with a state franchise administrator before offering or selling in your state. REGISTRATION OF A FRANCHISE BY A STATE DOES NOT MEAN THAT THE STATE RECOMMENDS THE FRANCHISE OR HAS VERIFIED THE INFORMATION IN THIS DISCLOSURE DOCUMENT.

Call the state franchise administrator listed in Exhibit I for information about the franchisor, about other franchisors, or about franchising in your state.

MANY FRANCHISE AGREEMENTS DO NOT ALLOW YOU TO RENEW UNCONDITIONALLY AFTER THE INITIAL TERM EXPIRES. YOU MAY HAVE TO SIGN A NEW AGREEMENT WITH DIFFERENT TERMS AND CONDITIONS IN ORDER TO CONTINUE TO OPERATE YOUR BUSINESS. BEFORE YOU BUY, CONSIDER WHAT RIGHTS YOU HAVE TO RENEW YOUR FRANCHISE, IF ANY, AND WHAT TERMS YOU MIGHT HAVE TO ACCEPT IN ORDER TO RENEW.

Please consider the following RISK FACTORS before you buy this franchise.

1. THE FRANCHISE AGREEMENT REQUIRES YOU TO RESOLVE DISPUTES WITH US BY LITIGATION ONLY IN FAIRFAX COUNTY, VIRGINIA, UNLESS WE SUE YOU WHERE THE HOTEL IS LOCATED. IF THE COURT REJECTS THESE VENUE SELECTIONS, THEN SUIT MAY BE BROUGHT IN NEW YORK, NEW YORK. OUT OF STATE LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST MORE TO SUE US IN NEW YORK OR VIRGINIA THAN IN YOUR HOME STATE.
2. THE FRANCHISE AGREEMENT STATES THAT NEW YORK LAW GOVERNS THE AGREEMENT, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS.
3. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

Effective Date: See the next page for state effective dates.

### Effective Dates

The following states require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington and Wisconsin.

This Franchise Disclosure Document is registered, on file or exempt from registration in the following states having franchise registration and disclosure laws, with the following effective dates:

California	
Hawaii	
Illinois	
Indiana	
Maryland	
Michigan	
Minnesota	
New York	
North Dakota	
Rhode Island	
South Dakota	
Virginia	
Washington	
Wisconsin	

In all other states, the effective date of this Franchise Disclosure Document is the Issuance Date of December 12, 2013.

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### NOTICE OF TRADEMARK OWNERSHIP

The following trademarks used in this Disclosure Document are owned by our affiliates:

Hilton®	DoubleTree Suites by Hilton®	Hampton Inn by Hilton
Hilton Garden Inn®	Doubletree Club Hotel®	Hampton Inn and Suites by Hilton
Hilton Inn®	Embassy Suites by Hilton	Home2 Suites by Hilton®
Hilton Suites®	Embassy Suites Hotels®	OnQ® (formerly System 21®)
Hilton Supply Management®	Embassy Vacation Resort®	Homewood Suites by Hilton®
HHonors®	Hampton Inn®	Waldorf-Astoria®
DoubleTree®	Hampton Inn & Suites®	The Waldorf=Astoria Collection®
DoubleTree by Hilton®	Hampton®	Conrad®
	Hampton by Hilton	eforea®

## **TABLE OF EXHIBITS**

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## **ITEM 1**

### **THE FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES**

#### **About The Franchisor, Its Parents and Its Predecessor**

To simplify the language in this Disclosure Document, "we" or "us" means Conrad Franchise LLC, the "Franchisor." "You" means the person(s) who signs the franchise agreement – the "Franchisee". If you are a corporation, partnership, limited liability company or other entity, "you" also includes both the business entity and its owners. The "Brand" refers to the name or names under which we will license your hotel. Our agent for service of process in the states whose franchise laws require us to name an agent for service is shown on Exhibit I. Capitalized words not defined in this Disclosure Document have the meaning set forth in the Franchise Agreement.

We are a Delaware limited liability company formed in September 2007. We do business under the names "Conrad" and "Conrad Hotels and Resorts." Our principal business address is 7930 Jones Branch Drive, Suite 1100, McLean, VA 22102, and our telephone number is 703-883-1000. We also have a corporate office at 755 Crossover Lane, Memphis, TN 38117.

We became the franchisor of Conrad hotels for all locations in the 50 states of the United States of America, its Territories and Possessions and the District of Columbia ("US") on October 24, 2007.

As of December 12, 2013, our ultimate corporate parent is Hilton Worldwide Holdings, Inc., a Delaware corporation formed in March 2010 (NYSE: HLT) ("Hilton Worldwide"). Our direct corporate parent is Hilton Franchise Holding LLC, a Delaware limited liability company formed in September 2007 ("Parent"). Our indirect corporate parent is Hilton Worldwide, Inc., a Delaware corporation f/k/a Hilton Hotels Corporation ("HHC") that has conducted a guest lodging business since May 1946. HHC was acquired by BH Hotels LLC, a Delaware limited liability company ("BHH"), controlled by investment funds affiliated with The Blackstone Group L.P., a leading global alternative asset manager and provider of financial advisory services (NYSE: BX) ("Blackstone") in July 2007. HHC changed its name to Hilton Worldwide, Inc. ("HWI"), effective December 10, 2009.

Our predecessor is Hilton Inns, Inc. ("Hilton Inns"), a Delaware corporation incorporated in July 1962. Hilton Inns offered licenses for Conrad hotels from September 2007 to October 24, 2007.

#### **Our Affiliates and Their Predecessors**

Doubletree Franchise LLC, a Delaware limited liability company formed in September 2007, has been the franchisor of DoubleTree, DoubleTree by Hilton and DoubleTree Suites brand hotels in the US since October 24, 2007. Its predecessor, Doubletree Hotel Systems, Inc. offered Doubletree hotel franchises between February 1989 and October 2007. DoubleTree brand hotels are high quality full-service, all-suites and limited-service hotels. Doubletree Hotel Systems, Inc. formerly offered hotel licenses under the name "Doubletree Club Hotel" between 1995 and February 2005. Between January 2007 and October 2007, Doubletree Hotel Systems, Inc. offered licenses for hotels in Canada, Mexico, Central America, South America, and the Caribbean (collectively, "the Americas excluding the United States") under the name Doubletree Hotel by Hilton.

Embassy Suites Franchise LLC, a Delaware limited liability company formed in September 2007, has been the franchisor of Embassy Suites hotels in the US since October 24, 2007. The Embassy Suites Hotels are high quality, all-suite hotels. Embassy Suites Hotel franchises have been offered since 1984, first by predecessors of Promus Hotels, Inc. ("Promus"), then by Promus. Promus (or its affiliates) also owned and operated Embassy Suites hotels. These hotels are now owned and operated by our affiliates.

Hampton Inns Franchise LLC, a Delaware limited liability company formed in September 2007, has been the franchisor of the Hampton Brand since October 24, 2007. Hampton Inn hotels are limited facility hotels. Hampton Inn hotels have been franchised since 1983, first by predecessors of Promus and then by Promus. Hampton Inn & Suites hotels were first franchised by a predecessor of Promus in 1993. Promus (or its affiliates) also owned and operated hotels under these Brands. These hotels are now owned and operated by our affiliates.

Hilton Franchise LLC, a Delaware limited liability company formed in September 2007, has been the franchisor for Hilton hotels in the US since October 24, 2007. Hilton hotels are first-class, full service upscale hotels. Its predecessor is Hilton Inns. Hilton Inns offered franchises for Hilton hotels between July, 1962 and October 24, 2007, and also offered hotel licenses under the name "Hilton Suites" from April 1991 to February 2005. There are currently nine franchised hotels still operating under the name "Hilton Suites".

Hilton Garden Inns Franchise LLC, a Delaware limited liability company formed in September 2007, has been the franchisor for Hilton Garden Inn hotels in the US since October 24, 2007. Its predecessor is Hilton Inns. The Hilton Garden Inn hotel is a first-class, mid-priced hotel featuring a unique pavilion structure providing a "living room" type lobby. The Hilton Garden Inn offers focused service, food and beverage service and meeting rooms based on the Hilton Garden Inn target customers' needs.

HLT ESP Franchise LLC, a Delaware limited liability company formed in November 2008, has been the franchisor for the Home2 Suites by Hilton hotel brand in the US since January 2009. The Home2 Suites by Hilton hotels are innovative hotels featuring amenities targeted to the extended-stay traveler.

Homewood Suites Franchise LLC, a Delaware limited liability company formed in September 2007. Homewood Suites by Hilton hotels have been franchised and marketed primarily to the extended stay traveler since 1988, first by Promus's predecessors, then by Promus. Homewood Suites Franchise LLC has franchised Homewood Suites by Hilton hotels since October 24, 2007.

Waldorf Astoria Franchise LLC, a Delaware limited liability company formed in September 2007, has been the franchisor for The Waldorf Astoria Collection hotels in the US since October 24, 2007 and for the Waldorf Astoria hotels in the US since November 16, 2007. Its predecessor, Hilton Inns, offered franchises for The Waldorf Astoria Collection hotels between January 2007 and October 24, 2007. The Waldorf Astoria Collection and the Waldorf Astoria hotels extend the cachet of New York's legendary Waldorf Astoria hotel. The Waldorf Astoria Collection hotels are luxury hotels whose primary identification is the subject hotel's historical (or other) name and which bear the secondary identifier "Waldorf Astoria Collection Hotel". The Waldorf Astoria hotels are luxury hotels located predominantly in global gateway cities and offer the finest levels of luxury products and services. These hotels will have some iconic references to the first Waldorf Astoria in New York City and are referred to as "The Waldorf Astoria (geographical location)".

Conrad Management LLC is a Delaware limited liability company formed in September 2007. In certain situations, you may choose to have it manage your hotel under a management agreement to be signed at the same time as, or after, you sign your Franchise Agreement.

Hilton Inns began offering franchises in November 2005 for Finn & Porter restaurants to be operated at Hilton hotels. We and our affiliates may offer Finn & Porter franchises in the future.

Hilton International Franchise LLC, a Delaware limited liability company formed in October 2007, is the international franchisor for the Hilton hotel brand and has offered franchises for hotels outside of

the US under the name Hilton since October 24, 2007. On February 23, 2006, HHC (now HWI) acquired most of the lodging and certain other assets of Hilton Group plc and related companies (collectively, "Hilton International"). The assets included substantially all of Hilton International's company-owned and company-leased hotels, hotel franchise agreements and hotel management agreements, as well as certain assets including the "Hilton" name and mark outside of the United States and rights to the "Coral by Hilton" trade names and marks. HHC (now HWI), through one or more of its subsidiaries, previously owned the Hilton trade name and mark in the United States and held an exclusive license from Hilton International to franchise and use the Hilton trade name and mark in Canada and Mexico. HWI, through one or more of its subsidiaries, is now the exclusive owner of the "Hilton." Hilton International began operating Hilton hotels outside the United States in 1964, and it began offering franchises for the operation of Hilton hotels outside of the United States in 1968. Between 2004 and October 2007, Hilton International offered franchises under the "Trident Hilton" trade name and mark in conjunction with Oberoi Hotels PVT Ltd. (which owns and licenses the "Trident" name and mark). From 2003 to 2006, Hilton International offered franchises under the "Coral by Hilton" trade name and mark. Since 2009, depending on the tax structure of the country in question, Hilton International Franchisor Corporation, a Delaware corporation formed in November 2008, may be the franchisor of Hilton hotels outside of the US.

Doubletree International Franchise LLC, a Delaware limited liability company formed in October 2007, is the international franchisor for the DoubleTree hotel brand and has offered franchises for hotels outside of the US under the names DoubleTree by Hilton and DoubleTree Suites by Hilton since October 24, 2007. Between 2006 and October 24, 2007, Hilton International offered licenses for hotels outside of the United States and the Americas under the name DoubleTree by Hilton. Since 2009, depending on the tax structure of the country in question, Hilton International Franchisor Corporation, a Delaware corporation formed in November 2008, may be the franchisor of DoubleTree by Hilton hotels outside of the US.

Embassy Suites International Franchise LLC, a Delaware limited liability company formed in October 2007, is the international franchisor for the Embassy Suites hotel brand and has offered franchises for hotels outside of the US under the name Embassy Suites by Hilton since October 24, 2007. Between 2006 and October 24, 2007, Hilton International offered licenses for hotels outside of the United States and the Americas under the name Embassy Suites by Hilton. Since 2009, depending on the tax structure of the country in question, Hilton International Franchisor Corporation, a Delaware corporation formed in November 2008, may be the franchisor of Embassy Suites by Hilton hotels outside of the US.

Hampton Inns International Franchise LLC, a Delaware limited liability company formed in October 2007, is the international franchisor for the Hampton hotel brand and has offered licenses for hotels outside of the US under the name Hampton Inn by Hilton and Hampton Inn & Suites by Hilton since October 24, 2007. Between 2006 and October 24, 2007, Hilton International offered licenses for hotels outside of the United States and the Americas under the name Hampton by Hilton. Since 2009, depending on the tax structure of the country in question, Hilton International Franchisor Corporation, a Delaware corporation formed in November 2008, may be the franchisor of Hampton Inn hotels outside of the US.

Hilton Garden Inns International Franchise LLC, a Delaware limited liability company formed in October 2007, is the international franchisor for the Hilton Garden Inn hotel brand and has offered franchises for hotels outside of the US under the name Hilton Garden Inn since October 24, 2007. Between 2006 and October 24, 2007, Hilton International offered licenses for hotels outside of the US and the Americas under the name Hilton Garden Inn. Since 2009, depending on the tax structure of the country in question, Hilton International Franchisor Corporation, a Delaware corporation formed in November 2008, may be the franchisor of Hilton Garden Inn hotels outside of the US.



HLT International Waldorf=Astoria Franchise LLC, a Delaware limited liability company formed in October 2007, is the international franchisor for The Waldorf Astoria Collection hotel brand and the Waldorf Astoria hotel brand, and has offered franchises for hotels outside of the United State under the names The Waldorf Astoria Collection and Waldorf Astoria since October 24, 2007. Since 2009, depending on the tax structure of the country in question, Hilton International Franchisor Corporation, a Delaware corporation formed in November 2008, may be the franchisor of The Waldorf Astoria Collection or Waldorf Astoria hotels outside of the US.

HLT International Conrad Franchise LLC, a Delaware limited liability company formed in October 2007, is the international franchisor for the Conrad hotel brand and has offered franchises for hotels outside of the US under the name Conrad since October 24, 2007. Since 2009, depending on the tax structure of the country in question, Hilton International Franchisor Corporation, a Delaware corporation formed in November 2008, may be the franchisor of Conrad hotels outside of the US. HPP International Corporation (f/k/a Conrad International Corporation) and its related entities offered licenses for the use of the "Conrad" and "Conrad International" names for hotel operations from 1985 until October 24, 2007.

Homewood Suites International Franchise LLC, a Delaware limited liability company formed in October 2007, is the international franchisor for the Homewood Suites by Hilton hotel brand and has offered licenses for hotels outside the US under the name Homewood Suites by Hilton since October 24, 2007. Between 2006 and October 24, 2007, Hilton International offered licenses for hotels outside of the United States and the Americas under the name Homewood Suites by Hilton.

HLT ESP International Franchise LLC, a Delaware limited liability company formed in November 2008, or HLT ESP International Franchisor Corporation, a Delaware corporation formed in November 2008, are the international franchisors for the Home2 Suites by Hilton brand, depending on the tax structure of the country in question, and have offered licenses for hotels outside the US under the name Home2 Suites by Hilton since 2009.

HLT Conrad International Manage LLC, a Delaware limited liability company formed in September 2007, manages Conrad hotels outside the US.

In this Disclosure Document, we may collectively refer to Conrad Franchise LLC, Doubletree Franchise LLC, Embassy Suites Franchise LLC, HLT ESP Franchise LLC, Hampton Inns Franchise LLC, Hilton Franchise LLC, Hilton Garden Inns Franchise LLC, Homewood Suites Franchise LLC, Waldorf Astoria Franchise LLC, Hilton International Franchise LLC, Hilton Garden Inns International Franchise LLC, HLT International Waldorf=Astoria Franchise LLC, HLT International Conrad Franchise LLC, Doubletree International Franchise LLC, Embassy Suites International Franchise LLC, Hampton Inns International Franchise LLC, Homewood Suites International Franchise LLC, HLT ESP International Franchise LLC, HLT ESP International Franchisor Corporation, and Hilton International Franchisor Corporation as the "franchising entities."

The following wholly owned subsidiaries of HWI provide products or services to our franchisees:

1. Hilton Reservations Worldwide, L.L.C. d/b/a Hilton Reservations & Customer Care and successor-in-interest to Hilton Service Corporation ("Reservations Worldwide") will provide you with its national and international reservation services and systems ("Reservation Service") (see Items 6 and 8). Reservations Worldwide provides the Reservation Service to all System Hotels, U.S. Hilton hotels, Conrad International hotels, and Hilton International hotels (except where prohibited by law). The principal business address of Reservations Worldwide is 2050 Chennault Drive, Carrollton, Texas 75006.

2. Hilton Supply Management LLC ("HSM") distributes hotel furniture, furnishings, fixtures, equipment and supplies, and certain food and beverage supplies. You may purchase these items from HSM but you are not obligated to do so unless you are operating an eforea spa. In this case, you must purchase certain products and other items from HSM for sale in your spa.
3. Hilton HHonors Worldwide, LLC ("Hilton HHonors Worldwide") owns, operates and administers the Hilton HHonors® guest reward program. You must participate in the programs of Hilton HHonors Worldwide.
4. Hilton Systems Solutions, LLC ("HSS") provides computer hardware, software and support services for all HWI's brands and signs the HITS Agreement.

The principal business address for each of our parents or affiliates is 7930 Jones Branch Drive, Suite 1100, McLean, Virginia 22102 unless otherwise noted.

### **Our Licenses**

Our related entities have offered licenses for the use of the "Conrad" and "Conrad International" names for hotel operations outside the United States since 1982. Conrad is the global, contemporary, luxury brand within the Hilton Family. Each Conrad hotel is unique in character but united by world-class luxury service standards, pioneering culinary concepts and the latest technology.

We license the Conrad System ("System") which consists of the elements, including know-how, that we periodically designate to identify hotels operating worldwide under the Brand, and currently includes the Marks (see Item 13); access to a reservation service; advertising, publicity and other marketing programs and materials; training programs and materials; standards, specifications and policies for construction, furnishing, operation, appearance and service of the hotel, and other elements we refer to in the Franchise Agreement, in the Manual or in other communications to you, and programs for our inspecting the hotel and consulting with you. We may add elements to the System or modify, alter or delete elements of the System.

We franchise the non-exclusive right to use the System in the operation of your hotel, under the Brand, at a specified location. You must follow the high standards we have established as the essence of the System and you may be required to make future investments.

The Franchise Agreement you sign will provide for new development, change of ownership or other re-licensing or conversion, depending on your situation. These situations are referred to in this Disclosure Document as "New Development," "Change of Ownership," "Re-licensing" and "Conversion", respectively.

During the term of the franchise, we may offer to amend your Franchise Agreement as part of the offer of a new program or for some other reason. If you agree to the proposed changes, you must sign our then-current form of amendment that will contain our standard estoppel and general release. Our standard estoppel and general release provisions are included in the Voluntary Termination Agreement attached as Exhibit L to this Disclosure Document.

Except for the franchises described in this Disclosure Document, we, our affiliates and predecessors have not offered licenses or franchises for this or any other type of business.

## **The Market and Competition**

The market for your services will depend on your property's location, size and its type of operation (that is, resort, conference center, hotel for frequent business travelers, etc.). Franchisees seek customers and business referrals from the local community and typically solicit business from associations, corporations and tour and travel groups, on a regional and national level.

In general, you will compete with national and international hotel and motel chains and independently operated local hotels and restaurants offering similar types of hotel rooms and food and beverage services to the same clientele. Your convention and meeting facilities will also compete with national, international and independent hotels and convention centers in other regions.

We and our affiliates engage in a wide range of business activities in lodging and related services, both directly and through the activities of our and their parents and affiliates. Some of these activities may be competitive with your hotel and the System. We and/or our affiliates and/or Blackstone and/or its affiliates may own, operate, franchise, license, acquire or establish, or serve as franchisee or licensee for, competitive guest lodging facilities or networks anywhere, including within your Restricted Area (if any), under any names or marks (but not, within your Restricted Area, if any, under the name or mark "Conrad"). We and/or our affiliates and/or Blackstone's affiliates and/or funds may also furnish services, products, advice and support to guest lodging facilities, networks, properties or concepts located anywhere, including within your Restricted Area (if any), in any manner we, Blackstone or our respective affiliates determine. We and/or any of our affiliates may be sold to or otherwise acquired by an existing competitor or newly formed entity which itself has established or may establish competitive guest lodging facilities located anywhere (provided that your Restricted Area protections, if any, will be observed). We and/or our affiliates may render services to hotels owned, managed, operated, franchised and/or licensed by Blackstone and/or its affiliates or funds. Further, we and/or our affiliates and/or Blackstone and/or its affiliates may purchase, merge, acquire, or affiliate in any other way with any franchised or non-franchised network or chain of guest lodging facilities or any other business operating guest lodging facilities regardless of the location of that network, chain or other business's facilities, including within your Restricted Area (if any), and that following such activity we may operate, franchise or license those other facilities under any names or marks anywhere regardless of the location of those businesses and/or facilities. There is no mechanism for resolving any conflicts that may arise between your hotel and other hotels described in this paragraph.

## **Laws, Rules and Regulations**

Your hotel business must conform to innkeeper liability laws, laws and regulations regarding food handling and preparation, truth in menu and labeling laws, alcoholic beverage control laws and dramshop acts, license, certificate and permit requirements for hotel and restaurant operation and occupancy, laws regulating the posting of hotel room rates, hotel room occupancy tax laws, and laws applicable to public accommodations and services such as the Americans with Disabilities Act. In addition, the laws, rules and regulations which apply to businesses in general will affect you. Consult your lawyer about them. Discuss with your architect the Americans with Disabilities Act ("ADA") and its architectural guidelines, and state and local accessible facilities requirements.

## **ITEM 2 BUSINESS EXPERIENCE**

### **Chief Executive Officer and President: Christopher J. Nassetta**

Mr. Nassetta has served as our Chief Executive Officer and President since October 2013, and has also held these positions with the other franchising entities since October 2013. He has also served

as Chief Executive Officer, President and Director of Hilton Worldwide since September 2013, and has held the same positions with HWI since December 2007. Mr. Nassetta was President and Chief Executive Officer of Host Hotels & Resorts, Inc., in Bethesda, Maryland, from 2000 to November 2007.

**Chief Financial Officer and Executive Vice President: Kevin J. Jacobs**

Mr. Jacobs has served as our Chief Financial Officer and Executive Vice President since October 2013, and also holds those positions with the other franchising entities. He has also served as Chief Financial Officer and Executive Vice President of Hilton Worldwide since September 2013, and a Director of HWI since October 2013. Mr. Jacobs served as our Director, Senior Vice President, and Treasurer from March 1, 2010 to November 2012, as HWI's Senior Vice President, Corporate Strategy and Treasurer from May 2009 to November 2012, and as HWI's Senior Vice President, Corporate Strategy from June 2008 through May 2009.

**General Counsel and Executive Vice President: Kristin A. Campbell**

Ms. Campbell has served as our General Counsel and Executive Vice President since October 2013 and also holds those positions with the other franchising entities. She has also served as General Counsel, Executive Vice President and Secretary of Hilton Worldwide since October 2013, as a Director of HWI since October 2013, and as Executive Vice President, General Counsel and Secretary of HWI since June 2011. Ms. Campbell served as Senior Vice President, General Counsel and Secretary of Staples, Inc. in Framingham, Massachusetts from 2007 to June 2011.

**Executive Vice President – Global Brands: James E. Holthouser**

Mr. Holthouser has served as our Executive Vice President – Global Brands since November 2012, and also holds this position with the other franchising entities and with HWI. He has served Executive Vice President – Global Brands for Hilton Worldwide since September 2013, and has served as Global Head – Full Service Category for HWI since February 2009. Mr. Holthouser served as Global Head – Embassy Suites for HWI from March 2006 to August 2012, and served as Senior Vice President – Brand Management, Homewood Suites for HWI from December 1999 to March 2006.

**Senior Vice President and Treasurer: Sean Dell'Orto**

Mr. Dell'Orto has served as our Senior Vice President and Treasurer since September 2012, and also holds those positions with the other franchising entities. He has also held these positions with Hilton Worldwide since September 2013 and has served as a Director of HWI since October 2013. Mr. Dell'Orto served as HWI's Vice President, Corporate Finance from February 2010 to September 2012. He served as Senior Vice President and Chief Financial Officer of Barceló Crestline Corporation, in Fairfax, Virginia, from October 2009 to February 2010 and was Barceló's Vice President and Treasurer from October 2007 to October 2009.

**Senior Vice President: William Fortier**

Mr. Fortier has served as our Senior Vice President since October 2007 and also holds this position with the other franchising entities. He has also served as HWI's Senior Vice President – Development – Americas since October 2007. Mr. Fortier served as HWI's Senior Vice President – Franchise Development from May 2000 to October 2007.

**Senior Vice President: John Vanderslice**

Mr. Vanderslice has served as our Senior Vice President since March 1, 2010. He also holds this position with our affiliates Waldorf Astoria Franchise LLC, HLT International Conrad Franchise LLC, and HLT International Waldorf Astoria Franchise LLC. He has served as Global Head – Luxury and Lifestyle Brands for HWI since September 2009. He was the Chief Executive Officer of Miraval Resort and Spa in Tucson, Arizona from 2007 to September 2009.

**Senior Vice President – Luxury, Corporate Development: Matthew Sparks**

Mr. Sparks has served as HWI's Senior Vice President – Luxury, Corporate Development since April 2013. He served as HWI's Vice President – Luxury and Lifestyle, Corporate Development from August 2011 to March 2013. Mr. Sparks served as Senior Vice President with Sage Hospitality in Denver, Colorado from September 2010 to July 2011. He served as Senior Vice President with Wyndham Worldwide in Boulder, Colorado from August 2009 to August 2010. Mr. Sparks served as Senior Vice President – Global Development of Fairmont Raffles Hotels International in Boulder, Colorado from January 2005 to May 2009.

**Vice President: Dawn Beghi**

Ms. Beghi has served as our Vice President since October 2007 and also holds this position with the other franchising entities. She has also served as HWI's Vice President – Development Contract Administration – America's Region, based in Los Angeles, California, since August 2009. Ms. Beghi served as HWI's Vice President – Franchise Administration from February 2001 to August 2009.

**Vice President and Assistant Secretary: Karen Boring Satterlee**

Ms. Satterlee has served as our Vice President and Assistant Secretary since March 2010, and also holds those positions with the other franchising entities. She has also served as HWI's Vice President and Senior Counsel – Global Franchise and Development since August 2009. Ms. Satterlee was Corporate Counsel and Director of Franchise Licensing of Starbucks Coffee Company in Seattle, Washington from January 2004 to August 2009.

**President – Global Development: Ian R. Carter**

Mr. Carter has served as President – Global Development of Hilton Worldwide and HWI since September 2013. He served as President – Global Operations of HWI from March 2008 to September 2013. Mr. Carter served as Director, Executive Vice President and Chief Executive Officer of Hilton International, in Watford, United Kingdom, from January 2005 to March 2008.

**President – Global Sales and Hilton Grand Vacations: Mark D. Wang**

Mr. Wang has served as President – Global Sales and Hilton Grand Vacations for Hilton Worldwide since September 2013. He has also served as HWI's President - Hilton Grand Vacations since March 2008. Mr. Wang served as Executive Vice President – Hilton Grand Vacations – Asia-Pacific/Hawaii Region from January 2007 to March 2008, and as Senior Vice President – Hilton Grand Vacations – Hawaii Region from November 2003 to January 2007.

**Executive Vice President – Commercial Services: Jeffrey A. Diskin**

Mr. Diskin has served as Executive Vice President – Commercial Services of Hilton Worldwide since September 2012 and has served in the same position for HWI since November 2012. He served as Senior Vice President of Global Customer Marketing for HWI from March 2009 to November 2012 and held various marketing positions with HWI from 1988 to February 2009.

**Senior Vice President – Development – North America: Craig A. Mance**

Mr. Mance has served as HWI's Senior Vice President – Development – North America since October 2010. He was Senior Vice President – Franchise Development – North America from July 2008 to October 2010. Mr. Mance served as HWI's Vice President Development – Northeast Region from 1999 to July 2008.

**Vice President – Managed Development – North America: Gregory Rockett**

Mr. Rockett has served as HWI's Vice President – Managed Development since December 2008. He served as HWI's Vice President of Development – Southeast US and Caribbean from July to December 2008 and previously served as HWI's Vice President Development Latin America.

**Vice President and Managing Director – Development – Southeast Region: Stephen H. Crabill**

Mr. Crabill has served as HWI's Vice President and Managing Director – Development – Southeast Region since October 2010. He served as Vice President and Managing Director – Franchise Development – Southeast Region from September 2008 to October 2010. Mr. Crabill served as HWI's Vice President – Franchise Development – Southeast Region from August 1996 to August 2008.

**Vice President and Managing Director – Development – Southwest Region: Ted Ent**

Mr. Ent has served as HWI's Vice President and Managing Director – Development – Southwest Region since October 2010. He served as HWI's Vice President – Franchise Development in the Central Region from March 2007 to October 2010. Mr. Ent served in various capacities with HWI, including Director –Condo Hotel Services, Vice President Condo Hotel Services, and Vice President Mixed Use Developments, from June 2004 to March 2007.

**Vice President and Managing Director – Development – Northeast Region/Canada: Thomas Lorenzo**

Mr. Lorenzo has served as HWI's Vice President and Managing Director – Development – Northeast Region/Canada since October 2010. He served as Vice President and Managing Director Franchise Development – Northeast Region/Canada from September 2008 to October 2010. Mr. Lorenzo served as Vice President Franchise Development Northeast Region/Canada from July through August 2008. He served as HWI's Senior Director Franchise Development in the Northeast Region before July 2008.

**Vice President and Managing Director – Development – Northwest Region: Matthew G. Wehling**

Mr. Wehling has served as HWI's Vice President and Managing Director – Development – Northwest Region since October 2010. From September 2008 to October 2010, he served as HWI's Vice President Franchise Development in the Central Region. From 1999 to September 2008, he served in various capacities for HWI, including Director – Franchise Development and Senior Director – Franchise Development in the Central Region.

**Chief Development Representative – Central America and Caribbean: Simon Suarez**

Mr. Suarez has served as HWI's Chief Development Representative – Central America and Caribbean since May 2007. He served as Executive Vice President of Coral Hotels & Resorts, S.A., in Santo Domingo, Dominican Republic, from March 1999 to March 2007.

**Director – Management Contract Services: Lisa Zemke**

Ms. Zemke has served as a Director-Management Contract Services for HWI since April 2010. She served as a Director-Product Improvements for HWI from December 2007 to April 2010. Ms. Zemke joined HWI in May 2005 as Director-Product Development and Global Brand Standards.

**Director – Owner Relations and Management Contract Services: Kara Randall**

Ms. Randall has served as a Director-Owner Relations and Management Contract Services for HWI since February 2006.

**Director and President and Senior Managing Director: Michael S. Chae**

Michael S. Chae has served as a Director of Hilton Worldwide since March 2010 and as President and Senior Managing Director of Hilton Worldwide since August 2013. He also serves as a Senior Managing Director in the Corporate Private Equity Group for the Blackstone Group in Hong Kong, China, with which he has been associated since 1997. He served as a Director of HWI from October 2007 to October 2013.

**Director, Chairman: Jonathan D. Gray**

Jonathan D. Gray has served as Chairman of the Board of Directors of Hilton Worldwide since March 2010. He is currently a Senior Managing Director and Global Head of the Real Estate Group for The Blackstone Group in New York, New York, with which he has been associated since 1992. Mr. Gray served as a Director of HWI from October 2007 to October 2013.

**Director, Vice President and Treasurer: William J. Stein**

William Stein has served as a Director, Vice President and Treasurer of Hilton Worldwide since March 2010. He also serves as a Senior Managing Director in the Real Estate Group for The Blackstone Group in New York City, New York, with which he has been associated since 1997. Mr. Stein served as a Director of HWI from October 2007 to October 2013.

**Vice President: Kenneth A. Caplan**

Mr. Caplan has served as Vice President for Hilton Worldwide since March 2010. He serves as a Senior Managing Director and Head of Real Estate Europe in the Real Estate Group for the Blackstone Group in London, England with which he has been associated since 1997. Mr. Caplan served as Director of HWI from October 2007 to October 2013.

**Director: John Schreiber**

Mr. Schreiber has served as a Director of Hilton Worldwide since September 2013. He has been President of Centaur Capital Partners, Inc. since 1991, and he was a Co-Founder and has been a Partner of Blackstone Real Estate Advisors since October 1992. Mr. Schreiber served as a Director of HWI from December 2007 to October 2013. He is based in Chicago, Illinois.

**Director: Douglas M. Steenland**

Mr. Steenland has served as a Director of Hilton Worldwide since September 2013. He has been a Consultant in Washington, DC and Senior Advisor to Blackstone's Private Equity Group since 2009. Mr. Steenland served as Chief Executive Officer of Northwest Airlines in Eagan, Minnesota from 2004 to 2008. He served as a Director of HWI from November 2009 to October 2013.

**Director: Tyler Henritze**

Mr. Henritze has served as a Director of Hilton Worldwide since September 2013 and has served as Senior Managing Director of Blackstone since January 2013. Mr. Henritze was a Managing Director at Blackstone from January 2011 through December 2012, and a principal at Blackstone from January 2009 through December 2010. He has been associated with Blackstone in New York, New York since 2004.

**Director: Judith A. McHale**

Ms. McHale has served as a Director of Hilton Worldwide since October 2013 and also serves as a Director of Ralph Lauren Corporation and as a Director of SeaWorld Entertainment. She has served as President and Chief Executive Officer of Cane Investments LLC in New York, New York since August 2011. Ms. McHale served as Undersecretary of State for Public Diplomacy for the U.S. Department of State in Washington, DC from May 2009 to July 2011. She served as Managing Partner in the formation of GEF/Africa Growth Fund from 2006 to March 2009.

**Director: Elizabeth A. Smith**

Ms. Smith has served as a Director of Hilton Worldwide since December 2013. She has also served as Chairman of the Board of Directors of Bloomin' Brands, Inc. in Tampa, Florida since January 2012, and has served as its Chief Executive Officer and a Director since November 2009. Ms. Smith has also served as a Director of Staples, Inc. in Framingham, Massachusetts since September 2008. She served as President of Avon Products, Inc. in New York, New York from September 2007 to October 2009.

### ITEM 3 LITIGATION

We have not been involved in any litigation. Other than the actions described below, there is no litigation that must be disclosed in this Item.

#### A. PENDING ACTIONS – INVOLVING HWI (F/K/A HHC)

*Kathleen Soule v. Hilton Worldwide, Inc. and Doe Defendants 1-50* (Circuit Court, First Circuit, State of Hawaii, Civil No. 13-1-2790-10-KKS (Class Action)

On October 17, 2013, Kathleen Soule, individually and on behalf of all persons similarly situated (“Plaintiff”), filed a civil class action complaint against HWI, alleging that failure to disclose at the time a reservation was made that a resort fee was mandatory was a violation of Hawaii’s Uniform Deceptive Trade Practices Act. Plaintiff seeks restitution, disgorgement of gains, actual, punitive and exemplary damages, statutory treble damages, pre-judgment interest, costs and disbursements, including attorneys’ fees and other relief in an unspecified amount. HWI denies all of the allegations.

*In re: Online Travel Company (OTC) Hotel Booking Antitrust Litigation* (United States District Court, Northern District of Texas, Dallas Division, Case No. 3:12-MD-2405-B, Consol. Civil Action No. 3:12-cv-3515-B).

On February 26, 2013, 31 complaints originally filed in multiple federal courts from August 2012 to February 2013, brought against various online travel companies (“Online Retailers”) and hotels, including HWI (“Hotels”), were consolidated for pretrial purposes, and all cases except *James Smith et al. v. Orbitz Worldwide, Inc. et al.* (United States District Court, Northern District of Texas, Dallas Division, Case No. CV-03515-B) were administratively dismissed. Plaintiffs, on behalf of all persons and entities who paid for a room at one of the Hotels reserved through one of the Online Retailers, generally allege that they purchased hotel room reservations online directly from one of the Online Retailers, and that the Online Retailers conspired with the Hotels to enter into, maintain and/or enforce minimum resale price maintenance agreements in restraint of trade in violation of the Sherman Antitrust Act, 15 U.S.C. § 1 and state antitrust and consumer protection laws. Plaintiffs are seeking damages, other penalties allowed by law, permanent injunctive relief, prejudgment interest, costs of suit, reasonable attorneys’ fees and other relief. On March 1, 2013, the Court appointed lead counsel for Plaintiffs and ordered a stay on discovery pending resolution of initial motions. HWI denies all of the allegations. On March 1, 2013, the Court appointed lead counsel for Plaintiffs and ordered a stay on discovery pending resolution of initial motions. Defendants filed a Motion to Dismiss on July 1, 2013. Plaintiffs filed an Opposition to Defendants Motion to Dismiss. The Motion to Dismiss is set for hearing on December 17, 2013.

*U.S. v. Hilton Worldwide, Inc.* (United States District Court, District of Columbia, Case No. 1:10-cv-01924-RWR).

Hilton Worldwide, Inc. (“HWI”) and the United States Department of Justice (“United States”) have agreed to a form of Consent Decree (“Consent Decree”) addressing alleged violations of Title III of the ADA. The United States alleged that: 1) HWI failed to design and construct its owned facilities constructed for first occupancy after January 26, 1993 (“Post-1993 Hotels”) in compliance with the ADA; 2) certain Managed and Franchised Post-1993 Hotels operated under HWI’s Brands do not comply with the ADA; 3) HWI failed to provide individuals with disabilities the same opportunity to reserve accessible guestrooms using its on-line and telephonic reservations systems that is available



for reserving other Brand hotel rooms; and 4) such actions or practices constitute a pattern or practice of violating Title III of the ADA.

HWI denies that it has violated the ADA at its owned hotels or that it is in any way responsible for any purported non-compliance with the ADA in connection with hotels that it does not own or manage. HWI neither owns nor operates, within the meaning of Title III of the ADA, 42 U.S.C. § 12182(a), the vast majority of Brand Hotels. HWI specifically denies that it operates, within the meaning of Title III of the ADA, 42 U.S.C. § 12182(a), any Franchised Hotels for purposes of liability under 42 U.S.C. § 12182. HWI further states that its Reservations System provides individuals with disabilities ample opportunity to identify and reserve accessible rooms that are available at hotels within the Reservations System. HWI also denies that it failed to design and construct its hotels in accordance with the requirements of Title III of the ADA.

The United States and HWI agreed to resolve these issues through the entry of a Consent Decree, which was entered by the Court on November 30, 2010, with an Effective Date of March 30, 2011. The term of the Consent Decree is four years from the Effective Date. During the term of the Consent Decree, HWI shall not engage in any practice that discriminates against any individual on the basis of disability in violation of Title III of the ADA in the provision of lodging and related services and shall: 1) undertake certain specific remedial measures with regard to its owned, joint venture, and managed hotels; 2) engage in certain specific actions with regard to prototype designs and the Reservation Service (including the website) to assure their compliance with Title III of the ADA; 3) revise its Brand Standards Manuals to include certain ADA requirements; and 4) provide additional ADA training to its employees and make such training available to its managed and franchised properties. In addition, before: 1) entering into a new franchise or management agreement to convert an existing Post-1993 Hotel to a Franchised Hotel or Managed Hotel; 2) renewing or extending for more than six (6) months an existing franchise or management agreement (other than unilateral renewals or extensions by the other party to the agreement) for a Franchised Hotel or Managed Post-1993 Hotel; or 3) consenting to a change of ownership at a Franchised Hotel or Managed Post-1993 Hotel, HWI will require the hotel owner to conduct a survey to determine whether the Managed or Franchised Hotel complies with the certain specific requirements of the ADA related to guest rooms and public parking. If the Hotel does not comply with those requirements, the hotel owner will be required to develop a plan to make the Hotel compliant within a set period of time. HWI will require certain architects' certifications related to newly constructed hotels. HWI has also agreed to pay the United States \$50,000 as part of the resolution of this matter. The Consent Decree applies to HWI and its subsidiaries, including us.

## **B. CONCLUDED ACTIONS – INVOLVING OUR PREDECESSOR**

*Metroplaza Two Associates, LLC, individually and on behalf of LaSalle Bank N.A. as Trustee for the Registered Holders of Wachovia Bank Commercial Mortgage Trust, Commercial Mortgage Pass Through 2006-C24 v. Hilton Inns, Inc.*, (Supreme Court of The State of New York, County of Queens, Index No. 2156/2007).

On January 19, 2007, plaintiff Metroplaza Two Associates, LLC ("Metroplaza Two"), licensee of the Woodbridge Hilton in Iselin, New Jersey, filed a complaint and a motion, by Order to Show Cause, seeking a preliminary injunction enjoining Hilton Inns from terminating Metroplaza Two's Woodbridge Hilton Franchise License Agreement. On February 22, 2007, plaintiff and a related entity, Metroplaza III New Jersey Associates, LLC ("Metroplaza III"), filed an Amended Complaint, which alleged, generally, that Hilton Inns and Promus wrongfully terminated the Franchise License Agreements for Metroplaza Two's operating Woodbridge Hilton and Metroplaza III's planned Homewood Suites Hotel. Plaintiffs sought a declaratory judgment that the Woodbridge Hilton termination notice was invalid; a preliminary and permanent injunction enjoining Hilton Inns from enforcing the Woodbridge Hilton termination notice; compensatory damages arising from Hilton Inns' issuance of the termination

notice; compensatory damages arising from Promus's issuance of the Homewood Suites termination notice; and, compensatory and punitive damages arising from Hilton Inns' alleged tortious interference with the Homewood Suites Franchise License Agreement. The court granted plaintiffs' motion for a preliminary injunction, enjoining Hilton Inns from terminating the Woodbridge Hilton Franchise License Agreement, but denied plaintiffs' motion for a preliminary injunction seeking to enjoin the termination of the Promus Homewood Suites Franchise License Agreement. The court also granted the motion to intervene filed by plaintiffs' lender, LaSalle Bank N.A. The parties entered into a Settlement Agreement in 2009 whereby (i) HLT Existing Franchise Holding LLC, as successor in interest to the named defendants issued a cure letter with regard to the Hilton Woodbridge, Metroplaza Two, the Lender and the Hilton parties released all claims against each other, and dismissed all actions involving Metroplaza Two (including dissolving the preliminary injunction) with prejudice; and (ii) all claims involving Metroplaza III were dismissed without prejudice, with mutual releases effective if Metroplaza III applied to Homewood Suites Franchise LLC within 90 days for a new Homewood Suites Franchise License Agreement and the application was accepted. The application was made and approved, and all claims are released.

### **C. CONCLUDED ACTIONS – INVOLVING HWI (F/K/A HHC)**

*Starwood Hotels & Resorts Worldwide, Inc. v. Hilton Hotels Corporation, Ross Klein and Amar Lalvani* (United States District Court, Southern District of New York, Case No. 09 CV 3862).

On or about April 16, 2009, Starwood Hotels & Resorts Worldwide, Inc. ("Starwood") filed a complaint against HHC (now HWI) and two of its employees, Ross Klein and Amar Lalvani, both former Starwood employees. In its complaint, as amended on January 14, 2010, Starwood claimed that Messrs. Klein and Lalvani improperly misappropriated Starwood's confidential and proprietary information and ultimately used that information to develop the Denizen Hotel brand. Starwood asserted the following claims: (i) breach of contract against Messrs. Klein and Lalvani for alleged breach of separate non-solicitation, confidentiality and intellectual property agreements that they signed while employed by Starwood; (ii) tortious interference with contractual relations against HWI for allegedly inducing Messrs. Klein and Lalvani to breach their contracts with Starwood; (iii) fraud against Mr. Klein and aiding and abetting fraud against HWI and Mr. Lalvani; (iv) breach of fiduciary duty against Messrs. Klein and Lalvani and aiding and abetting breaches of fiduciary duty against HWI; (v) misappropriation of trade secrets, unfair competition, theft/conversion, unjust enrichment, and violation of the Computer Fraud and Abuse Act against all defendants; (vi) inducing breach of contract and tortious interference with contract against Messrs. Klein and Lalvani; (vii) fraud against HWI and Mr. Lalvani, and (viii) aiding and abetting fraud against Mr. Klein. Starwood sought preliminary and permanent injunctive relief, enjoining all defendants and their respective officers, agents and employees from: (i) using Starwood property and information, which it claims is proprietary, confidential and trade secrets; (ii) pursuing certain hotel owners in designated locations identified by Starwood or negotiating with investors with whom Starwood has current management contracts; (iii) "purging" from all material and websites information Starwood claims is proprietary, confidential and/or trade secrets and preliminary and permanent injunctive relief, enjoining all defendants and their respective officers, agents and employees from using such information; (iv) requiring HWI to make certain disclosures to property owners and industry professionals; (v) appointing a monitor or monitors over HWI's compliance with any injunctions; (vi) preliminarily and permanently enjoining HWI for a reasonable period of time from expanding its luxury and lifestyle brands; (vii) the destruction of all information relating to the launch and promotion of the Denizen Hotel brand; (viii) findings of contempt against all defendants and (ix) compensatory and punitive damages against all defendants. On April 23, 2009, the court entered a preliminary injunction, with the consent of all defendants, requiring that the defendants and anyone acting in concert with them: i) cease all development of the Denizen brand; ii) cease using any documents or information that originated from Starwood; and iii) return any such information to Starwood. In December 2010, the

parties entered into a Settlement Agreement (“Agreement”) resolving this action, in which HWI and Messrs Klein and Lalvani consented to the entry of a court-ordered permanent injunction (“Injunction”) enjoining the use or distribution of Starwood’s proprietary, confidential or trade secret information, and imposing other restrictions on HWI’s business activities in the lifestyle hotel or branded boutique space for 2 years. HWI made a \$75,000,000 cash payment to Starwood on December 31, 2010 and furnished other contingent guaranties and consideration to Starwood. The Agreement provided for mutual releases of the parties and the action was stayed during the term of the Injunction. The injunction expired on December 31, 2012, and the action was dismissed on January 30, 2013.

*Burgans Block, LLC v. Hilton Worldwide, Inc. Homewood Suites Franchise, LLC, HLT ESP Franchise, LLC, Hilton Franchise Holding, LLC, Patrick Speer and Jane Doe Speer*, WA Sup. Court, No. 11204275-2.

On October 13, 2011, Burgans Block, LLC, a prospective franchisee (“Burgans”), filed a Complaint against Hilton Worldwide, Inc., Homewood Suites Franchise, LLC, HLT ESP Franchise, LLC, Hilton Franchise Holding, LLC, Patrick Speer and Jane Doe Speer. Burgans alleged that it submitted to HLT ESP Franchise, LLC an application for a Home2 Suites Hotel along with \$50,000 for the Development Services Fee. Further, Burgans alleged that it made handwritten notes on the materials submitted, stating that a portion of the Development Services Fee was refundable if Burgans and HLT ESP Franchise, LLC could not agree to the terms of a franchise agreement. At the alleged suggestion of Patrick Speer, an employee of HLT ESP Franchise, LLC, Burgans decided to move to a Homewood Suites Hotel and submitted to Homewood Suites Franchise, LLC a second application along with another Development Services Fee. On receipt of the Homewood Suites application, HLT ESP Franchise, LLC returned the application and Development Services Fee for the Home2 Hotel. Burgans and Homewood Suites Franchise, LLC did not reach an agreement on a final franchise agreement for the Homewood Suites Hotel and Burgans requested the return of the Development Services Fee for the Homewood Suites Hotel. Homewood Suites Franchise, LLC disputed that the Development Services Fee was refundable and Burgans filed suit, alleging violation of the Washington Franchise Investment Protection Act, unjust enrichment, negligent misrepresentation, conversion, violation of the Washington Consumer Protection Act, fraud, and breach of contract.

On November 29, 2011, Homewood Suites Franchise, LLC and Burgans entered into a settlement agreement under which Homewood Suites Franchise, LLC paid Burgans \$60,000 for a refund of the Development Services Fee and for attorneys’ fees and costs incurred by Burgans. No other defendants paid any compensation to Burgans. At Burgans’ request as required by the settlement agreement, the court dismissed the case with prejudice on December 29, 2011.

*Majestic Resorts, Inc. v. HPP Hotels USA, Inc. (f/k/a Conrad Hotels USA, Inc.), Hilton Hotels Corporation, and Conrad Hospitality, LLC* (JAMS Arbitration No. 1260000590).

On or about May 4, 2007, Majestic Resorts, Inc. (“Majestic”) initiated an arbitration against HPP Hotels USA, Inc. (f/k/a Conrad Hotels USA) (“HPP Hotels”), HHC (now HWI), and Conrad Hospitality LLC (collectively, “the Conrad Parties”) asserting claims for breach of contract, breach of the duty of good faith and fair dealing, promissory estoppel, and intentional and/or negligent misrepresentation. The arbitration was filed after Conrad terminated the management agreement for a proposed Conrad condominium-hotel and Waldorf Astoria residences in Las Vegas when Majestic repeatedly failed to meet project development deadlines. On March 6, 2008 the arbitration panel issued a unanimous award in favor of the Conrad Parties and awarding the Conrad Parties \$1,154,601.28 in costs and attorneys’ fees. The arbitration award was confirmed in its entirety on June 10, 2008 by the District Court of Clark County, Nevada, which also awarded the Conrad Parties their attorneys’ fees incurred in confirming the award. Majestic appealed to the Nevada Supreme Court. On February 26, 2010,

the Nevada Supreme Court affirmed the District Court's decision. The time for filing a rehearing has expired.

*U.S. v. Hilton Hotels Corporation, et al.* (United States District Court, District of Oregon, Case No. 70-310).

On or about May 12, 1970, the United States filed a civil complaint against HHC (now HWI) (among other defendants), alleging the violation of Section 1 of the Sherman Act consisting of engaging in a combination and conspiracy in restraint of trade by giving preferential treatment to hotel suppliers paying assessments to the Greater Portland Convention Association and by curtailing or threatening to curtail purchases of hotel supplies from hotel suppliers which did not pay assessments to the Greater Portland Convention Association. On or about November 29, 1971, pursuant to a stipulation filed October 26, 1971, the court entered a final judgment against HWI enjoining and restraining it from engaging in any agreement, understanding, combination, conspiracy or concert of action to give or promise to give preferential treatment in purchasing hotel supplies to any hotel suppliers, or to curtail or terminate or threaten to curtail or terminate the purchase of hotel supplies from any hotel suppliers. The order and injunction further restrained and enjoined HWI from engaging in activities which were the subject matter of the Complaint in the action. This restraining order and injunction applied to HWI, its subsidiaries (including Hilton Inns and now us), and the officers and directors of HWI and its subsidiaries, including the officers and directors listed in Item 2 of this Disclosure Document.

*Hilton Hotels Corporation and Promus Hotels, Inc. v. TSP Hotels, Inc.; Balwantsinh D. Thakor; Lataben B. Thakor; Nitin Shah; Dilipkumar M. Patel; Ramla Dilip Patel Shailendra Devdharma; and Does 1 through 10*, Superior Court of State of California, County of Alameda, Docket No. RG04149793.

On April 7, 2004, HHC (now HWI) and Promus filed suit against a former Hampton Inn franchisee and its individual owners and guarantors to collect unpaid franchise fees and to obtain reimbursement for costs, attorneys fees and other expenses associated with the resolution of a third party personal injury suit, *Bridget Bray v. TSP Hotels, Inc., Promus Hotels, Inc., Hilton Hotels Corp., and S&S Security Services*. The franchisee, TSP Hotels, Inc., failed to secure and maintain adequate insurance coverage required to defend and indemnify HWI and Promus for the third party action. In addition, the franchisee failed to pay its franchise fees. The license agreement was terminated on January 5, 2004 for failure to pay franchise fees, among other reasons. This collection action against the franchisee and the individual guarantors seeks the recovery of about \$1,500,000.00 in combined damages. The defendants filed a cross complaint on May 28, 2004 making insurance-related allegations against third parties unaffiliated with HWI and Promus ("insurance parties") and a counterclaim against HWI and Promus alleging wrongful termination, breach of the implied covenant of good faith and fair dealing, promissory estoppel, tortious interference and fraudulent misrepresentations that Promus would refrain from terminating the license agreement. The cross-complaint and counterclaim sought in excess of \$1,000,000 in combined damages and attorneys' fees, expenses and costs from HWI, Promus and the insurance parties. HWI and Promus filed a Demurrer seeking dismissal of the cross-complaint on the basis that the defendants' claims against HWI and Promus are legally without merit based on the clear language in the license agreement. The matter was settled on December 31, 2005 pursuant to a settlement agreement whereby the franchisee agreed to pay HWI and Promus \$550,000 and dismiss their cross-complaint and counterclaim in exchange for HWI's and Promus' agreement to dismiss the complaint in its entirety.

*Pillion Properties, Inc. v. Promus Hotels, Inc. and Hilton Hotels Corporation*, Dallas County, Texas District Court docket number 03-5484, United States District Court for the Northern District of Texas,

Civil Action Number 3-03-CV-1317N, and United States Bankruptcy Court for the Northern District of Texas, Fort Worth Division, Case Number 03-45909-DML-11.

On June 2, 2003, the plaintiff, a Hampton Inn franchisee, filed its Complaint seeking, among other things, injunctive relief enjoining the defendant Promus Hotels, Inc. from moving forward with a planned termination of the license agreement relating to the plaintiff's failure to pay franchise fees. The complaint also asserted claims against the defendants for breach of contract, promissory estoppel, tortious interference, unfair competition, conspiracy, fraud and fraudulent concealment. The Dallas County District Court entered an ex parte Order restraining Promus from terminating the license agreement for 5 days and established an injunction hearing date. Before the injunction hearing date, the Defendants removed the action to the United States District Court for the Northern District of Texas. In the federal court, the plaintiff sought to renew its request for injunctive relief. The defendants filed their Answer denying all of the plaintiff's allegations. The hearing for a preliminary injunction was set to be heard on June 26, 2003. Hours before the hearing, the plaintiff filed its Chapter 11 bankruptcy petition in the United States Bankruptcy Court for the Northern District of Texas. On September 11, 2003, the defendants filed a Motion for Relief from the Automatic Stay seeking permission to move forward with termination of the license agreement. On December 17, 2003, the Bankruptcy Court entered an Order Modifying the Automatic Stay permitting Promus to terminate the license agreement. On December 31, 2003, the license agreement was terminated and the hotel was removed from the system.

*Century Pacific, Inc. and Becker Enterprises, Inc. v. Hilton Hotels Corporation, Doubletree Corporation, and Red Lion Hotels, Inc.* (United States District Court, Southern District of New York, Case No. 03 CV 8258).

On or about October 17, 2003, two former franchisees of Red Lion Hotels, Inc. ("Red Lion") filed a complaint against HHC (now HWI), Doubletree Corporation, and Red Lion asserting claims for violation of Sections 683 and 687 of the New York Franchise Act, common law fraud, negligent misrepresentation, and fraudulent omission, based on HWI's sale of Red Lion and the Red Lion brand to a third party. On April 21, 2004, the court dismissed the claims based on the New York Franchise Act. On April 4, 2005, the defendants filed a motion for summary judgment, which was heard on May 5, 2006. On May 10, 2006, the court granted defendants' motion to strike plaintiffs' jury demand. On October 16, 2007, the court granted defendants' motion for summary judgment and dismissed the plaintiffs' complaint in its entirety. One of the former franchisees subsequently agreed to waive its appeal in exchange for a dismissal of defendants' counterclaims against it and mutual releases of all known and unknown claims. On December 5, 2008, defendants entered into a settlement agreement with the other former franchisee under which (i) the parties stipulated to entry of a judgment under Rule 54(b) of the Federal Rules of Civil Procedure in favor of defendants on the former franchisee's claims, (ii) defendants' counterclaims were stayed pending disposition of the former franchisee's appeal on the summary judgment ruling, (iii) the parties stipulated to a \$400,000 judgment in favor of defendants, to be entered if the former franchisee does not prevail on its appeal, and (iv) the former franchisee placed \$300,000 into escrow to be either applied against the judgment or, if the former franchisee is successful on its appeal, returned to the former franchisee. The appellate court affirmed the judgment in favor of HWI on November 25, 2009 and no further appeal was taken.

#### **D. LITIGATION AGAINST FRANCHISEES BROUGHT IN 2012**

None

## **ITEM 4 BANKRUPTCY**

One of Hilton Worldwide's independent directors, Douglas M. Steenland, served as an independent director for another company that filed for bankruptcy protection under the United States Bankruptcy Code in the past 10 years.

*In re Northwest Airlines Corporation*, Case No. 05-17930, United States Bankruptcy Court for the Southern District of New York (Chapter 11 Petition filed September 14, 2005). On May 18, 2007, the Bankruptcy Court confirmed the Debtor's First Amended Joint and Consolidated Plan of Reorganization.

Other than the bankruptcy proceeding described above, no bankruptcy is required to be disclosed in this Item.

## **ITEM 5 INITIAL FEES**

### **Franchise Application Fee**

All prospective franchisees must complete an Application to operate a System Hotel, whether for New Development, Conversion, Change of Ownership, or a Re-licensing situation. The current form Application is attached as Exhibit F. When you submit the Application to us for processing, you must pay an initial fee ("Franchise Application Fee"). The Franchise Application Fee for a New Development, Conversion or Re-licensing is \$75,000. The Franchise Application Fee for a Change of Ownership is \$100,000.

Once we approve your Application, the Franchise Application Fee is non-refundable except as described in this Item 5. You must provide all the information we ask for in your Application. If we approve your Application before you supply all of the information, our approval will be conditioned on receiving the rest of the information within the time we specify. If you fail to provide the rest of the information within the specified time, we may terminate our offer. If we terminate our offer, we will not refund the Franchise Application Fee. If you withdraw your Application before we approve it, or if we deny your Application, we will refund the Franchise Application Fee, without interest, less a \$7,500 processing fee, which may be waived or reduced at our discretion. If we approve your Application subject to certain requirements, we may terminate our offer if you fail to meet those requirements. However, if your Application is for a Change of Ownership and we approve your Application but the Change of Ownership does not occur, we will refund your Franchise Application Fee, without interest and less a \$7,500 processing fee. We have occasionally agreed to give full or partial refunds under unique circumstances, or to credit the non-refundable Franchise Application Fee toward the Franchise Application Fee of another application for the Brand if submitted and approved within 6 months or less, but we are not obligated to do so.

While the Franchise Application Fee is usually applied uniformly, we may reduce it after considering criteria which may include: incentives for the development of hotels within the System, a hotel's market position, the property size and the number of hotels in the System operated by a franchisee, but are not obligated to do so. We may occasionally negotiate the Franchise Application Fee for franchisees with whom we or our predecessor have previously dealt or in other unique circumstances. We are not obligated to reduce or negotiate the Franchise Application, even if you possess some or all of these characteristics. In 2012, we did not sell any franchises or collect any Franchise Application Fees.

In addition to the Franchise Application Fee, if you are applying for a franchise for a hotel that was previously operated as a System Hotel, we may require, as a condition of approving your Application, that you pay outstanding royalties and other fees due under the prior franchise agreement relating to the System Hotel.

### **Product Improvement Plan Fee**

If you want to convert an existing hotel to a Conrad hotel or apply for a Change of Ownership or other Re-licensing of an existing Conrad hotel, we charge an additional non-refundable fee of \$7,500 to prepare the product improvement plan ("Product Improvement Plan" or "PIP") for the hotel. You must pay the fee before we schedule the PIP inspection. In rare situations that probably do not apply to you, we may waive the PIP fee or apply the PIP fee towards the payment of the Franchise Application Fee, but we are not obligated to do so.

### **Construction Extension Fee**

You must start construction at your hotel by the Construction Commencement Date ("CCD") specified on the Addendum to your Franchise Agreement. The CCD under a Franchise Agreement for New Development situations is 16 months from the date we approve your Application. We establish CCDs for Conversion situations as well as for work on room additions on a project-by-project basis. If you want to request an extension of the CCD for a New Development situation, you must submit a written request before the CCD, describing the status of the project and the reason for the requested extension. If we approve the extension, we will set a new CCD and you must pay a \$10,000 extension fee and enter into an amendment to the Franchise Agreement setting the new CCD and project milestone dates. We may waive this fee or may offer to refund it if you meet the extended CCD deadline date but are not obligated to do so.

### **Renovation Work Extension Fee**

If you are converting your hotel, you must complete the renovation by the date specified as the renovation work completion date ("RWCD") on the Addendum to your Franchise Agreement. If you want to request an extension of the RWCD, you must submit a written request before the RWCD describing the status of the project and the reason for the requested extension. If we approve the extension, we will set a new RWCD and you must pay a \$10,000 extension fee and enter into an amendment to the Franchise Agreement setting the new RWCD and project milestone dates. We may waive this fee or may offer to refund it if you meet the extended RWCD deadline date but we are not obligated to do so.

### **Optional Procurement Services**

If we or our affiliates furnish, supply, service or equip your hotel at your request before it opens, then you must pay or reimburse us or them for all costs we or they incur at your request, and related service fees. Our affiliate, HSM distributes specified hotel furniture, furnishings, fixtures, equipment and supplies, and certain food and beverage supplies. You may purchase these items from HSM, but you are not obligated to do so. If you buy from HSM, it will invoice you for the cost of the products acquired for you, plus freight, sales tax and any other actual costs, plus a procurement fee of up to 10% of the cost of the product.

### **Pre-Opening Training**

We provide required training programs that you, your management company representative, your general manager and other key personnel must complete before certification for opening a new

Conrad hotel. We may charge you for the training services and materials. As of the date of this Disclosure Document, these costs range from \$30,000 to \$45,000 (see Items 6, 7 and 11). You must also bear the cost of wages, travel, lodging and other expenses of your trainees. Training program fees are not refundable.

### **Computer System Fees**

You must agree to have installed and to use our required business software and hardware system, currently known as OnQ® which we may periodically change. Currently, OnQ is Hilton Worldwide's business system comprised of software that currently includes a proprietary property management component, reservations component, revenue management component, rate & inventory component, learning management component and other components we consider necessary to support the following activities: reservations, sales, distribution, customer relationship management ("CRM"), hotel operations, and business intelligence gathering and analysis. The OnQ system is linked to a communications network which connects System Hotels to Hilton Worldwide's reservation offices and travel planners worldwide. Because of its proprietary nature Hilton Worldwide is the only supplier of the OnQ software, including the property management component, CRM, Key Hotel Marketing Reports and the revenue management component. All franchisees must use the OnQ software. The OnQ proprietary software is not available from any other source. We are not able to determine and disclose a separate market price because there is no third party market for this product. The OnQ system also includes specific hardware required to operate the software system. We may choose to change the way in which the OnQ data is delivered to the property at our discretion as changes are made to the architecture of the OnQ product.

For a required monthly fee of 0.75% of your hotel's Gross Rooms Revenue, Hilton Worldwide provides you with the hardware, software components described above (the 0.75% program fee does not include the proprietary hotel operations management system software), hardware maintenance, software maintenance and technical support for both hardware and software under the OnQ fee based pricing program. This hardware will be provided by third parties, installed by HSS, and maintained by HSS or its agents. You may only acquire the required software and hardware for OnQ through our fee based pricing program. Under the OnQ program you do not need to purchase the software (except the proprietary property management component software), hardware or maintenance. However if you choose to, you may purchase the hardware from a third party vendor, but if you do you must pay the vendor the cost of the equipment in addition to the 0.75% monthly fee you pay us, and you must pay Hilton Worldwide or HSS for all its reasonable expenses in determining that the hardware meets the exact specifications provided by its Implementation Department. If you purchase the hardware from a third party vendor, you must pay Hilton Worldwide or HSS for all its reasonable expenses in determining that the equipment conforms to its specifications; configuration costs; installation costs; reasonable travel and other expenses of Hilton Worldwide's or HSS's employees and vendors who perform installation services; necessary communication vehicles (phone lines, network connections); and installation fees for connection to communication vehicles. In 2012, costs for work to ensure that OnQ hardware from third party vendors met the technical criteria ranged from \$5,000 to \$10,000 depending on a franchisee's location, local connection charges and the number of workstations at the hotel.

In addition to the OnQ monthly program fee you must pay Hilton Worldwide or HSS the related up-front, software and installation fees and charges about 45 days before your hotel opens. The standard up-front software (the operating system and interface software), installation fees and charges are based on the size of the hotel and number of workstations and will cost between \$150,000 and \$300,000. The up-front computer costs are not refundable. You must also pay the reasonable travel related and other expenses of our employees. In 2012, costs for software and installation fees and charges ranged between \$129,000 and \$189,000.



About 90 to 120 days before your hotel opens, you must sign the agreement for OnQ ("HITS Agreement") and/or other related agreements we require, which will govern your access to and use of this computerized system. The current HITS Agreement is Exhibit G to this Disclosure Document. The package currently includes hardware, software, installation and support.

If you add or construct additional guest rooms at the hotel at any time after you sign the Franchise Agreement, you must pay Hilton Worldwide or HSS an additional software fee equal to our then-current fee charged to System Hotels multiplied by the number of additional guest rooms or suites.

In addition, under the HITS Agreement and/or other required agreements, you must pay Hilton Worldwide or HSS for services it provides in connection with the start up of OnQ. Hilton Worldwide determines the number of Systems Implementation Consultants (each, an "SIC") and number of days on site based on size and type of hotel. Under the HITS Agreement, the SIC must be on-site for your hotel's opening. Once the SIC is on-site, any delays in your hotel's opening will result in additional expense to you. In 2012, delays in a hotel opening date resulted in charges of \$700 per SIC per day for each additional day an SIC remained at the hotel, plus the SIC's additional travel expenses. If the delay resulted in the departure and re-scheduling of the SIC's on-site service period, a \$2,000 re-scheduling fee plus the SIC's additional travel expenses is charged.

You must provide (at your cost) the communications vehicles necessary for the support and operation of OnQ, currently including wide area network connections to the Reservations Service, electronic mail and Internet via OnQ connectivity and/or on-line connections, routers, and CSU/DSU equipment. You will be responsible for any fees that are assessed by the OnQ connectivity installation vendor, including rescheduling or cancellation fees. Rescheduling and cancellation fees typically range from \$500 to \$2,000 depending on circumstances and vendors.

Hilton Worldwide currently utilizes Microsoft Exchange for electronic mail service. The initial one time set-up fee is \$120. The OnQ fee based pricing includes 7 e-mail accounts. The ongoing monthly cost for additional e-mail accounts is \$9.20 per user per month for all additional users. Delivery to approved mobile devices is \$22 per month.

If your hotel is owned by an entity that qualifies under the Internal Revenue Code as a Real Estate Investment Trust ("REIT Hotel"), the OnQ requirements described above will apply, with the following differences. REIT Hotels pay 0.45% of the hotel's Gross Rooms Revenue per month ("REIT FBPP Fee") for the OnQ program but the REIT FBPP Fee does not cover the required hardware and equipment. REIT Hotels may purchase all the required hardware and equipment from us or from a third-party vendor. If a REIT Hotel chooses to purchase the hardware and equipment from a third-party vendor, the hardware and equipment must meet our exact specifications and you must pay Hilton Worldwide or HSS for all its reasonable expenses in determining that the hardware and equipment conforms to its specifications; configuration costs; installation costs; reasonable travel and other expenses of Hilton Worldwide's or HSS employees and vendors who perform installation services; necessary communication vehicles (phone lines, network connections); and installation fees for connection to communication vehicles. REIT Hotels pay installation, training and initial software license costs for proprietary Hilton software on the same basis as non-REIT hotels (see Item 6, 7, 11 and Schedule W of the HITS Agreement, Exhibit G).

You must provide high-speed internet access ("HSIA") for all guest rooms and meeting rooms at your hotel in accordance with brand standards. You must purchase and install hardware and software to meet this HSIA requirement from HSS or its designee in addition to the hardware and software for OnQ. The additional hardware, software and support must meet HSS's requirements and specifications. You must provide a dial-in-line for out-of-band equipment management at your own cost. The hardware for HSIA will be provided by third parties chosen by HSS or its agents, and

maintained by HSS or its agents. Under rare circumstances, we may permit you to purchase the hardware from a third party vendor, but if you do, you must pay Hilton Worldwide or HSS for all its reasonable expenses in determining that the equipment conforms to its specifications including configuration costs; installation costs; reasonable travel and other expenses of Hilton Worldwide's or HSS's employees and vendors who perform installation services; necessary communication vehicles (phone lines, network connections); and installation fees for connection to communication vehicles. In 2012, costs for work to ensure that hardware purchased by franchisees of our and our affiliates' other Brands from third party vendors met the technical criteria ranged from \$10,000 to \$30,000 depending on a franchisee's location, local connection charges and the amount of HSIA equipment purchased for the hotel. We currently estimate that it will cost between \$95,000 and \$155,000 for a 300 room Conrad hotel depending on the type of solution you deploy. HSIA costs are for wired and wireless guestrooms and do not include advanced services (IPTV, VOD, VoIP, etc) which would add substantial additional costs. This estimate is based on a hotel with the number of guest rooms specified above and currently includes hardware, software, installation, and certain other costs and fees with the exception of structured cable and cabling installation (Category 5e or Category 6) (see Items 7, 8 and 11).

You must also arrange and pay for the ongoing HSIA. You must purchase this service from HSS or its designated supplier and costs are estimated to be between \$1,950 and \$6,500 per month for a 300 room Conrad hotel. Your costs will depend on your hotel size, number of meeting rooms, and bandwidth usage (see Items 7, 8 & 11).

### **Spa Consulting and Management Services**

We may require you to install a spa in your hotel in accordance with our specifications. If you are required to install a spa in your hotel, we or an affiliate may provide additional consulting services to you in connection with the spa, including services related to spa build-out and design, planning and concept development, business model creation, IT, construction and technical services, equipment selection and procurement, operational guidelines, menu development and sales and marketing services related to the spa. We currently charge \$75,000 for these services. After your hotel opens, you may enter into a consulting agreement with us for the management of the spa or we may allow you to either manage the spa yourself or retain the services of another spa management company approved by us in advance.

### **Miscellaneous Services**

We, our parents and/or our affiliates may periodically offer you additional services. These could include additional training for you and your employees, assistance in recruiting various types of employees, and other services and programs. Most of these services and programs will be optional, but some, including systems upgrades and changes in System standards, which may require additional mandatory training or participation in additional programs, may be mandatory.

We also currently offer many additional optional training courses, with length, fees and offerings subject to change at any time. Some courses may be offered on CD ROM, DVD, Internet, Intranet, or other media. For programs that include travel by your employees, you will also pay their travel, compensation, living expenses and miscellaneous expenses. For programs that include travel by Hilton trainers to your hotel site, you may also be required to pay travel, lodging, tax and meals of the trainers.

**ITEM 6  
OTHER FEES**

TYPE OF FEE	AMOUNT	DUE DATE	REMARKS
<b>General</b>			
Monthly Royalty Fee	5% of Gross Rooms Revenue and 3% of Gross Food and Beverage Revenue.	Payable monthly by the 15 <sup>th</sup> day of the following month.	See Note 1.
Monthly Program Fee	4% of Gross Rooms Revenue.	Payable monthly by the 15 <sup>th</sup> day of the following month.	We may change the Monthly Program Fee. See Notes 1 and 2 and Item 11.
Room Addition Fee	Currently, \$300 per guest room or suite multiplied by the number of additional guest rooms/suites.	Due with Application for approval.	If you add or construct additional guest rooms at the hotel at any time after you open the hotel under the Brand, you must pay us a Room Addition Fee. The Room Application Fee is non-refundable once we approve your Application.
OnQ Fees (FBPP Fees)	0.75% of Gross Rooms Revenue.	Payable monthly by the 15 <sup>th</sup> day of the following month.	Different rates apply to REIT hotels that pay separately for equipment. These fees are non-refundable. See Note 4, Items 5 & 11 and Exhibit G (HITS Agreement).
OnQ Fees Network Connectivity	Currently, \$1,480 to \$2,150 per month	Billed monthly	The monthly maintenance fees for the OnQ network connectivity equipment and connections (to the CRS, electronic mail and the Internet) as well as for the OnQ support are subject to increase on an annual basis to reflect increases in such cost by the Preferred Retailer of such services. These fees are non-refundable.
OnQ Fees Email	Currently, \$9.20 per user per month for all users and \$22 per month for delivery to mobile devices.	Monthly fees are billed quarterly.	The program includes 7 e-mail accounts. You must have at least 3 e-mail accounts. These fees are non-refundable and are subject to change.
OnQ Fees Additional Rooms	Currently \$120 per additional guest room/suite multiplied by the number of additional guest rooms/suites.	When the additional guest room/suites are completed.	If you add or construct additional guest rooms at the hotel at any time after you sign the Franchise Agreement, you must pay the then-current per guest room/suite software fee.

TYPE OF FEE	AMOUNT	DUE DATE	REMARKS
<b>Guest Assistance and Quality Assurance Programs</b>			
Guest Assistance Program: Customer Satisfaction Guarantee	Currently, \$150 per handled transaction for HHonors Gold members, \$200 per handled transaction for HHonors Diamond members and \$100 per handled transaction for all other guests.	Within 48 hours of receipt of invoice.	Payable to resolve guest complaints. Our Guest Assistance Agent may offer the guest a cash refund (up to the full cost of the customer's stay), HHonors point rebate or complimentary return stay to resolve the complaint to the customer's satisfaction. You are billed the cost of the rebate plus the handling fee. We may change the maximum guest rebate amount or increase the handling fee.
Guest Assistance Program: Our Best Rates. Guaranteed.	Currently, \$100 handling fee includes the cost of the Cheque and other fees	Within 10 days of billing.	Payable if a guest finds a lower qualifying rate for a qualified booking at your hotel. After the Guest Assistance Department confirms the guest stayed, we will adjust the rate to the lower rate and issue a \$50 American Express Gift Cheque to the guest
Guest Assistance Program: First Contact Resolution	Currently, \$15 administrative fee	Within 10 days of billing.	Payable if more than 5 files are created in a month by Guest Assistance to resolve guest complaints about products, services or cleanliness. You must pay the cost of any compensation we provide to a guest to resolve the complaint, even if the fee does not apply. The fee is subject to change.
Quality Assurance Re-evaluation Fee	Currently, \$2,500 per re-evaluation visit	Within 10 days of billing.	Payable each time we conduct a special on-site quality assurance evaluation: after your hotel has failed a follow-up quality assurance evaluation or to verify that deficiencies noted in a quality assurance evaluation report or product improvement plan have been corrected or completed by the required dates or for any additional evaluations exceeding 2 annually, or if your Hotel fails to open during the initial Quality Assurance opening evaluation. You must also provide complimentary lodging for the quality assurance auditor. The fee is subject to change.
<b>Conferences and Training</b>			
Brand Conference	Currently \$2,500 per attendee, plus the wages, travel and living expenses and miscellaneous expenses of attendees.	Before attendance.	Your General Manager must attend the brand conference, which is usually held annually. The dates, location and duration of the conference vary from year to year. There may be annual increases in the costs.
Conrad Onboarding Brand Education & Culture Program	Currently, up to \$100 per trainee plus expenses of trainer.	Within 10 days of billing	The training program is mandatory for all employees and is subject to change.

TYPE OF FEE	AMOUNT	DUE DATE	REMARKS
Director of Sales Orientation	Currently, \$940 per participant	Before attendance.	You are responsible for the wages, travel and living expenses and miscellaneous expenses of attendees.
GM Executive Leaders In Luxury Program	Currently, \$3,500, plus travel and expenses.	Before hotel opening.	Orientation to Brand Resources and Support.
Pre-Opening Management Brand Education & Luxury Training	Varies from \$0 to \$5,000 per program	Before attendance or materials are shipped, or as billed	In some cases, you must pay the wages, travel, lodging and miscellaneous expenses of your attendees or the expenses of the trainer. See Item 11.
<b>Frequent Customer, Affiliation and Distribution Programs</b>			
AAA Show Your Card & Save Program	Currently, \$1.80 for each consumed stay booked by an AAA travel planner or through the dedicated AAA "member-direct" line at HRCC.	If invoiced, within 15 days of billing. If through Automated Clearing House ("ACH"), on the 12th business day of each month.	Mandatory participation for all OnQ-enabled hotels participating in the TPCP program. These funds are remitted to AAA headquarters. The booking fees are subject to change without advance notice.
EDGE Program	Currently, 4.25% for each commissionable reservation received through EDGE.	If invoiced, within 15 days of billing. If through ACH, on the 12 <sup>th</sup> business day of the month.	EDGE combines ecommerce and Demand Generation. We pay major search engines to place listings for System Hotels in "sponsored search" results. Consumers who click on our sponsored search are referred to brand.com. If the consumer books a hotel on brand.com and completes a stay, you pay a commission to us for that booking. This fee is in addition to any other applicable reservation fees and is subject to change.
FastPay (Centralized Group Meeting Payment Program)	Currently \$0.18 per transaction, which includes commissionable reservations plus cancellations, no-shows and non-commissionable reservations.	If invoiced, within 15 days of billing. If through ACH, on the 12th business day of each month.	All Hilton brand hotels are automatically enrolled in this program unless an opt-out form is submitted but we may require you to participate in the future. The FastPay Program centralizes and automates third-party group and meeting planner commissions into one payment for all Hilton Worldwide hotels. Hilton Worldwide may also perform reconciliation services for these payments. This fee is subject to change.

TYPE OF FEE	AMOUNT	DUE DATE	REMARKS
Frequent Traveler/Guest Reward Program	Currently, you may choose between: (1) fixed pricing per night and maximum fee per stay based on ADR, or (2) 4.7% of total eligible guest folio with a maximum charge per stay of \$110.	10 days after billing.	You must participate in all brand-specific or system-wide guest frequency or reward programs we require. Currently, you must participate in HHonors. These programs and related fees are subject to periodic change. We may revise this fee to 4.25% of total eligible guest folio with no per-stay maximum charge. See Note 3.
Hilton Plus Program	\$0.18 transaction fee applies to all bookings through Hilton Plus. This fee applies to no-show, canceled, commissionable and non-commissionable reservations. Hotel is billed 10% commission on the consumed hotel revenue.	If invoiced, within 15 days of billing. If through ACH, on the 12 <sup>th</sup> business day of each month.	The Hilton Plus Program gives the hotel the ability to sell vacation packages, combining rooms, air, car, and other travel components. Only the hotel room revenue component associated with a Hilton Plus package consumed sale is commissionable to the Packaging Technology Provider. The Hilton Plus Program is mandatory for all hotels in the System. Hotel receives 25% credit on the positive gross margin generated from the non-hotel components of the Hilton Plus Package.
Internet Distribution Program (IDP)	Standard internet commission on the total room rate and other commissionable charges is up to 10%, but is subject to change. Processing charge is currently \$1.50 per consumed stay, but subject to change.,	If invoiced, within 15 days of billing. If through ACH, on the 12 <sup>th</sup> business day of each month.	The IDP is a commissionable program for Internet affiliates that delivers customers to our Brand.com sites and that result in consumed reservations made through Brand.com as a result of the booking. DS consolidates all hotel affiliate commission payments into one payment per affiliate and sends the payment to each appropriate affiliate.
Third-Party Reservation Charges	Currently, \$4.50 per stay	If invoiced, within 15 days of billing. If ACH, on the 20 <sup>th</sup> day of each month.	Includes the costs and fees incurred in connection with Third-Party Reservations Systems, such as GDS, airline reservation services, internet and other service reservation providers for using their distribution system for reservations. This fee is subject to change.
Travel Planner Centralized Payment Program (TPCP)	Standard travel planner commission on the total room rate and other commissionable charges are currently up to 10%. Processing charge is currently \$0.18 per transaction, which includes commissionable reservations plus cancellations, no-shows and non-commissionable reservations.	If invoiced, within 15 days of billing. If through ACH, on the 12 <sup>th</sup> business day of each month.	TPCP consolidates all commissionable consumed travel planner bookings and remits one payment per agency. The fast changing nature of distribution relationships in the marketplace may require occasional changes to the commission, processing charges and other fee requirements.

TYPE OF FEE	AMOUNT	DUE DATE	REMARKS
Unlimited Budget Travel Planner Incentive and Loyalty Program	Weekday stay (Monday - Thursday nights) = \$0.71; Weekend stay (with 1 Fri/Sat/Sun night) = \$1.42; Weekend stay (with 2 Fri/Sat/Sun nights) = \$2.13. Double Points, these amounts increase to \$1.42, \$2.63, and \$3.63 respectively.	If invoiced, within 15 days of billing. If through ACH, on the 12th business day of each month.	Mandatory participation for all OnQ-enabled hotels participating in the TPCP program. These funds are remitted to Budget (a portion is paid to the travel planner; Budget retains the remaining amount as a processing charge). The booking fees are subject to change without advance notice.
<b>Transfers, Relicensing and Financing</b>			
Change of Ownership Transfers Fee	Currently, \$100,000	With Application.	Payable for any proposed transfer that does not qualify as a Permitted Transfer or as one that does not require notice to us or our consent.
Processing Fee for Permitted Transfers	Currently, \$5,000	When you submit a request for our approval.	Payable for any proposed Permitted Transfer.
Re-licensing Fee	Currently, \$75,000	Before we sign the new Franchise Agreement.	Payable for Relicensing to an existing franchisee.
Lender Comfort Letter Processing Fee	Currently \$2,500.	Before we issue a Lender Comfort Letter.	We will only issue a Lender Comfort Letter if you request it. The fee is subject to change.
Public Offering or Private Placement Processing Fee	Currently, \$5,000	When you submit a request for our approval	You must pay any additional costs we may incur in reviewing your documents, including reasonable attorneys' fees.
<b>Management Fees</b>			
Management Fees	Currently, fees are established by mutual agreement.	As incurred.	Payable if you enter into a management agreement with us or our affiliate. You may also hire an outside management company with our approval.
Spa Management Fees	Currently, up to 5% of gross spa revenues.	As agreed.	Payable if you enter into a spa management agreement with us or our affiliate. You may hire an outside spa management company with our approval.
<b>Remedies and Damages</b>			
Actual Damages Under Special Circumstances	Actual amount.	On demand.	Payable under certain circumstances for the termination of your Franchise Agreement.
Audit	Actual deficiency plus interest	On demand.	Payable if audit reveals that you understated or underpaid any payment due us which is not fully offset by overpayments. You must reimburse our costs if the underpayment is willful or 5% or more of the total amount owed for the period being inspected.

TYPE OF FEE	AMOUNT	DUE DATE	REMARKS
Default Remedies	Reimbursement of our actual expenses.	Case by case basis as incurred.	Our expenses may include attorneys' fees, court costs, and other expenses reasonably incurred to protect us and the Entities or to remedy your default.
Indemnification	Reimbursement for all payments by us or our affiliates due to any claim, demand, tax, penalty, or judicial or administrative investigation or proceeding arising from any claimed occurrence at your hotel.	Case by case basis as incurred.	You must reimburse us for all expenses including attorneys' fees and court costs we reasonably incur to protect us, our subsidiaries or affiliates or to remedy your defaults under the Franchise Agreement. You must also defend us, Hilton Worldwide, and each of such entities' current and/or future subsidiaries, and affiliates and any of their officers, directors, employees, agents, successors and assigns.
Insurance	Actual cost	On demand.	Payable if you do not obtain or maintain the required insurance or policy limits described in the Manual, and we choose to obtain and maintain the insurance for you.
Liquidated Damages for Post-Opening Premature Termination	\$3,600 for each authorized guest room	On demand.	Payable if we terminate the Franchise Agreement before the 2 <sup>nd</sup> anniversary of the Opening Date.
	The sum of the Monthly Royalty Fees due to us for the previous 24 months, divided by 24, and multiplied by 60.	On demand.	Payable if we terminate the Franchise Agreement after the 2 <sup>nd</sup> anniversary but before the 5 <sup>th</sup> anniversary of the Opening Date.
	The sum of the Monthly Royalty Fees due to us for the previous 24 months, divided by 24, and multiplied by the number of months remaining in the Term.	On demand.	Payable if we terminate the Franchise Agreement within 60 months of the Expiration Date of the Term.
Liquidated Damages for Unauthorized Opening	\$5,000 per day that your hotel is open without authorization	On demand.	Payable if you open before we give you written authorization to open, plus our costs, including attorneys' fees.
Liquidated Damages for Pre-Opening Premature Termination	\$3,600 for each authorized guest room.	On demand.	Payable if we terminate the Franchise Agreement before you open because you default, or because you terminate the Franchise Agreement without cause.
	\$3,600 for each authorized guest room.	On demand.	Payable if we terminate the Franchise Agreement and you or any Guarantor enter into an agreement for or begin construction of a Competitor Brand within 1 year after termination.



TYPE OF FEE	AMOUNT	DUE DATE	REMARKS
Service Charges for Overdue Payments	1½% per month or highest percentage permissible by law, whichever is less.	On demand.	Payable if you do not make any payment to us or our affiliates when due. See Item 17.
Taxes	Actual amount.	On Demand	Payable if any sales, use, gross receipts or similar tax is imposed on us for the receipt of any payments you are required to make to us under the Franchise Agreement.
<b>Miscellaneous Services and Programs</b>			
Consultation Fees	Set by us on a project-by-project basis.	When we request.	Payable if we may make consultation and advice services available to you at your request.
TMC/Consortia Program	Currently, \$2.70 for each consumed night booked under the TMC/ consortia "parity" rate.	If invoiced, within 15 days of billing. If through ACH, on the 12th business day of each month.	You must participate in BOTH or NEITHER of the TMC/Consortia Program and the Pay-On-All-Pay-For Performance Program. The list of participating travel planner accounts may vary depending on negotiations with accounts. We pay a portion of the fee directly to the travel planner account; the remainder is used to fund marketing efforts with travel planner accounts and as a processing charge. The fee is subject to change.
TMC Pay-On-All-Pay-For Performance Program	Currently, \$1.03 for each consumed night booked by a TMC travel planner	If invoiced, within 15 days of billing. If through ACH, on the 12th business day of each month.	You must participate in BOTH or NEITHER of the TMC/Consortia Program and the Pay-On-All-Pay-For Performance Program. The list of participating travel planner accounts may vary depending on negotiations with accounts. We pay a portion of the fee directly to the TMC; the remainder is used to fund marketing efforts with the TMC and as a processing charge. The fee is subject to change.
FedRooms Government and Military Travel Program	Currently, 2.75% of room revenue – for each consumed stay booked under the FedRooms rate/SRP.	Billed on TAPS invoice. Due within 15 days of billing if invoiced. If ACH, on the 15 <sup>th</sup> of the month.	Payable if you participate. We pay the entire fee to FedRooms. The fee is subject to change.
Sato Travel Government and Military Travel Program.	Currently, \$2.50 for each consumed night booked under the Sato Travel SRP.	Billed on TAPS invoice. Due within 15 days of billing if invoiced. If ACH, on the 15 <sup>th</sup> of the month.	Payable if you participate. We pay a portion of the fee directly to Sato Travel; the remainder is used to fund marketing efforts with Sato Travel and as a processing charge. The fee is subject to change.
ResMax Program	Currently, \$2.33 to \$2.70, based on the number of calls transferred.	As required by us or our affiliate.	Payable if you participate in this supplemental service under which reservation calls to your hotel will be referred to an offsite call center.

TYPE OF FEE	AMOUNT	DUE DATE	REMARKS
Revenue Management Consolidated Center (RMCC)	Annual Cost - \$35,000 to \$75,000.	Within 10 days of billing.	Payable if you participate in this optional, supplemental service under which revenue management functions will be conducted for your hotel, with an emphasis on individual hotel market conditions as well as the goals and objectives of hotel management and ownership.
Procurement and Service Fees	Currently, up to 10% of product cost.	Within 10 days of billing.	Payable if you buy from HSM, in addition to product cost, freight, sales tax and other cost incurred on your behalf.
Telephone Systems Project Management Fees	\$1,800	Within 30 days of billing.	Payable if we provide you with system bidding and design and coordination of vendors and services.

\* Unless otherwise indicated, all fees described in this Item 6 are payable to, and imposed by, us or our affiliates and are non-refundable.

### NOTES

1. "Gross Rooms Revenue" means all revenues derived from the sale or rental of guest rooms (both transient and permanent) of the hotel, including revenue derived from the redemption of points or rewards under the loyalty programs in which the hotel participates, amounts attributable to breakfast (where the guest room rate includes breakfast), and guaranteed no-show revenue and credit transactions, whether or not collected, at the actual rates charged, less allowances for any Guest Room rebates and overcharges, and will not include taxes collected directly from patrons or guests. "Gross Food and Beverage Revenue" means all revenues (including credit transactions whether or not collected) derived from food and beverage-related operations of the hotel and associated facilities, and all banquet, reception and meeting room rentals, including all restaurants (unless leased from third party operators), dining, bar, lounge, spa, and retail food and beverage services, at the actual rates charged, less allowances for any rebates and overcharges, and excluding any sales, hotel, entertainment or similar taxes collected from patrons or guests. If there is a fire or other insured casualty at your hotel that results in a reduction of Gross Rooms Revenue and Gross Food and Beverage Revenue, the Monthly Program, Monthly Royalty Fees and Monthly Food and Beverage Fees will be equal to the Monthly Program, Monthly Royalty and Monthly Food and Beverage Revenue Fees forecasted on the basis of the Gross Rooms Revenue and Gross Food and Beverage Revenue amount you agree on with your insurer(s). However, we have the right to participate with you in negotiating the value of your Gross Rooms Revenue and Gross Food and Beverage Revenue claim with your insurer(s). Group booking rebates, if any, paid by you or on your behalf to third-party groups for group stays must be included, and not deducted from, the calculation of Gross Rooms Revenue.

We can require you to transmit all payments required under the Franchise Agreement by wire transfer or other form of electronic funds transfer. You must bear all costs of wire transfer or other form of electronic funds transfer. We occasionally reduce the Monthly Royalty Fee or Monthly Food and Beverage Fee for multi-unit or more experienced franchisees, for franchisees with whom we have previously dealt, for conversions, or for franchisees in other unique circumstances. However, we do not always do so and may choose not to reduce your Monthly Royalty Fee or Monthly Food and Beverage Fee, even if you possess some or all of these characteristics.

2. We may change the Monthly Program Fee rate at any time. The Monthly Program Fee rate will not exceed the current rate plus 1% over the term of the Franchise Agreement. The Monthly Program Fee pays for various programs to benefit the System, including (i) advertising, promotion, publicity, public relations, market research, and other marketing programs, (ii) developing and maintaining directories and Internet sites for System Hotels; (iii) developing and maintaining the Reservation Service systems and support; (iv) quality assurance programs; and (v) administrative costs and overhead related to the administration or direction of these projects and programs. We may create any programs and allocate monies derived from Monthly Program Fees to any regions or localities. The Monthly Program Fee does not cover your costs of participating in any optional marketing programs and promotions periodically offered by us or Hilton Worldwide in which you voluntarily choose to participate. These fees also do not cover the cost of operating the hotel in accordance with the Standards or the Manual.

3. You must participate in, and pay all charges related to, our marketing programs not covered by Monthly Program Fees, and all guest frequency programs we require, including the Hilton HHonors Worldwide guest reward programs or any successor programs. You must also honor the terms of any discount or promotional programs (including any frequent guest program) that we or Hilton Worldwide offers to the public on your behalf, any room rate quoted to any guest at the time the guest makes an advance reservation, and any award guest certificates issued to hotel guests participating in these programs. We and our affiliates' other hotel brands may also participate in these programs. These programs are subject to change. You pay your share of the costs of the programs.

Currently, these programs include the Hilton HHonors® guest reward program operated by Hilton HHonors Worldwide, and airline and rental car company frequent user programs in which Hilton Worldwide participates. HHonors members may accumulate HHonors points with most stays for all eligible dollars spent at participating HHonors hotels. Guests, including non-HHonors members, can obtain frequent flyer mileage credit in one participating airline's frequent flyer program per stay with most stays at participating HHonors hotels. HHonors members may earn both HHonors points and frequent flyer mileage credit for the same stay at participating HHonors hotels. HHonors members may also earn additional HHonors points for using HHonors car rental and/or other partners in conjunction with a stay and may periodically earn additional point and/or mileage bonuses through promotional activity. The only room rates that are not eligible for HHonors point and/or mileage earnings are wholesale/tour operator packages, contracted airline crew rates, complimentary or barter rooms, stays on NET Group/Series Group/IT Group rates, contracted Entertainment or Encore rates, stays using airline percent-off award certificates, stays that are booked via third-party websites other than the websites of Hilton HHonors airline partners or stays booked via Priceline.com, Hotwire or similar booking channels where the hotel brand is unknown at time of purchase. HHonors members may redeem their accumulated points for discounted and free hotel room nights and other rewards. Terms of the Hilton HHonors program are subject to change. Pricing is subject to change and is reviewed annually.

These basic program fees are assessed on any stay for which a guest (a) earns HHonors points, (b) earns airline mileage credit or (c) earns both HHonors points and airline mileage credit. Additional HHonors bonus points that HHonors members earn as a result of promotions that your hotel agrees to participate in will result in an additional fee payable by your hotel based on a set cost per point or a percentage of the eligible guest folio, depending on the type of promotion. Similarly, bonus airline mileage credit that guests earn as a result of promotions that your hotel agrees to participate in will result in an additional fee payable by your hotel – amount varies by participating airline partner program. All program costs are subject to change.

In addition to the basic program fees outlined above, hotels are also responsible for the cost of certain guest amenities provided to HHonors members. Hotels must allocate a certain percentage of rooms

inventory for free night reward redemption by HHonors members as specified by the HHonors program. Hotels will be reimbursed for these reward redemptions on the same basis as other similarly situated participating hotels as specified by the HHonors program.

4. If yours is a REIT hotel, the OnQ requirements will apply, with the following differences. You will only pay 0.45% of your hotel's Gross Rooms Revenue per month ("REIT FBPP Fee") for the OnQ program. However, the REIT FBPP Fee does not cover the required hardware and equipment. You must also arrange and pay for all ongoing maintenance on the computer hardware and equipment. REIT hotels must replace or upgrade the hardware and equipment as follows: 1) for items with a total purchase price of over \$1000, you must complete replacement or acquisition and installation of any hardware or equipment within your hotel's next annual budgetary cycle after we request you to do so; and 2) for items with a total purchase price of under \$1,000, you must complete replacement and installation of any hardware or equipment within 90 days after we request you to do so. The REIT FBPP Fee covers upgrades for certain certified third-party software, proprietary hotel operations management systems software, OnQ Revenue Management, e-mail (up to seven accounts), CRM, OnQ Insider, as well as software maintenance and certain system support services. REIT hotels pay installation, training and initial software license costs for proprietary Hilton software on the same basis as non-REIT hotels (see Items 5, 7, 8, 11 and Schedule O of the HITS Agreement, Exhibit G).

## ITEM 7 ESTIMATED INITIAL INVESTMENT

### YOUR ESTIMATED INITIAL INVESTMENT

TYPE OF EXPENDITURE	AMOUNT (300 Room New Hotel)	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
Franchise Application Fee Note 1	\$75,000	Lump Sum	With Franchise Application	Us
Product Improvement Plan Note 2	\$7,500	Lump Sum	As agreed	Us
Market Study Note 3	Varies	As agreed	As agreed	Supplier
Phase 1 Environmental Assessment Note 4	\$0-\$10,000	As arranged	As agreed	Supplier
Real Property Note 5	Varies	As arranged	As arranged	Supplier
Construction/ Leasehold Improvements Note 6	\$100,000,000 -\$400,000,000	As agreed	As agreed	Suppliers
Design and Engineering Fees	\$1,000,000-\$6,500,000	As arranged	Before opening	Suppliers
Furniture, Fixtures and Equipment Note 7	\$10,000,000-\$13,500,000	As agreed	As agreed	Suppliers
Inventory and Operating Equipment Note 8	\$2,000,000-\$4,000,000	As required	As required	Suppliers
Signs Note 9	\$50,000- \$150,000	As required	As required	Supplier
Computer Software and Hardware, and Installation Costs Notes 10 and 11	\$165,000 - \$340,000	Cash, Check or Wire Transfer	As arranged	Supplier
Stay Connected High Speed Internet Program Note 10	\$95,000 - \$155,000	Cash, Check or Wire Transfer	45 days before opening	Approved supplier

TYPE OF EXPENDITURE	AMOUNT (300 Room New Hotel)	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
Pre-Opening Training Note 12	\$30,000 to \$45,000	As Arranged	As Incurred	Us and Suppliers
ADA Consultant Fee Note 13	\$2,500-\$10,000	Lump Sum	As agreed	Supplier
Construction/ Renovation Extension Fee	\$10,000	Lump sum	When requested	Us
Spa Consultant Fee Note 14	\$75,000	As agreed	As agreed	Us or Supplier
Insurance Note 15	Varies	As Agent requires	As required	Suppliers
Organizational Expense Note 16	\$100,000 - \$500,000	As agreed	As agreed	Suppliers
Permits and License Note 17	\$250,000-\$1,000,000	As required	As required	Governmental Agency
Miscellaneous Pre-Opening and Project Management Expenses Note 18	\$1,500,000-\$4,000,000	As incurred	As agreed	Suppliers
Contingencies Note 19	\$2,000,000-\$4,000,000	As incurred	As agreed	Suppliers
Additional Funds Note 20	\$600,000-\$1,200,000	As incurred	As agreed	Suppliers
<b>TOTAL</b> Note 21	<b>\$117,960,000 to \$435,577,500</b>  THESE FIGURES DO NOT INCLUDE REAL ESTATE, MARKET STUDIES, INSURANCE, INTEREST OR THE COST OF IMPROVEMENTS UNDER A CONVERSION, RE-LICENSING OR CHANGE OF OWNERSHIP.			

## NOTES

- See Item 5 for more information about the Franchise Application Fee.
- If you apply to convert an existing hotel to a Conrad hotel or apply for a change of ownership or other re-licensing, we charge an additional nonrefundable PIP fee to determine updating requirements for the hotel. See Items 5 & 6.
- For all new hotels, we recommend and may require a market study from a nationally recognized independent firm which discusses the competition for your proposed hotel, together with a minimum five year operating pro forma from you based on such market study showing your anticipated operating results. While we do not require prospective franchisees who are converting existing hotels to obtain a market study, occasionally we may encourage a prospective franchisee to commission a market study to evaluate the economic consequences of conversion. Our acceptance of the market study with a pro forma is not a financial performance representation on our part or a ratification of the projections performed by the consultant (see Items 1 and 11).
- Before you purchase the land, you should – at a minimum – consider obtaining a Phase 1 environmental assessment to determine the environmental condition of the land. Based on this Phase 1 report, additional investigations and tests may be necessary before you make your purchase decision. Many lenders will require a Phase 1 report before lending purchase money.
- The cost of land for a hotel varies depending on location, size, land costs in the area and highway accessibility and special assessments, among other factors. The cost of land generally ranges between \$5,000 and \$30,000 per guest room. If you are converting an existing hotel that you already own or lease, you may have no land costs.

6. The cost of construction varies from site to site depending on the ratio of public space to guest rooms; the amount and nature of land on which the hotel is built; the type of construction; materials used; union involvement; and the location, size and character of hotel facility and of supporting facilities (indoor/outdoor pool, landscaping, exercise room, tennis courts, etc.). The cost of furniture, fixtures and equipment will depend on the number and type of guest rooms (for example, double rooms versus single rooms), restaurants, lounges and supporting facilities. We must approve the final plans, designs and specifications for your hotel (see Item 8).

Estimates for new hotels include the cost of construction, lounges, paving, elevators, site lighting, normal site work for the building, utilities and supporting facilities (indoor/outdoor pool, landscaping, exercise room, tennis courts, etc.).

If you are converting an existing hotel, your costs will most likely be lower, but you must conform guest rooms, public areas and exterior areas to our standards. Your costs will depend on the type and condition of your hotel, its age, physical structure and quality of furnishing. Because there are so many variables involving any particular existing hotel, we can give no average cost.

7. This is an estimate for the total cost of furnishing a Conrad hotel in the size shown. The cost of furniture, fixtures and equipment will depend on the number and type of guest rooms (for example, double rooms versus king rooms), the extent of the food and beverage service offered, restaurants, lounges and supporting facilities. Estimates for new hotels include the cost of furniture, fixtures and equipment for guest rooms, corridors, restaurants, lounges, health clubs and all public areas. These estimates do not include the costs of kitchen and laundry equipment, which are included as part of the estimated construction costs.

If you are converting an existing hotel, your costs will most likely be lower, but you must conform guest rooms, public areas and exterior areas to the Conrad standards. The cost of a complete furniture, fixtures and equipment rehabilitation of a hotel's guest rooms and public area ranges from \$4,000 to \$12,000 per guest room. This does not include structural changes. Rehabilitation normally includes replacing furniture, fixtures, equipment, carpets, drapes, wall coverings, artwork, etc.

8. Inventory includes food and beverages and other immediately consumable items such as fuel, soap, cleansing material, matches, stationery and similar items. "Operating equipment" includes such items as chinaware, glassware, linens, silverware and uniforms.

9. Cost depends on location, type, quantity and sizes of exterior signs. Your signs must conform to System specifications (see Item 8). If you are converting an existing hotel, you must change the identification to that of a Conrad hotel, change all signs (and highway billboards, if any) and substitute Conrad identification on operating supplies and equipment, including brochures and paper items. Signs include freestanding signs and primary identification for the building. The amount includes installation, freight, foundation and wiring. You must install, display, and maintain signage displaying or containing the Brand name and other distinguishing characteristics in accordance with plans, specifications and standards we establish for System Hotels. You must purchase exterior signage from a vendor currently licensed by us. You may contact your Architecture & Construction representatives for a current list.

10. The "up-front" software costs for the OnQ program are based on the size of the hotel and number of workstations at your hotel. The up-front computer costs are not refundable. Under the OnQ program we provide you with the hardware, software components (except for the proprietary property management component software), hardware maintenance, software maintenance and technical support for both hardware and software for a required monthly fee of 0.75% of your hotel's Gross Rooms Revenue (see Items 5 and 6).

You must also arrange and pay for the ongoing HSIA. You must purchase this service from HSS or its designated supplier. We currently estimate that it will cost between \$1,950 and \$6,500 per month for a 300-room hotel. This estimate includes HSIA (e.g., the HSIA connection) and monthly service for the required dial in line, 24x7 call center support and HSIA equipment break-fix maintenance. Your costs will depend on your hotel size, number of meeting rooms, and bandwidth usage.

You are required to provide (at your cost) the necessary communications vehicles necessary for the support and operation of OnQ, currently including wide area network connections to the Reservations Service and Internet via OnQ connectivity and/or dial-up connections, routers, and CSU/DSU equipment. The cost for OnQ connectivity will be billed to the hotel by Hilton or HSS, currently at an approximate monthly cost of \$1,485 to \$2,150. OnQ connectivity billing will begin at the time the circuit is installed. This should occur about 45 days before opening. You will be responsible for any fees that are assessed by the OnQ connectivity installation vendor, including rescheduling or cancellation fees. Rescheduling and cancellation fees typically range from \$500 to \$2,000 depending on circumstances and vendors.

Currently, all Conrad Hilton hotels must have computer workstations and printers available for guest use, free-of-charge, in either a traditional business center or in an open zone in the lobby ("Connectivity Center"). You must obtain specified equipment, software and ongoing support from our approved supplier (see Item 8). We currently estimate that the specified minimum equipment will cost about \$7,100. If you purchase additional workstations, printers and upgrade options, your costs will be higher. These estimates do not include any costs for internet connectivity, power or additional furniture.

11. For a required monthly fee of 0.75% of your hotel's Gross Rooms Revenue, Hilton Worldwide provides you with computer hardware, certain software (except for the proprietary property management component software), hardware maintenance, software maintenance and technical support for both hardware and software under the OnQ fee based pricing program. Under the OnQ program you do not need to purchase the software (except for the proprietary property management component software), hardware or maintenance. However if you choose to, you may purchase the hardware required for the OnQ program from a third party vendor, but if you do so, you still pay Hilton Worldwide or HSS the monthly fee of 0.75% of your hotel's Gross Room Revenues and you must pay Hilton Worldwide for all its reasonable expenses in determining that the equipment conforms to its specifications; configuration costs; installation costs; reasonable travel and other expenses of Hilton Worldwide's or HSS's employees and vendors who perform installation services; necessary communication vehicles (phone lines, network connections); and installation fees for connection to communication vehicles. In 2012, costs for work to ensure that hardware from third party vendors met the technical criteria ranged from \$5,000 to \$10,000 depending on a franchisee's location, local hook up charges, a franchisee's service agreement with the vendor, and the number of work-stations at the hotel. Computer system fees are not refundable. We are unable to estimate the costs of purchasing the hardware required for the OnQ program from a third-party vendor because the range of costs would be so wide (see Items 5 and 6).

If yours is a REIT hotel, the OnQ requirements described above will apply, with the following differences. You will only pay 0.45% of your hotel's Gross Rooms Revenue per month ("REIT FBPP Fee") for the OnQ program. However, the REIT FBPP Fee does not cover the required hardware and equipment. REIT hotels may purchase all the required hardware and equipment from us or from a third-party vendor. If you purchase the hardware and equipment from a third-party vendor, the hardware and equipment must meet our exact specifications and you must pay Hilton Worldwide for all its reasonable expenses in determining that the hardware and equipment conforms to its specifications; configuration costs; installation costs; reasonable travel and other expenses of Hilton Worldwide's employees and vendors who perform installation services; necessary communication

vehicles (phone lines, network connections); and installation fees for connection to communication vehicles. REIT hotels pay installation, training and initial software license costs for proprietary Hilton software on the same basis as non-REIT hotels (see Item 5, 6, 11 and Schedule W of the HITS Agreement, Exhibit G).

12. We will provide the training programs required under the terms set forth in Items 5 and 11 of this Disclosure Document. You are responsible for the costs of training materials and travel and living expenses while training.

13. If you want to engage in a Permitted Transfer, Conversion, Relicensing or Change of Ownership Transfer for the hotel, you will be required to complete an independent survey conducted by an ADA consultant to determine the hotel's compliance with the ADA.

14. If you are required to install a spa in your hotel, you must enter into a consulting services agreement with us or one of our affiliates, or a third-party spa management company approved by us, for the build-out and design, planning and concept development, business model creation, IT, construction and technical services, equipment selection and procurement, operational guidelines, menu development, and sales and marketing services related to the spa (see Item 8).

15. You must maintain the minimum levels and types of insurance specified in the Manual at your expense. This insurance must be with insurers having minimum ratings we specify; name as additional insureds the parties we specify in the Manual; and carry the endorsements and notice requirements we specify in the Manual. Insurance premiums vary widely by reason of location, size of hotel and type of coverage purchased and cannot be estimated.

16. Actual cost depends on work done by an accountant and attorney, and standard regional rates.

17. The licenses and permits you must obtain to operate your hotel vary depending on the state, county or other political subdivision in which the hotel is located.

18. You will incur pre-opening expenses for salaries and wages; personnel training; sales; administrative and general expenses; project management; technical services; advertising; and, opening festivities. Because there are so many variables for an existing hotel, we cannot estimate these pre-conversion expenses for a franchisee converting an existing hotel.

19. "Contingencies" means unanticipated construction cost overruns and other unanticipated expenses. Because there are so many variables for an existing hotel, we cannot estimate these pre-conversion contingencies for a franchisee converting an existing hotel.

20. The estimate of additional funds for the initial period of your hotel business is based on estimated staff salaries and operating expenses for the first three months of operation. The additional funds required will vary by the area and the relative effectiveness of you and your staff. You must provide security deposits for utilities and rent, if any (and possibly for other items).

Normally, you must provide equity capital for at least 20% to 50% of the total initial cost. You may supply the remainder by debt financing, if we approve the financing plan. Banks and other lending institutions may require you to provide equity capital to cover at least 50% to 80% of the total cost. A mortgage is generally necessary to secure financing. Due to variations in the term of debt financing and other market factors and conditions, we cannot estimate the period and amount of loan repayments, the interest rate, or other terms and conditions of any financing. Our approval of a financing plan depends on a number of factors, including the overall cost of the project, the potential market of the hotel, the total amount to be financed in relation to equity contributions, and the material financial terms of the proposed debt financing.



In compiling these estimates we rely on Hilton Worldwide's 50+ years of experience in operating or franchising hotels. You should review these figures carefully with a business advisor before making any decision to purchase the license. If you are converting an existing hotel, your costs will most likely be lower, but you must conform guest rooms, public areas and exterior areas to our standards. Your costs will depend on the type and condition of your hotel, its age, physical structure and quality of furnishing. Because there are so many variables involving any particular existing hotel, we can give no average cost.

## **ITEM 8**

### **RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES**

This Item describes your obligations to buy or lease from us or our designees, from suppliers we permit, or in accordance with our specifications.

All franchisees must build, design, furnish, equip and supply their hotels in accordance with the Standards (as defined in the Franchise Agreement). The Standards are compiled in our standards manual ("Manual"). Our Operating Committee reviews, modifies and implements product Standards. We may periodically modify and update Standards to reflect operational requirements, advances in technology, improved methods of manufacture, new materials and structures, new products, improved prices and other factors. We currently issue, modify and update specifications in the form of updates to the Manual. We may periodically require you to modernize, rehabilitate and/or upgrade your hotel's fixtures, equipment, furnishings, furniture, signs, computer hardware and software and related equipment, supplies and other items to meet the then current Standards. You are responsible for the costs of implementing all changes required because of modifications to the Standards.

You must comply with our Standards regarding the purchase of products and services for use at the hotel, including furniture, fixtures, equipment, food, operating supplies, consumable inventories, merchandise for resale to be used at and/or sold from the hotel, in-room entertainment, property management, revenue management, telecommunications and telephone systems, long distance services, signs/environmental graphics, customer satisfaction measurement programs, uniforms, materials with logos, property print advertising, guest assistance program, computer networking and other computer and technology systems, and any and all other items used in the operation of the hotel, including our specifications for all supplies. You must also maintain acceptable product quality ratings at your hotel and maintain the hotel in accordance with the Standards. In some cases, we may require you to purchase a particular brand of product; however, you may purchase this brand of product from any authorized source of distribution.

#### **Purchases through Hilton Worldwide and its Affiliates**

No officer of ours owns a material interest in any approved supplier.

You must agree to have installed and to use HSS's proprietary computer business software and hardware, currently OnQ. OnQ is explained in more detail in Items 5 and 11. You must purchase items bearing our logo, trademark or service mark from a supplier approved by us. We may derive profit from such sales.

We had no licensed locations open in 2012 and therefore we did not sell any goods, services or supplies to any franchisees of ours and we collected no money for the Hilton HHonors program from any franchisees of ours in 2012. Several of our affiliates had revenues during that year from sales to franchisees. For the fiscal year ended December 31, 2012, HWI and its other affiliates (including HHonors) had revenues from sales of goods, services, computer systems and/or supplies to franchisees of HWI's subsidiaries of \$491,305,515.

HSM, a wholly owned subsidiary of HWI, is a stockless distributor of hotel furniture, furnishings, fixtures, equipment and supplies, and certain food and beverage supplies. You may, but you are not obligated to, purchase specified items from HSM (see Items 5, 6 and 11). HSM negotiates lower prices with manufacturers and suppliers, and then passes these savings on to franchisees when it sells to franchisees.

You may purchase the furniture, fixtures, and equipment ("FF&E") and other supplies for your hotel from any source as long as the Standards are met. However, in the future, we may require you to purchase FF&E and supplies from a supplier approved by us, or we may require you to purchase a particular brand or model of supplies or equipment that is available only from one source, and we may derive profit as a result of those purchases.

HSM has various discount agreements with manufacturers and suppliers, under which it receives rebates and allowances based on the total volume purchased from the manufacturer. These volume fees include sales to franchisees by the manufacturers and in some cases, through suppliers. HSM also receives certain volume and national account marketing allowances from manufacturers in connection with the sale to franchisees of certain items, such as coffee, soft drinks, cleaning compounds, and paper products. For the fiscal year ended December 31, 2012, HSM collected \$6,216,927.04 in rebates and allowances on purchases made by franchisees of HWI's subsidiaries.

For the fiscal year ended December 31, 2012, HSM had revenues from sales of goods, services, and/or supplies to franchisees of HWI's subsidiaries of \$585,451.66. In addition, HSM receives cash discounts for early payment on orders it places with manufacturers and suppliers to fill purchase orders placed with it by franchisees.

Certain suppliers we approve ("PSDP Suppliers") become members of our Primary Supplier Distribution Program ("PSDP"). Each PSDP Supplier pays to HSM an administration fee that is between 0.5% and 5% of purchases by all franchisees from the respective PSDP Supplier. For the fiscal year ending on December 31, 2012, HSM collected \$10,796,492.60 for administrative fees on purchases made by franchisees of HWI's subsidiaries.

If you want to use a product, or a particular brand or model, that has not been specified as having met our standards, or if you want to purchase from an unapproved supplier an item that must be purchased from an approved supplier, then you can submit a written request for us to approve the product or supplier. We may require certain information or samples which you must provide at your expense. We will review all of the pertinent information. While we have no obligation to respond within a certain timeframe, our review typically takes 30 days to complete. We do not provide any material benefit (such as license renewal or the grant of additional licenses) to a franchisee based on a franchisee's use of designated or pre-approved suppliers (the Franchise Agreement is non-renewable).

We evaluate suppliers based on many factors, including: (i) the quality and cost of the products and/or services; (ii) the supplier's established history in serving the System with products that consistently meet or exceed the standards and specifications as set forth in the Manual; (iii) the level of support and recognition of the supplier by us and our franchisees, as well as the System's demand for those products/services; and (iv) the supplier's ability to service the needs of the System and potential for active participation and support of the PSDP program. If a PSDP Supplier no longer meets our criteria, the PSDP Supplier's name and materials are removed from the PSDP. The revenues collected from rebates, administration fees and purchasing fees are primarily used to offset the cost of establishing the purchasing programs and supporting the expenses of HSM.

## **Signage**

You must install, display, and maintain signage displaying or containing the Brand name and other distinguishing characteristics in accordance with plans, specifications and standards we establish for System Hotels. You must purchase exterior signage from a vendor currently licensed by us. You may contact your Architecture & Construction representative for a current list.

## **Reservation Service**

You must use the Reservation Service for reservation referrals. You must also purchase computer terminal equipment and software compatible for use with the Reservation Service. The computer equipment and software required for OnQ satisfies the requirement that your computer equipment and software be compatible with the Reservation Service. Although you must use the Reservation Service, you may also use other reservation services to refer reservations to (but not by and from) your hotel.

## **Connectivity Center**

Currently, all Conrad Hilton hotels must have a Connectivity Center. You must obtain specified equipment, software and ongoing support from the approved supplier; currently, Uniguest. In the future, any of the products or services for the Connectivity Center may be manufactured or provided by an approved supplier who is also our client or supplier.

## **General**

Before we permit you to proceed with your plans for construction or remodeling of the hotel, and any time you make changes that affect usability or access to your hotel, your architect or other applicable certified professional must certify to us that the hotel's plans and specifications comply with all Laws related to accessibility/accommodations/facilities for those with disabilities, as further described in the Manual (see Item 11). You will also be required to complete an ADA Survey, in conjunction with an approved ADA consultant and in the form required by us, to determine if the hotel is in compliance with the ADA within 30 days of our request. The process for completing the survey, and other requirements related to it, will be set forth in the Manual. If requested, you must arrange for us and/or our affiliates to participate in all progress meetings during the development and construction of the hotel, to have access to all contract and construction documents for the hotel and to have access to the hotel during reasonable business hours to inspect the hotel and its construction, completion, furnishing and equipment for conformity to the finally-approved construction documents. However, we and our affiliates have no obligation to participate in progress meetings or to inspect the hotel. Our approval is not a representation of the adequacy of the plans and specifications, the structural integrity, or the sufficiency of the mechanical and electrical systems for the hotel. When you begin construction or conversion of the hotel and before your hotel opens for business, both you and your architect or general contractor must provide us with a certificate stating that the plans and as-built premises comply with all applicable legal requirements relating to accessibility/accommodations/facilities for those with disabilities, as is further described in the Manual (see Item 11). If the hotel does not comply with the ADA, you must submit a plan to the ADA consultant detailing the plan to bring the hotel into compliance, the process relating to which is set out in the Manual. We may not approve your opening if your hotel is not compliant with the ADA.

We currently estimate that the required purchases described above represent about 15% to 20% of the cost to establish a new System Hotel and about 2% to 5% of operating expenses.

During the term of the Franchise Agreement and any term extensions, we may periodically require you to make additional expenditures and investments to maintain your hotel in accordance with the System Standards and to remove any deficiencies in your hotel's operations.

Except as stated above, we do not negotiate purchase arrangements with suppliers for the benefit of franchisees. There are no purchasing or distribution cooperatives. We provide you with no material benefits (such as license renewal or the grant of additional licenses) based on your use of designated or permitted sources. Except as described above, we presently receive no payments, discounts, rebates, credits or commissions from any supplier based on your purchases from that supplier.

## ITEM 9 FRANCHISEE'S OBLIGATIONS

**This table lists your principal obligations under the Franchise Agreement and other agreements. It will help you find more detailed information about your obligations in these agreements and in other Items of this disclosure document.**

Obligation	Section in Franchise Agreement	Section in HITS Agreement	Disclosure Document Item
a. Site selection and acquisition/lease	1, 5.1.16 and 5.1.17; Addendum	Not applicable	7 and 11
b. Pre-opening purchases / leases	1, 6.1.2, 6.2, 6.3; Addendum	1 and 2	5, 6, 7, 8 and 11
c. Site development and other pre-opening requirements	1, 5.1.16, 6.2, 6.3 and 6.5; Addendum	Not applicable	5, 6, 7, 8, and 11
d. Initial and ongoing training	5.1.5	Schedule A	5, 6, and 11 and 15
e. Opening	1 and 6.4	Not applicable	7 and 11
f. Fees	1, 4.1, 4.3, 4.5, 5.1.20, 6.6.3, 8.1, 8.2, 8.3, 13.2.2, 13.2.3.1, 13.2.4.2 and 13.2.5.2; Addendum	1; 6; and 12; Schedules B and E	5, 6 and 7
g. Compliance with Standards / Manual	1, 5 and 6.2	8 and Schedule E	8, 11, 13, 14, 15 and 16
h. Trademarks and Proprietary Information	1, 5.1.14 and 9; Addendum	8 and 27; Schedule E	13 and 14
i. Restrictions on products/ services offered	5.1.18, 5.1.19, 5.1.23, 5.1.24 and 5.1.25	Not applicable	8 and 16
j. Warranty and customer service requirements	5.1.8 and 5.1.21	Not applicable	6, 8 and 16
k. Territorial development and sales quotas	Not applicable	Not applicable	12
l. Ongoing product/service purchases	1, 5.1.3 and 5.1.6	2	6 and 8
m. Maintenance, appearance and remodeling requirements	5.1.4 and 6.6	Schedule C	8 and 11
n. Insurance	5.1.22	Not applicable	6 and 7
o. Advertising	5.1.7, 5.1.13, 5.1.20 and 5.1.21; Addendum	Not applicable	6 and 11
p. Indemnification	1 and 15; Guaranty	Not applicable	6
q. Owner's participation / management / staffing	1, 5.1.26 and 7.1; Addendum	Not applicable	15
r. Records and reports	10.1 and 10.2; Addendum; Guaranty	Not applicable	Not applicable
s. Inspections and audits	4.5 and 10.3; Addendum	Not applicable	6 and 8

Obligation	Section in Franchise Agreement	Section in HITS Agreement	Disclosure Document Item
t. Transfer	1 and 13	22	17
u. Renewal	Not applicable	8(f)	17
v. Post-termination obligations	14.6	Not applicable	17
w. Non-competition covenants	5.1.15 and 7.3	Not applicable	17
x. Dispute resolution	17.2.2	24	17
y. Other: Guaranty of franchisee's obligations	1 and Guaranty	Not applicable	15
z. Other: Liquidated Damages	6.4.4.1 and 14.4	Not applicable	17

## ITEM 10 FINANCING

Other than the development incentive program (“incentive”) described below, we do not offer direct or indirect financing for franchisees. We may negotiate these incentives when business circumstances warrant. These programs may be modified, limited, extended or terminated at any time without advance notice or amendment of this Disclosure Document. While we generally require payment of the Franchise Application Fee in a lump sum when you submit your Application, we occasionally allow payment in installments over a limited time period before the start of construction work on the hotel. If we do, we will not charge interest or require a security interest over the installment period or require you to sign a note. You may prepay the unpaid amount of the Franchise Application Fee at any time. If there is a default under the Franchise Agreement, the remaining balance is accelerated and becomes your immediate obligation, along with any court costs and attorney's fees for collection.

We may offer, in our sole discretion, certain incentives for development and conversion hotels. The Incentive is a loan that is not subject to repayment unless the franchise terminates before the end of the Term (generally the first 20 years of operation of the hotel) or a transfer occurs. If a transfer occurs, you will repay the balance of the Incentive. At each anniversary of the Hotel Opening Date, the repayable amount of the Incentive reduces by 1/20th of the original amount. To receive the Incentive, you and your principals, as co-makers, must sign a development incentive note (“Note”) in the form attached as Exhibit D-2 when you sign the Franchise Agreement. Any Incentive will be disbursed to you after: (i) you have passed a final credit/financial review with no material adverse changes in the business, legal, litigation, bankruptcy status or finances of the applicant, the guarantors or the project since preliminary approval; (ii) the hotel opens with our consent; (iii) you have completed any PIP required by the Franchise Agreement; and (iv) you have paid the Franchise Application Fee. The Note bears no interest except in the case of default. We may grant renewals, extensions, modifications, compositions, compromises, releases or discharges of other parties without notice to any guarantor or co-maker. If you transfer the hotel, you must repay the balance of the Note unless the Transferee and its principals assume the obligation to repay the Incentive and provide us with such other security as we may require in our sole discretion. If you are purchasing an existing hotel and you assume the obligation to repay the unamortized balance of the Note with our consent, you must repay the balance if the franchise terminates after your purchase of the hotel.

We do not offer any other financing and do not guaranty your note, lease or other obligations.

## ITEM 11 FRANCHISOR’S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING

**Except as listed below, we are not required to provide you with any assistance.**

We may provide any of these services through our employees and representatives, through our affiliates or through any third party provider we designate.

Hilton Worldwide will – at all times acting on our behalf – discharge all of our duties and obligations under Conrad franchise agreements governing hotels situated in the States, including: discharging all of our obligations to franchisees; managing the Conrad license network; marketing, offering and negotiating new and renewal franchise agreements as our franchise broker; furnishing assistance to Conrad franchisees in the US; implementing our quality assurance programs; and, otherwise on our behalf, discharging all duties we owe under franchise agreements governing Conrad hotels in the US.

Hilton Worldwide or its affiliates employ all the persons who will provide services to you on our behalf under the terms of your Franchise Agreement. If Hilton Worldwide fails to perform its obligations, then Hilton Worldwide may be replaced as the franchise service provider. However, as the Franchisor, we will always be responsible for fulfilling all our duties and obligations under your Franchise Agreements.

### **Pre-Opening Phase Obligations**

After we approve your Application and/or you sign the Franchise Agreement, but before you open your hotel:

(1) We will loan to you a copy of our Manual and/or provide you with electronic access to the Manual on the Hilton Intranet resources library. The Manual is confidential and is the property of our affiliate HLT Conrad IP LLC. (Franchise Agreement, Section 4.6) References to the “Manual” include the Standards. The Standards include all standards, specifications, requirements, criteria, and policies that have been and are in the future developed and compiled by us for use by you in connection with the design, construction, renovation, refurbishment, appearance, equipping, furnishing, supplying, opening, operating, maintaining, marketing, services, service levels, quality, and quality assurance of System Hotels, including the hotel, and for hotel advertising and accounting, whether contained in the Manual or set out in this Agreement or other written communication. (Franchise Agreement, Sections 1.0 and 4.6) The table of contents of the Manual is attached as Exhibit H.

(2) Before you retain or engage an architect, interior designer, general contractor and major subcontractors, we will review your selection, and you must obtain our prior written consent, which may be conditioned on the architect, interior designer, general contractor or major subcontractor obtaining a performance bond from a surety on terms acceptable to us (Franchise Agreement, Section 6.1.1).

(3) We will review the plans, layouts and specifications, drawings and designs for constructing and furnishing your hotel, including guest room areas, and grant or deny approval, which may be conditioned on your architect or other certified professional certifying to us that the Plans comply with all laws related to accessibility/accommodations/facilities for those with disabilities. You may not start construction until you receive our approval. Once you receive our approval, you may not make any changes to the plans without our consent. (Franchise Agreement, Sections 6.1.2, 6.1.3 and 6.1.4).

(4) We will review and approve or disapprove your proposed management of the hotel. (Franchise Agreement, Section 7.0). In evaluating the proposed management, we look at the proposed management organizational structure, prior experience and performance in managing similar luxury, full-service hotels, as well as other relevant factors. If we do not approve your proposed management, then we will require you to hire a professional hotel management company satisfactory to us to manage the hotel for at least the first year of operations. At the end of the year, if you request it, we will reevaluate this requirement.

(5) We will provide you with the HITS Agreement (which will be countersigned by HSS) before you open your hotel. The HITS Agreement governs your access to and use of OnQ, Hilton Worldwide's proprietary computerized business system which is an integral part of the System we license to you (see Computer Requirements below.) The HITS Agreement also governs the installation and on-going support and maintenance of your Hilton HSIA service.

(6) We will make available to you for use in the hotel various purchase, lease, or other arrangements with respect to exterior signs, operating equipment, operating supplies and furnishings, which we or Hilton Worldwide may have and which we make available to other Brand franchisees. (Franchise Agreement, Section 4.7).

(7) We will specify required and optional training programs. (Franchise Agreement, Section 4.1). This training is intended to familiarize the trainee with basic requirements under the Franchise Agreement and Manual for operating a Conrad hotel or resort. It is not training on management or operation of a hotel, and it is your sole responsibility and obligation to arrange for professional management and operation of your hotel (see Item 15). Hilton Worldwide offers required training courses to those affiliated with the System for orientation and as part of the certification process. Employees designated to take training must complete the required training to our satisfaction. You must pay the costs for required and optional courses, along with all travel, lodging and other expenses associated with training. Hilton Worldwide may also charge for training materials. Our training programs are listed below:

### **Training**

The following table sets forth the training that we make available as of the date of issuance of this Disclosure Document, and is subject to change in all respects.

#### **TRAINING PROGRAM**

<b>Subject</b>	<b>Hours Of Classroom Training</b>	<b>Hours of On the Job Training</b>	<b>Location</b>
General Manager – Executive Leaders In Luxury (Note 1)	16	0	Major Market
OnQ Property Management Training (Note 2)	60	0	On-site and self-paced CBT & workbooks)
OnQ Reservations Training (Note 2)	4.5	0	On-site
OnQ Rate & Inventory Training (Note 3)	24	0	On-site
Conrad Orientation (Note 4)	8	0	On-site
Conrad Concierge (Note 5)	4	0	On-site
Director of Sales and Marketing Orientation (Note 6)	24		Major market
OnQ Revenue Management Training (Note 7)	8-10	0	Online in OnQ Hilton Worldwide University
OnQ Forecast Management Training (Note 7)	8-10	0	Online in OnQ Hilton Worldwide University
Conrad Trainer (Note 8)	12	0	On-site
HHonors Training (Note 9)	1-2	0	On-site

Subject	Hours Of Classroom Training	Hours of On the Job Training	Location
CRM Training (Note 10)	1	0	On-site
Daily Quality Meeting (Note 11)	0	0	On-site
Service Skills – Living the Service Principles (Note 12)	8	0	On-site
Charting the Course (Note 13)	4	0	On-site
Leading a Conrad Service Culture (Note 14)	8	0	On-site
Leaders in Luxury (Note 15)	16	0	On-site
Brand Conference (Note 16)	16	0	Major Market
Job Skills Train the Trainer (Note 17)	8	0	On-site
Daily Pre-Shift Training (Note 18)	1	0	On-site
ADA Training – Survey Instrument (Note 19)	0	0	Online
ADA Training – Your Employees	0	0	Online

## NOTES

1. **General Manager – Executive Leaders in Luxury.** This 2-day program equips General Managers with the understanding of today's modern luxury traveler and how to meet and exceed their needs in an ever changing world. Course subjects include trending luxury, worth versus deal, selling luxury, experiencing luxury and leading in a luxury environment. Key personnel from any management company you employ may also attend this training. The cost of this training is \$3,500 per participant. There may be nominal annual increases in the costs. In addition, you pay the travel, compensation, living expenses and miscellaneous expenses of this who attend.
2. **OnQ Property Management Training and OnQ Reservations Training.** Before the opening of your hotel, all hotel staff that will be utilizing OnQ must first complete their respective self-paced training, provide documentation of a printed certificate and successfully complete the "simulated operations exercise." The training is provided via CD Rom and software. Under the HITS Agreement, HSS provides, at your cost, services in connection with the start up of OnQ. The number of Systems Implementation Consultants and number of days on site is determined by Hilton Worldwide and is based on size and type of hotel (see Items 5 and 8). As part of these required services, the Hilton Worldwide representative will verify that all front desk staff and management have successfully completed training and have passed an OnQ certification test by at least a minimum score of 80% for the general manager and 80% for the team. If your staff does not attain the minimum score, the opening of your hotel may be delayed and a rescheduling fee of \$2,000, plus travel, may be applied.
3. **OnQ Rate & Inventory Training.** Before the opening of your hotel, all hotel staff that will be utilizing the OnQ Rate and Inventory Management component must first complete their respective self-paced web based training, provide documentation of a printed certificate and successfully complete the "simulated operations exercise." For each employee who completes this training there will be a \$50 charge. Under the HITS Agreement, HSS provides, at your cost, services in connection with the start up of OnQ. The number of Systems Implementation Consultants and number of days on



site is determined by Hilton Worldwide and is based on size and type of hotel (see Items 5 and 8). As part of these required services, the Hilton Worldwide representative will verify that all reservations and revenue management staff have successfully completed training and have passed an OnQ Rate & Inventory Management certification test by at least a minimum score of 90%. A minimum of two management employees per property must certify on OnQ Rate & Inventory. If your staff does not attain the minimum score, the opening of your hotel may be delayed and a rescheduling fee of \$2,000, plus travel, may be applied.

4. **Conrad Orientation.** A Conrad Certified trainer will successfully deliver the Conrad Orientation to all new employees before opening or conversion. Any new employee hired after the opening of your hotel must complete an orientation program within 14 days of his or her employment. This interactive program includes an overview of the Conrad history, the meaning of the Conrad brand, introduces the Conrad Luxury of Being Yourself culture as well as a description of your hotel's features, management team, employment policies and procedures, benefit programs, dress code, work schedules and pay programs, safety and security programs, house rules and regulations. Currently, the cost is \$50 per person.

5. **Conrad Concierge Training.** This training is designed to ensure delivery a personalized delivery of our Conrad Concierge app. Employees learn techniques for delivering amenities, pre-orders and services in a flawless and innovative way. Currently, the cost is \$100 per class.

6. **Director of Sales and Marketing Orientation.** Your Director of Sales must attend a 3 to 4 day orientation to our sales and marketing programs, currently held in a major market. This training should be completed before the hotel opens or is converted. Hilton Worldwide will offer this orientation periodically based on demand and currently charges a fee of \$940 per participant. There may be nominal annual increases in the cost. In addition, you pay for the wages, living expenses and miscellaneous expenses of those who attend.

7. **OnQ Revenue Management and OnQ Forecast Management Training.** These separate systems online trainings are mandatory for all employees working in the subject areas within 60 days of hire. Suggested participants include Director of Revenue Management, Director of Sales, Director of Front Office Operations, and their assistants. Participants must demonstrate proficiency in these programs. Currently, we charge \$450 per person for each of these trainings.

8. **Conrad Trainer Certification.** This 2-day session will certify participants in Orientation, Living the Service Principles and Charting the Course programs. There will be practice in facilitation each day. Currently, we charge \$500 per person for this training.

9. **HHonors Training.** The HHonors Training is on OnQ Insider. This training program is mandatory for all key management staff and applicable front office personnel and must be completed within 14 days of hire.

10. **Customer Really Matters.** The CRM training program, Customer Really Matters, is on OnQ Insider. It is to be shown within 60 days for all new hires and 30 days before a new hotel opening. This training helps employees identify our most valuable guests.

11. **Daily Quality Meeting.** Each day, operational department heads meet for a minimum of one hour to review data of guest feedback. Resolution should be reviewed to ensure situations were resolved to the guest's satisfaction. Meeting minutes will be produced and all information will be recorded in the OnQ system so we are aware of our guest's history.

12. **Living the Service Principles.** This highly interactive session is designed to develop competency in each of our service values, allowing our professionals to deliver service in the Conrad brand voice. Activities and discussions revolve around creating experiences for our guests focusing on flawless delivery and authentic interactions. Currently, the cost is up to \$50 per person.
13. **Charting the Course.** This program reinforces our service culture while emphasizing the skills necessary to deliver luxury experiences as well as skills necessary for service recovery. Currently, the cost is up to \$50 per person.
14. **Leading a Conrad Service Culture.** This program certifies leaders on the skills necessary to lead the Conrad service culture. The training reinforces the Luxury of Being Yourself brand culture while developing effective leadership skills to ensure consistent delivery of the brand promise to our guests. Currently, the cost is up to \$50 per person.
15. **Leaders in Luxury.** A 2-day workshop designed to increase the luxury acumen of all managers. The program develops a luxury mindset and focuses on the areas of personal development, rooms and food and beverage at a luxury hotel. Currently, the cost is \$4000 per hotel.
16. **Brand Conference.** We hold an annual multi-day conference to inform General Managers about the current performance of the brand relative to our competitors and our customers, and present the strategic direction of the Conrad brand for the upcoming 12-month period. The conferences include general sessions for all attendees and breakout sessions offering a variety of specialty topics from which the attendees can choose to attend. All attendees may not be able to attend all breakout sessions. We may periodically combine the Conrad brand conference with one or more of our other brands or with other department heads such as Director of Sales or Director of Business Development. Currently, there is a fee of \$2,500 per person to attend the conference.
17. **Job Skills Train the Trainer.** This 1-day session teaches the job skills trainer and the supervisors of each department how to train adults and become skilled at facilitating on the job training. The session provides the supervisors with an opportunity to customize the job skills checklists to suit their respective departments. Currently, we charge \$895 per hotel for this training. We will provide job skills checklists in connection with this training.
18. **Daily Pre-Shift Training.** Each department head must conduct a.m. and p.m. pre-shift meetings with the intention of engaging their staffs' hearts, minds and imaginations around the hotel and brand culture, the hotel events and VIPs. Each department head must also facilitate one educational component to sharpen the team's skill level.
19. **ADA Training – Survey Instrument.** If you want to engage in a Permitted Transfer, Conversion, Relicensing or Change of Ownership Transfer for the hotel, you will be required to attend on-line training in order to complete an independent survey conducted by an ADA consultant to determine the hotel's compliance with ADA.

### **Training Schedule**

You must complete the required training to our satisfaction as follows: 30-60 days before you open or complete conversion the management team will complete a 5-day brand training including Leading a Conrad Service Culture, Leaders in Luxury, Conrad Trainer Certification and Job Skills Train the Trainer; 30-60 days before you open or complete conversion, line employees will complete Orientation and Living the Service; within 90 days after opening or conversion, line employees will complete Charting the Course; Reservation System training – 30 days before you open or complete conversion; on-property systems training for key personnel – 14-21 days before the hotel opens or, for

an existing hotel, as soon as possible after conversion; General Managers must attend Executive Leaders in Luxury within 6 months of hotel opening. Online and web based programming is self-paced training that trainees can access at any time. For other training, unless otherwise noted, we will provide the training on an as needed basis.

### **Instructors and Costs**

Our instructors and presenters generally have a minimum of 2 to 5 years experience in the subject taught. Except for the on-property orientation for key personnel and reservation systems training described above, there is a charge for the required training programs described above in this Item 11. In all cases, you pay the wages, travel and living expenses of your trainees (see Items 5 and 6).

If you hire a replacement for any of the categories of personnel referred to in this Item 11 who must attend a training program, then that person must successfully complete the appropriate training program. You must pay us our then-current fee for the applicable training program for replacement trainees and for any additional persons you wish to attend a training program.

### **Instructional Materials**

We use a variety of instructional materials in connection with our training programs. These materials include our Manual, CD-ROMs, DVDs, online programs, and handbooks. We may modify these materials or use other materials for the training programs.

### **On-Property Orientation for Key Hotel Personnel**

We also provide an orientation session at your hotel site lasting about 4 hours. The session is conducted by members of our Regional Hotel Support Centers and covers the procedures and methods of operation required by us for our franchised hotels. The following key personnel of the Franchisee generally must attend: the Director of Front Office Operations; the Executive Housekeeper; the Director of Security; the Director of Sales; the Food and Beverage Director; the Chief Engineer; and the Chef.

### **Operational Phase Services**

During the operation of the franchised business, we will:

- (1) Periodically publish (either in hard copy or electronic form or both) and make available to the traveling public a directory that includes System Hotels, including the hotel. Additionally, we will include the hotel, or cause the hotel to be included, where applicable, in advertising of System Hotels and in international, national and regional marketing programs offered by us, subject to and in accordance with our general practice for System Hotels. (Franchise Agreement, Section 4.4).
- (2) Afford you access to the Reservation Service and Reservation System on the same basis as other System Hotels, so long as you are in full compliance with the material obligations set forth in the Franchise Agreement, including all standards set forth in the Manual. (Franchise Agreement, Section 4.2).

However, if you are in default and fail to cure within the specified cure period, we delay termination but suspend our obligations to you under the Franchise Agreement, including removing the listing of your hotel from any directories we publish and from any advertising we publish, and/or removing or suspending you from the Reservation System immediately on notice to you. (Franchise Agreement, Section 14.3).

(3) Administer a quality assurance program for the System that may include conducting periodic inspections of the hotel and guest satisfaction surveys and audits to ensure compliance with System Standards. (Franchise Agreement, Section 4.5).

In furnishing these benefits, facilities or services to you, neither we nor any of the Entities will exercise control or supervision over you. Management and operation of the hotel is your sole responsibility and obligation.

### **Advertising**

We are not required to engage in or maintain any particular advertising program apart from our general obligations to periodically publish and make available to the traveling public a directory of all System Hotels (including your hotel) to include your hotel in national or regional group advertising of System Hotels, and to include your hotel in international, national and regional market programs. (Franchise Agreement, Section 4.4). We currently advertise using magazines, newspapers and direct mail and online, with predominantly regional and national coverage. We primarily employ a national advertising agency, but may also use other advertising agencies and direct marketing firms.

You must advertise and promote the hotel and related facilities and services on a local and regional basis as we specify in the Manual, in a first-class, dignified manner, using Conrad's identity and graphics standards for all System Hotels, at your cost and expense. You must submit to us samples of all advertising and promotional materials that we had not previously approved (including any materials in digital, electronic or computerized form, or in any form of media that exists now or is developed in the future) before you produce or distribute them. You may not begin using the materials until we approve them. You must immediately discontinue your use of any advertising or promotional materials we reasonably believe is not in the best interest of the hotel or System, even if we previously approved the materials. Any advertising or promotional materials, or sales or marketing concepts, you develop for your hotel that we approve may be used by other hotels in the System without any compensation to you. (Franchise Agreement, Section 5.1.7).

You may not engage, directly or indirectly, in any cross-marketing or cross-promotion of your hotel with any other hotel, motel or related business without our prior written consent, except for System Hotels and Network Hotels. The "Network" means the hotels, inns, conference centers, timeshare properties and other operations Hilton Worldwide and its subsidiaries own, license, lease, operate or manage now or in the future. "Network Hotel" means any hotel, inn, conference center, timeshare property or other similar facility within the Network.

To ensure compliance, Bates-Lee Advertising (Conrad hotels' U.S. advertising agency) has been designated as the permitted supplier for all property and co-op print ads. You may present a different supplier for our consideration so long as the supplier meets the requirements described in our guidelines.

Hilton Worldwide may periodically convene an advisory council that advises us on marketing programs, resource development and policies. If Hilton Worldwide convenes an advisory council, we will appoint franchisees by geography and/or hotel type to serve on the council along with representatives of Conrad-Managed hotels. The advisory council only serves in an advisory capacity, and has no operational or decision-making power. Hilton Worldwide can change or dissolve the advisory council.

We may provide regional and/or local cooperative marketing programs in which you may participate. Participating hotels normally bear their proportionate costs of participation. We have periodically

matched or supplemented the amounts paid by participating franchisees, when, in our sole opinion, the cooperative's marketing supports the national marketing objectives of us and Hilton Worldwide.

Our current policy is to form marketing cooperatives whenever a group of franchisees wish to get together. The contributions to the cooperatives vary depending on the voluntary contributions of members. Cooperatives may be administered by us, by franchisees, or by an advertising agency. The cooperatives do not operate from written governing documents. The cooperatives need not prepare annual or periodic financial statements. If we participate in the cooperative, we can require the cooperative to be formed, changed, dissolved or merged with another cooperative.

We cannot guarantee that we will offer any cooperative marketing programs to franchisees in the future. Any plan that we offer in the future may differ from the plans we offered to franchisees in past years.

In addition, separate from the cooperative marketing program offered by us, we may periodically create marketing programs for specific promotional purposes that may include certain appropriate franchised hotels without charge to the hotel. Selection of hotels, type of hotels and the nature and method of such marketing is periodically determined by us in accordance with our general practices applicable to System Hotels.

We will use your Monthly Program Fee (see Item 6) to pay for various programs to benefit the System, including advertising, promotion, publicity, public relations, market research, and other marketing programs; developing and maintaining Brand directories and Internet sites; developing and maintaining the Reservation Service systems and support; quality assurance program; and, administrative costs and overhead related to the administration or direction of these projects and programs. We will have the sole right to determine how and when we spend these funds, including sole control over the creative concepts, materials and media used in the programs, the placement and allocation of advertising and the selection of promotional programs. We may enter into arrangements for development, marketing, operations, administrative, technical and support functions, facilities, programs, services and/or personnel with any other entity, including any Entity. Monthly Program Fees are intended for the benefit of the System, and will not simply be used to promote or benefit any one property or market. We will have no obligation, in administering any activities paid by the Monthly Program Fee, to make expenditures for you that are equivalent or proportionate to your payments, or to ensure that the hotel benefits directly or proportionately from such expenditures. We may create any programs, and allocate monies derived from Monthly Program Fees to any regions or localities as we consider appropriate in our sole judgment. The aggregate of Monthly Program Fees paid to us by franchisees does not constitute a trust or "advertising fund" and we are not a fiduciary with respect to the Monthly Program Fees paid by you and other franchisees. We are not obligated to expend funds in excess of the amounts received from franchisees using the System. If any interest is earned on unused Monthly Program Fees, we will use the interest before using the principal. The Monthly Program Fee does not cover your costs of participating in any optional marketing programs and promotions periodically offered by us or Hilton Worldwide in which you voluntarily choose to participate. These fees also do not cover the cost of operating the hotel in accordance with the standards in the Manual. (Franchise Agreement, Section 4.4).

## **Web Sites**

You may not register, own, maintain or use any domain names, World Wide Web or other electronic communications sites (collectively, "Site(s)"), relating to the Network or your hotel or that includes the Marks. The only domain names, Sites, or Site contractors that you may use for the hotel are those assigned or otherwise approved by us. You must obtain our prior written approval concerning any third-party Site in which the hotel will be listed, and any proposed links between the Site and any other

Sites ("Linked Sites") and any proposed modifications to all Sites and Linked Sites. All sites containing any of the Marks and any Linked Sites must advertise, promote, and reflect on your hotel and the System in a first-class, dignified manner. Our right to approve all materials is necessitated by the fact that those materials will include and be inextricably linked with its Marks. Therefore, any use of the Marks on the World Wide Web, the Internet, or any computer network/electronic distribution, must conform to our requirements, including the identity and graphics standards for all System Hotels. Given the changing nature of this technology, we have the right to withhold our approval and to withdraw any prior approval to modify our requirements.

You may not (without a legal license or other legal right) post on your Site(s) any material in which any third party has any direct or indirect ownership interest, including video clips, photographs, sound bites, copyrighted text, trademarks or service marks, or any other text or image in which any third party may claim intellectual property ownership interests. You must incorporate on your Site(s) any other information we require in the manner we consider necessary to protect our Marks.

On the expiration or termination of the Franchise Agreement, you must irrevocably assign and transfer to us (or to our designee) all of your right, title and interest in any domain name listings and registrations that contain any references to our Marks, System or Brand, notify the applicable domain name registrar(s) of the termination of your right to use any domain name or Site(s) associated with the Marks or the Brand, and authorize and instruct the cancellation or transfer of the domain name to us (or our designee), as directed by us. You must also delete all references to Hilton's Marks or Brands from any other Site(s) you own, maintain or operate beyond the expiration or termination of the Franchise Agreement. (Franchise Agreement, Section 9.5).

### **Computer Requirements**

You must purchase and maintain property management, in-room entertainment, telecommunications and other computer and technology systems we designate as System-wide (or area-wide) programs based on our assessment of the long-term best interests of System Hotels, considering the interest of the System as a whole. (Franchise Agreement, Section 5.1.6). For example, you must agree to install and use our required computer business software and hardware system (which may include required networks, interfaces, telecommunications and other systems). Currently we require you to use OnQ, Hilton Worldwide's proprietary business system comprised of software that currently includes a property management component, reservations component, revenue management component, rate & inventory component, learning management component and other components we consider necessary to support the following activities: reservations, distribution, sales, customer relationship management (CRM), hotel operations, and business intelligence gathering and analysis.

The OnQ system is linked to a communications network which connects System Hotels to Hilton Worldwide's reservation offices and travel planners worldwide. You must sign the HITS Agreement, which governs your access to and use of this computerized system, about 90 to 120 days before the opening of your hotel. The package currently includes hardware, software, installation and support.

Under the OnQ Program, Hilton Worldwide provides you with the hardware, software components described above (except the proprietary property management component software), hardware maintenance, software maintenance and technical support for both hardware and software for a required monthly fee of 0.75% of your hotel's Gross Rooms Revenue. The hardware will be provided by third parties, installed by Hilton Worldwide, and maintained by Hilton Worldwide or its agents. You may only acquire the required software and hardware for OnQ through our fee based pricing program. Under the OnQ program you do not need to purchase the software (except the proprietary property management component software), hardware or maintenance. However if you choose to, you may purchase the hardware from a third party vendor, but if you do you must pay the vendor the cost of

the equipment in addition to the 0.75% monthly fee you pay Hilton Worldwide, and you must pay Hilton Worldwide for all its reasonable expenses in determining that the hardware meets the exact specifications provided by its Implementation Department. If you purchase the hardware from a third party vendor, you must pay Hilton Worldwide for all its reasonable expenses in determining that the equipment conforms to its specifications; configuration costs; installation costs; reasonable travel and other expenses of Hilton Worldwide's employees and vendors who perform installation services; necessary communication vehicles (phone lines, network connections); and installation fees for connection to communication vehicles.

If you add or construct additional guest rooms at the hotel at any time after you sign the Franchise Agreement, you must pay Hilton Worldwide or HSS the prevailing per guest room/suite software license fee charged to System Hotels multiplied by the number of additional guest rooms/suites (currently, \$120 per additional guest room/suite).

HSS may enhance or modify OnQ or change its computer hardware or software requirements at any time. There are no contractual limitations on the frequency and cost of your obligation to adopt all changes HSS requires. (HITS Agreement §2) HSS provides maintenance upgrades on OnQ software and hardware and OnQ connectivity (see Items 5, 6 and 7 of this Disclosure Document and HITS Agreement, Schedule C).

If yours is a REIT hotel, the OnQ requirements described above will apply, with the following differences. If yours is a REIT hotel, you will only pay 0.45% of your hotel's Gross Rooms Revenue per month ("REIT FBPP Fee") for the OnQ program. However, the REIT FBPP Fee does not cover the required hardware and equipment. REIT hotels may purchase all the required hardware and equipment from us or from a third-party vendor. If you purchase the hardware and equipment from a third-party vendor, the hardware and equipment must meet HSS's exact specifications and you must pay HSS for all its reasonable expenses in determining that the hardware and equipment conforms to its specifications; configuration costs; installation costs; reasonable travel and other expenses of HSS's employees and vendors who perform installation services; necessary communication vehicles (phone lines, network connections); and installation fees for connection to communication vehicles.

You must refresh (replace and upgrade) the required business software and hardware system (currently OnQ) in your hotel every three years or as we require (but not more frequently than every three years) to meet then current System standards. We may require you to completely refresh your hotel's hardware and third party software or limit the requirement to certain hardware and third party software. You must also arrange and pay for all ongoing maintenance on the computer hardware and equipment. REIT hotels must replace or upgrade the hardware and equipment as follows: 1) for items with a total purchase price of over \$1000, you must complete replacement or acquisition and installation of any hardware or equipment within your hotel's next annual budgetary cycle after we request you to do so, 2) for items with a total purchase price of under \$1000, you must complete replacement and installation of any hardware or equipment within 90 days after we request you to do so. The REIT FBPP Fee covers upgrades for certain certified third party software, the proprietary property management component and revenue management component software, e-mail (up to seven accounts), CRM, Key Hotel Marketing Support, as well as software maintenance and certain system support services. REIT hotels pay installation, training and initial software license costs for proprietary Hilton software on the same basis as non-REIT hotels (see Items 5, 6, 7, 11 and Schedule W of the HITS Agreement, Exhibit G).

In addition to the computer hardware and software requirements for OnQ, we require you to provide high-speed internet access for all guest rooms and meeting rooms at your hotel in accordance with brand standards. You must purchase and install additional hardware and software to meet this high-speed internet access requirement in addition to the hardware and software for OnQ. The additional

hardware and software must meet HSS's requirements and specifications. This hardware will be provided by third parties chosen by HSS, installed by HSS or its agents, and maintained by HSS or its agents. You must also arrange and pay for the ongoing high speed internet service. You must purchase this service from HSS or its designated supplier. The estimated costs for hardware, software, installation and ongoing high speed internet service are described in Items 5 and 7 of this Disclosure Document.

For the Connectivity Center, you must purchase and install at least 2 Lenovo M90Z All-in-One Non-Touch Screen workstations and at least one HP Color LaserJet CM 3530 Multi-Function Printer (see Items 7 and 8 for more information).

### **Length of Time to Open**

We require you to begin construction of a New Development hotel within 16 months from the date we approve your Application. You must complete construction of a New Development hotel, receive our authorization for opening and open your hotel within 36 months from the date we approve your Application.

In Conversion, Re-licensing, or Change of Ownership situations, you must upgrade the property to meet our standards. We will establish a deadline by which you must begin work on a project-by-project basis. Generally, you must complete the requisite upgrades for Change of Ownership situations within the timeframe we establish in the Product Improvement Plan. In Conversion situations, we determine the commencement and completion deadlines according to your Product Improvement Plan. We determine the deadlines for beginning and completing work for room additions on a project-by-project basis.

## **ITEM 12 TERRITORY**

We grant franchisees a non-exclusive license to use the System during the term of the Franchise Agreement to operate a franchised hotel at a specified location. There are no provisions in the standard Franchise Agreement granting franchisees a protected area or territory. You will not receive an exclusive territory. You may face competition from other franchisees, from hotels that our affiliates own, or from other channels of distribution or competitive brands that we control. The standard Franchise Agreement permits us to own, license or operate any Other Business of any nature, whether in the lodging or hospitality industry or not, and whether under the Brand, a competitive brand, or otherwise. We and the Entities have the right to engage in any Other Businesses, even if they compete with the hotel, the System, or the Brand, and whether we or the Entities start those businesses, or purchase, merge with, acquire, are acquired by, come under common ownership with, or associate with, such Other Businesses. We may also: (a) modify the System by adding, altering, or deleting elements of the System; (b) use or license to others all or part of the System; (c) use the facilities, programs, services and/or personnel used in connection with the System in Other Businesses; and (d) use the System, the Brand and the Marks in the Other Businesses. You acknowledge and agree that you have no rights to, and will not make any claims or demands for, damages or other relief arising from or related to any of the foregoing activities, and you acknowledge and agree that such activities will not give rise to any liability on our part, including, but not limited to, liability for claims for unfair competition, breach of contract, breach of any applicable implied covenant of good faith and fair dealing, or divided loyalty. The "Entities" means present or future Affiliates and direct or indirect owners. "Other Businesses" means any business activity we or the Entities engage in, other than the licensing of your hotel.



We may, however, agree to give franchisees certain specific territorial restrictions ("Restricted Area Provision") for an area surrounding the franchised hotel and encompassing the immediate competitive market for the hotel as may be agreed on by the parties ("Restricted Area"). If we agree to give you an Restricted Area Provision for your New Development or Conversion, it will normally be for an agreed-on time period, which is shorter than the term of the Franchise Agreement ("Restrictive Period"). We will not normally grant a Restricted Area Provision for a Change of Ownership or Re-licensing, although we will occasionally do so under certain unique circumstances. The following discussion applies where we agree to give you a Restricted Area Provision in your Franchise Agreement:

1. **Restricted Area.** The boundaries of the Restricted Area will normally depend on the relevant market in the immediate area and competitive circumstances in the relevant market at the time you sign the Franchise Agreement. The boundaries vary in size and shape from hotel to hotel. Boundaries are not delineated according to any standard formula, but may be delineated in various ways, including references to cities, metropolitan areas, counties or other political subdivisions, references to streets or highways, or references to an area encompassed within a radius of specified distance from the front door of the hotel.

2. **Restricted Area Provision.** The Restricted Area Provision will typically restrict us and the Entities from operating, or authorizing someone else to operate, another System Hotel during the Restrictive Period and within the Restricted Area (except as described in Paragraph 3 below). Those restrictions as to entities other than us may lapse if your brand is no longer affiliated with Hilton Worldwide.

3. **Exclusions from the Restricted Area Provision:** The Restricted Area Provision will generally not apply to any products, services or businesses (other than a hotel or motel under the Brand within the Restricted Area during the specified period), whether now or later constructed, owned, operated, managed, leased, franchised or licensed by us or an Entity, or any successors to such entities (by purchase, merger, acquisition or otherwise), including, but not limited to, the following: (1) any non-"Conrad"-branded hotels, motels or inns of any kind; (2) except as expressly provided for in any Restricted Area Provision, any other hotel under the "Conrad" brand name, including any Conrad hotel, any successor product and any full service, limited-service, all-suites or extended-stay hotels under the "Conrad" brand name; (3) any shared ownership properties commonly known as "vacation ownership" or "time-share ownership" or similar real estate properties; (4) any gaming-oriented hotels or facilities; and (5) any hotel or hotels which are members of a chain or group of hotels (provided that such chain or group has or contains a minimum of four or more hotels in operation), all or substantially all (but in no event less than four hotels) of which are (in a single transaction with a single seller or transferor) after the date of this Disclosure Document, owned, operated, acquired, leased, managed, franchised or licensed by, or merged with, any entity acquired by, or merged with, or joined through a marketing agreement with, us or an Entity or any of their affiliates (or the operation of which is transferred to us or an Entity or any of their affiliates) including any other Network Hotels (as defined below).

4. **Restrictive Period.** The Restrictive Period will normally be for an agreed-on time period. Generally, this period will be shorter than the term of the Franchise Agreement, usually tied to a specified number of years from the date your Application was approved. In some cases, the Restrictive Period may reduce in geographic scope after an agreed-on time period. The continuation of the Restrictive Period will not depend on your achieving any particular sales volume or market penetration. An increase in population in the Restricted Area will not affect it and there are no other circumstances when your Restricted Area may be altered. Historically, we have extended the Restrictive Period for the full term of the Franchise Agreement; however we do not intend to do so in the future.

**IMPORTANT NOTES:** A Restricted Area Provision will not give you protection from previously existing hotels which are managed or licensed by us or an Entity or our or their predecessors, or any hotel site for which we or an Entity or its predecessor have approved a franchise application and/or signed a franchise agreement. In addition, a Restricted Area Provision will not give you protection from any replacement hotel that replaces or will replace another such existing hotel or hotel site. **SOME STATE AND/OR OTHER LAWS PROVIDE THAT TERRITORIAL RESTRICTIONS AND/OR AREA RESTRICTIONS ARE VOID, VOIDABLE AND/OR SUPERSEDED BY LAW.**

See Item 1 for a description of the hotel brands licensed, operated and managed by Hilton Worldwide's affiliates and subsidiaries, and by Blackstone and its affiliates. You may compete with these guest lodging properties.

There may currently be franchised or company-owned Network Hotels situated in or near your area. We and Hilton Worldwide may establish new franchised, company-owned or company-managed Network Hotels in or near your area.

You may compete with any Network Hotels in and near your area. There is no mechanism for resolving any conflicts that may arise between your hotel and franchised or company-owned Network Hotels. Any resolution of conflicts regarding location, customers, support or services will be entirely within the business judgment of us and Hilton Worldwide.

As noted in Item 1, affiliates of Blackstone are engaged in a variety of business activities in the lodging and hospitality industry. Guest lodging properties owned, managed or franchised by affiliates of Blackstone may currently or in the future be located in or near your market area. There is no mechanism for resolving any conflicts that may arise between your hotel and hotels which are owned, managed or franchised by affiliates or funds of Blackstone. You may compete with these guest lodging properties.

We and the Entities engage in a wide range of business activities in lodging and related services, both directly and through the activities of our and their parents and affiliates. Some of these activities may be competitive with your hotel and the System. We and/or our affiliates and/or Blackstone and/or its funds or affiliates may own, operate, franchise, license, acquire or establish, or serve as franchisee or licensee for, competitive guest lodging facilities or networks anywhere, including within your Restricted Area (if any), under any names or marks (but not, within your Restricted Area, if any, under the name or mark "Conrad"). We and/or our affiliates and/or Blackstone's affiliates and/or funds may also furnish services, products, advice and support to guest lodging facilities, networks, properties or concepts located anywhere, including your Restricted Area (if any), in any manner we, Blackstone or our respective affiliates determine. We and/or any of our affiliates may be sold to or otherwise acquired by an existing competitor or newly formed entity which itself has established or may establish competitive guest lodging facilities located anywhere (provided that your Restricted Area protections, if any, will be observed). We and/or our affiliates may render services to hotels owned, managed, operated, franchised and/or licensed by Blackstone and/or its affiliates or funds. Further, we and/or our affiliates and/or Blackstone and/or its funds or affiliates may purchase, merge, acquire, or affiliate in any other way with any franchised or non-franchised network or chain of guest lodging facilities or any other business operating guest lodging facilities regardless of the location of that network, chain or other business's facilities, including within your Restricted Area (if any), and that following such activity we may operate, franchise or license those other facilities under any names or marks anywhere regardless of the location of those businesses and/or facilities (but not, within your Restricted Area, if any, under the name or mark "Conrad"). There is no mechanism for resolving any conflicts that may arise between your hotel and other hotels described in this paragraph.

You may not register, own, maintain or use any Site(s) relating to the Network or your hotel or that include the Marks. The only domain names, Sites, or Site contractors that you may use relating to your hotel or the Franchise Agreement are those we assign or otherwise approve in writing. You must obtain our advance written approval for any third-party Site in which your hotel will be listed, and any proposed links between the third-party Site and any Linked Sites and any proposed modifications to all Sites and Linked Sites. See Item 11 for further information concerning our Web site requirements and limitations. The Franchise Agreement does not otherwise limit the channels through which you may solicit customers for your hotel.

We do not permit the relocation of franchised hotels. You have no options, rights of first refusal or similar rights to acquire additional franchises.

## ITEM 13 TRADEMARKS

### **Trademark Use: Your Rights**

We grant you a limited, nonexclusive right to use our System in the operation of a hotel at a specified location under the licensed trademark “Conrad” (“Principal Mark”). As used in the Franchise Agreement and this Disclosure Document, the System includes the Marks. The Marks include the Principal Mark and all other service marks, copyrights, trademarks, logos, insignia, emblems, symbols, and designs (whether registered or unregistered), slogans, distinguishing characteristics, trade names, domain names, and all other marks or characteristics associated or used with or in connection with the System, and similar intellectual property rights, that we designate to be used in the System.

Our affiliate HLT Conrad IP LLC holds the rights to the Marks, including the following trademarks and service marks, which are registered on the United States Patent and Trademark Office principal register:

Mark	Registration #	Date
CONRAD (words)	2375519	August 8, 2000
CONRAD HOTELS & RESORTS (design)	3672019	August 25, 2009
THE FIRST NAME IN HOTELS (words)	2647315	November 2, 2002
THE LUXURY OF BEING YOURSELF (words)	3287626	September 4, 2007

We entered into a license agreement with HLT Conrad IP LLC which grants us the right to use the Marks in connection with the System in the US. The term of the license agreement between us and HLT Conrad IP LLC continues indefinitely so long as each party continues to be an affiliate of Hilton Worldwide. HLT Conrad IP LLC has certain enforcement rights in the event we default under the license agreement, including the right to terminate the license agreement if we fail to cure a default within the time period specified in the license agreement. These enforcement rights or any other rights of HLT Conrad IP LLC to terminate the license agreement will not affect your right to use the Marks licensed to you under the Franchise Agreement as long as you are in good standing under the Franchise Agreement. The Marks may be transferred to another affiliate for administrative purposes periodically, and we will continue to have a license to use the Marks in connection with the System in our franchise business. The Franchise Agreement does not grant you the right to use any other marks owned by our affiliate HLT Conrad IP LLC.

You may use the Marks only in connection with the System and only in the manner we designate, as set out in the Franchise Agreement and the Standards. We may designate additional Marks, change the way Marks are depicted, or withdraw Marks from use at any time. We will not withdraw the Principal Mark. We reserve the right to limit what Marks each Brand of hotel may use.

Your hotel will be initially known by the trade name set forth in the Addendum ("Trade Name"). We may change the Trade Name at any time, but we will not change the Principal Mark. You may not change the Trade Name without our specific written consent.

Under the terms of the Franchise Agreement, you acknowledge and agree that you are not acquiring the right to use any service marks, copyrights, trademarks, logos, designs, insignia, emblems, symbols, designs, slogans, distinguishing characteristics, trade names, domain names or other marks or characteristics owned by us or licensed to us that we do not specifically designate to be used in the System.

### **Use of the Marks: Your Duties**

We have the right to control any administrative proceedings or litigation involving a Mark licensed by us to you. We will have the sole right and responsibility to handle disputes with third parties concerning use of the Marks or the System. The protection of the Marks and their distinguishing characteristics as standing for the System is important to all of us. For this reason, you must immediately notify us of any infringement of or challenge to your use of any of the Marks. You may not communicate with any other person regarding any such infringement, challenge or claim. We will take the action we consider appropriate with respect to such challenges and claims and only we have the right to handle disputes concerning the Marks or the System. You must fully cooperate with us in these matters. Under the terms of the Franchise Agreement, you appoint us as your exclusive attorney-in-fact, to defend and/or settle all disputes of this type. You must sign any documents we believe are necessary to obtain protection for the Marks and the System and assign to us any claims you may have related to these matters. Our decision as to the prosecution, defense and settlement of the dispute will be final. All recoveries made as a result of disputes with third parties regarding the System or the Marks will be for our account.

You must operate under and prominently display the Marks in your hotel. You may not adopt any other names in operating your hotel that we do not approve. You also may not use any of the Marks, or the word "Conrad," or any similar word(s) or acronyms: (a) in your corporate, partnership, business or trade name except as we provide in the Franchise Agreement or the Manual; (b) any Internet-related name (including a domain name), except as we provide in the Franchise Agreement or in the Manual; or (c) any business operated separate from your hotel, including the name or identity of developments adjacent to or associated with your hotel. Any unauthorized use of the Marks will be an infringement of our rights and a material breach of the Franchise Agreement.

### **Agreements, Proceedings, Litigation and Infringing Uses**

There are no agreements currently in effect which significantly limit our rights to use or license the use of these Marks in any material manner. There are no infringements actually known to us that could materially affect your use of the Marks. There are no effective determinations of the United States Patent and Trademark Office, the Trademark Trial and Appeal Board or the trademark administrator of any state or any court in the United States involving our Marks. There is no pending material litigation or pending infringement, opposition or cancellation proceedings in the United States that could materially affect the use of our Principal Mark. All required affidavits and renewals have been filed.

## **ITEM 14**

### **PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION**

Our license from our affiliate HLT Conrad IP LLC includes a license to all the intellectual property rights relating to the Conrad brand in the US. You may use this intellectual property only in connection with the System and only in the manner we designate, as set out in the Franchise Agreement and the Standards. The Franchise Agreement does not grant you the right to use any other intellectual property owned by any of our affiliates.

Neither we nor our affiliate HLT Conrad IP LLC own any rights in or licenses to any patents or registered copyrights nor have any pending patent applications that are material to our franchise business. HLT Conrad IP LLC's proprietary information, which has been licensed to us, consists of the Manual and all other information or materials concerning the methods, techniques, plans, specifications, procedures, information, systems and knowledge of and experience in the development, operation, marketing and licensing of the System ("Proprietary Information"). You must treat the Proprietary Information as confidential. You must adopt and implement all reasonable procedures we may periodically establish to prevent unauthorized use or disclosure of the Proprietary Information, including restrictions on disclosure to your employees and the use of non-disclosure and non-competition clauses in agreements with your employees, agents and independent contractors who have access to the Proprietary Information.

The Standards, as compiled in the Manual or set out in the Franchise Agreement or otherwise, set forth our requirements and recommended practices and procedures regarding the specifications, requirements, criteria, and policies for design, construction, renovation, refurbishment, appearance, equipping, furnishing, supplying, opening, operating, maintaining, marketing, services, service levels, quality, and quality assurance of System Hotel and inn operations and for hotel identification, advertising and accounting (see Item 11) Although neither we, nor HLT Conrad IP LLC, nor any predecessor of either of us, have filed an application for a copyright registration for the Manual, we and HLT Conrad IP LLC claim copyrights and the information is proprietary. You must comply with our requirements concerning confidentiality of the Manual. You may not copy or distribute any part of the Manual to anyone who is not affiliated with the System. You must promptly notify us, in writing, when you learn of any unauthorized use of our Proprietary Information. We will respond as we think appropriate. We are not, however, obligated to participate in your defense or indemnify you for damages or expenses if you are a party to a proceeding involving the copyright on the Manual. Items 11 and 15 of this Disclosure Document further describe the limitations on the use of the Manual by you and your employees.

Likewise, although neither HLT Conrad IP LLC nor any predecessor has filed an application for copyright registration for the Hilton OnQ software, which includes OnQ (formerly System 21) and other Hilton Systems (namely the Revenue and Customer Relationship Management Systems), HLT Conrad IP LLC claims copyrights and the information is Proprietary Information. You may not copy or distribute any of the Hilton OnQ software, and you must notify us of any unauthorized use of the Hilton OnQ software.

There are no agreements currently in effect which significantly limit your right to use any of HLT Conrad IP LLC's claimed copyrighted materials. Also, there are no currently effective determinations of the U.S. Patent and Trademark Office, Copyright Office (Library of Congress) or any court pertaining to or affecting any of HLT Conrad IP LLC's claimed copyrights discussed above. Finally, as of the issuance date of this Disclosure Document, we are not aware of any infringing uses of or superior prior rights to any of HLT Conrad IP LLC's claimed copyrights which could materially affect your use of them.

If it becomes advisable at any time in our sole discretion to modify or discontinue the use of any current or future copyright and/or the use of one or more additional or substitute copyrights, you must comply with our instructions. We are not obligated to reimburse you for any costs, expenses or damages.

Although the copyrights described above are claimed by HLT Conrad IP LLC, they may be transferred to another affiliate for administrative purposes periodically, and we will continue to have a license to use them in connection with the System in our franchise business.

Your and our obligations to protect your rights to use our copyrights are the same as the obligations for the Marks described in Item 13 of this Disclosure Document.

All information we obtain from you or about your hotel or its guests or prospective guests under the Franchise Agreement or any related agreement (including agreements relating to the computerized reservation, revenue management, property management, and other system(s) we provide or require), or otherwise related to your hotel ("Information"), and all revenues we derive from the Information will be our property. You may use information that you acquire from third parties in operating your hotel, such as customer data, at any time during or after the Term to the extent lawful and at your sole risk and responsibility, but only in connection with operating your hotel. The Information (except for Information you provide to us or Hilton Worldwide with respect to yourself and your affiliates (if any), including your or your affiliates' respective officers, directors, shareholders, partners or members) will become our Proprietary Information which we may use for any reason as we deem necessary or appropriate, in our judgment, including making financial performance representations in our Disclosure Document. You must abide by all applicable laws pertaining to the privacy and security of personal information, including, without limitation, local, regional and national requirements applicable to your hotel ("Privacy Laws"). In addition, you must comply with our standards and policies pertaining to the privacy and security of personal information, customer relationships and Privacy Laws.

## **ITEM 15**

### **OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS**

Whether you are an individual, corporation, limited liability company, partnership or other entity, you are at all times responsible for the management of the hotel's business. You may fulfill this responsibility only by providing (i) qualified and experienced management, satisfactory to us, which may be a third party management company ("Management Company"), and (ii) a general manager ("General Manager"), satisfactory to us (collectively, the "Management"), which we have approved in writing at least 6 months before your hotel opens. However, you may not enter into any lease, management agreement or other similar arrangement for the operation of the hotel or any part of the hotel with any person or entity without first obtaining our written consent. To be approved by us as the operator of the hotel, we must consider you or any proposed Management Company or General Manager to be qualified to manage the hotel. We may refuse to approve you or any proposed Management Company or General Manager which, in our reasonable business judgment, is inexperienced or unqualified in managerial skills or operating capacity or capability, or is unable to adhere fully to the obligations and requirements of the Franchise Agreement. We reserve the right to not approve a Competitor (defined below), or any entity that is the exclusive manager for a Competitor through itself or an affiliate, to manage the hotel. If your Management Company becomes a Competitor, or if in our sole judgment your Management Company or General Manager becomes unsuitable to manage your hotel, you will have 90 days to retain a qualified substitute Management Company or General Manager that we approve.

A "Competitor" means any individual or entity that at any time during the Term, whether directly or through an affiliate, owns in whole or in part or is the licensor or franchisor of a Competing Brand, irrespective of the number of hotels owned, licensed or franchised by the Competitor under such brand name. A Competitor does not include an individual or entity that (i) is a franchisee of a Competing Brand; (ii) manages a Competing Brand hotel, so long as the individual or entity is not the exclusive manager of the Competing Brand; or (iii) owns a minority interest in a Competing Brand, so long as neither that individual or entity nor any of its affiliates is an officer, director, or employee of the Competing Brand, provides services (including as a consultant) to the Competing Brand, or exercises, or has the right to exercise, control over the business decisions of the Competing Brand. A "Competing Brand" means a hotel brand or trade name that, in our sole business judgment, competes with the System or any Network Hotel.

Any Management Company and General Manager must have the authority to perform all of your obligations under the Franchise Agreement, including all indemnity and insurance obligations. After we approve the Management Company, we must then approve the individual who will serve as your General Manager and can require the General Manager and other personnel, such as your Director of Sales & Marketing, to attend our training programs (see Item 11).

Instead of contracting with a Management Company, you may, with our prior written approval, operate the hotel. If that is the case, you must successfully complete our training program, unless we waive this requirement.

It is your sole responsibility and obligation to arrange for professional management and operation of your hotel, and our training and approval is intended to familiarize you with basic requirements under the Franchise Agreement and Manual for operating a Hilton hotel, not to train or guarantee professional management.

After a review of the financial information submitted with your Application and the proposed ownership of the hotel and real property, we determine guaranty requirements. Each required guarantor, who may include the spouse of a participant in the franchise, must sign a Guaranty, by which the guarantor assumes and agrees to discharge certain of the Franchisee's obligations under the Franchise Agreement. In addition, we may require you to provide a Guaranty from a third party acceptable to us as a condition to our issuing a lender comfort letter for a loan related to the hotel or as a condition to our consent to certain kinds of loans you or your principals may obtain. Such loans may include those in which the hotel loan will be cross-collateralized and/or cross-defaulted with loans to other hotels, or loans secured by the hotel that are not for the direct benefit of the hotel. If we send you a written notice of default, we may also require you to provide a Guaranty from a third party acceptable to us covering all of your obligations under the Franchise Agreement. A copy of the current form of Guaranty is attached as Exhibit E.

If the Franchisee is a business entity, the general manager need not have any equity interest in the Franchisee entity.

## **ITEM 16**

### **RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL**

We do not impose any restrictions as to the customers to whom you may sell goods or services. In general, you must comply with our requirements as to the types and levels of services, amenities and products that either must or may be used, promoted or offered at or in connection with the hotel. You must comply with our requirements regarding supplies (defined in Item 6), including our specifications for all supplies and our policies regarding suppliers from whom you purchase supplies.

You must operate the hotel 24 hours a day every day, except as we may otherwise permit based on special circumstances. You must operate, furnish, maintain and equip the hotel in a clean, safe and orderly manner and in first-class condition under the provisions of the Franchise Agreement and the Standards, and in compliance with all applicable local, state, and federal laws, customs and regulations, including maintaining and conducting your business using sound business and financial practices. You must adopt, use and comply with the Standards, and keep your Manual current at all times. You must also provide efficient, courteous and high-quality service to the public.

You may not make any change in the number of approved guest rooms or suites set forth in the Addendum to your Franchise Agreement or any other significant change (including major changes in structure, design or decor) in the hotel without our prior written approval. You may not offer products or services, including spa treatments, unless and until they have been approved by us. Minor redecoration and minor structural changes that comply with our standards and specifications will not be considered significant.

We may periodically require you to modernize, rehabilitate and/or upgrade the hotel's fixtures, equipment, furnishings, furniture, signs, computer hardware and software and related equipment, supplies and other items to meet the then current standards and specifications specified in the Manual. These standards will benefit the System as a whole. You must make these changes at your sole cost and expense. You must also maintain acceptable product quality ratings at the hotel and maintain the hotel in accordance with the Standards. We may make limited exceptions from some of those standards based on local conditions or special circumstances, but are not required to do so.

There is no limit on our right to make changes to the System. We make changes to the System based on our assessment of the long-term best interests of hotels using the System, considering the interest of the System overall. You must comply with all changes we adopt. We may require that you purchase particular models or brands of merchandise for resale to be sold from the hotel from us or from a source we designate (see Item 8).

You must participate in and use the Reservation Service, including any additions, enhancements, supplements or variants which we or the Entities develop or adopt. You must honor and give first priority on available rooms to all confirmed reservations referred to your hotel through the Reservation Service. The Reservation Service is the only reservation service or system you may use for outgoing reservations referred by or from your hotel to other hotels unless we designate other reservation services.

You must refer guests and customers, wherever reasonably possible, only to System Hotels and (if and as we direct) Network Hotels. However, we can require you to participate in programs designed to refer prospective customers to other hotels, whether in the System or otherwise. You must also display all material, including brochures and promotional material we provide to System Hotels (and Network Hotels); and allow advertising and promotion only of System Hotels and Network Hotels on the hotel premises.

You must participate in, and pay all charges related to, all guest frequency programs we or Hilton Worldwide requires, including the Hilton HHonors Worldwide guest reward programs or any successor programs (see Item 6). You must also honor the terms of any discount or promotional programs (including any frequent guest program) that we or Hilton Worldwide offers to the public on your behalf, any room rate quoted to any guest at the time the guest makes an advance reservation, and any award guest certificates issued to hotel guests participating in these programs.

International Business Machines Corporation (IBM) and Hilton Worldwide have negotiated an agreement to be used when Hilton Worldwide's owned and/or managed properties provide IBM with



meeting services ("Base Agreement," which will include an applicable Statement of Work or SOW (as defined in the Base Agreement). (Because of the confidential and proprietary nature of the Base Agreement, it is not attached to this Disclosure Document, but may be reviewed on a secure website. Please contact your Hilton Worldwide franchise developer to request information on how to access this secure website. You may also request us to provide you with a paper copy of the Base Agreement.)

We are currently offering you the opportunity to participate in this program with IBM. The program is entirely voluntary. If you decide to participate in the IBM program, IBM will provide you with the specific Statement of Work applicable to the event for which you may contract as part of its proposal for the specific event. The Statement of Work will contain IBM's then-current general terms and its proposed specific terms, including pricing, for the event. You will then have the option to either agree or refuse to contract with IBM for the proposed event. If you sign the Statement of Work for such event, you agree to be bound by the Statement of Work applicable to your event and the then-current Base Agreement.

It will be a default under the Franchise Agreement if you materially breach the Base Agreement or any Statement of Work that you have agreed to. However, it will not be a default under the Franchise Agreement or Base Agreement for you to decline to contract with IBM for any proposed event and the Statement of Work for that event.

You may not conduct or permit gaming or casino operations in the hotel or on the hotel premises without our express written prior permission, which we may withhold at our sole discretion.

Except as described in the following sentence, you may not conduct or permit the sale of timeshares, vacation ownership, fractional ownership, condominiums, or like schemes at or adjacent to your hotel without our written permission, you may do so only as we permit and we may withhold permission at our sole discretion. You may conduct timeshare or condominium sales or marketing at any property that you own or lease which is located adjacent to the hotel so long as you do not use any of the Marks in these sales efforts and you do not use the hotel or its facilities in these timeshare or condominium sales, marketing efforts or business operations.

You may not share the business operations and your hotel facilities with any other hotel, inn, conference center, lodging facility or similar business without our express permission, which we may withhold for any reason. You are not allowed to engage in any tenant-in-common syndication or transfer of any tenant-in-common interest in the hotel or the hotel site, other than a Transfer that is otherwise a Permitted Transfer, without our express permission, which we may withhold for any reason. If we permit you to share your business operation or engage in a tenant-in-common syndication or transfer, you must comply with any terms that we require as a condition to our approval.

**ITEM 17**  
**RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION**

This table lists certain important provisions of the franchise and related agreements pertaining to renewal, termination, transfer and dispute resolution. You should read these provisions in the agreements attached to this Disclosure Document. See Exhibits D and G.

**THE FRANCHISE RELATIONSHIP**

Provision	Section in Franchise Agreement ("FA") and HITS Agreement (Note 1)	Summary
a. Length of the franchise term	FA §3, Addendum	New Construction: 23 years after Effective Date, at month end  Conversion of existing hotel to Licensed Brand: varies, but generally from 10 to 20 years from the date we authorize the hotel to open, or from the Effective Date, or any other Term we may approve in our sole discretion  Change of Ownership: generally, the remaining Term under the existing franchise agreement, or any other Term we may approve in our sole discretion
	HITS Agreement §8(f)	3 years
b. Renewal or Extension of the term	FA §3	You do not have the right to renew or extend the Franchise Agreement.
	HITS Agreement §8(f)	The HITS Agreement automatically renews for additional 3 year terms unless we notify you otherwise.
c. Requirements for you to renew or extend	FA – Not applicable	You do not have the right to renew or extend, but if we agree, in our sole discretion, to re-license, you may be asked to sign a contract with materially different terms and conditions from the original Franchise Agreement, and you must comply with any product improvement plan performance conditions that we specify.
	HITS Agreement §8(f)	Renewal is automatic unless we notify you otherwise.
d. Termination by you	FA §14.4 and 14.5	You are not authorized to terminate the Franchise Agreement before expiration of the Term. If you unilaterally terminate the Franchise Agreement without cause, it is a material breach of the Franchise Agreement, and you must pay to us, on demand, Liquidated Damages, or we may seek to recover actual damages in certain circumstances.
	HITS Agreement – Not applicable	You must operate under the HITS Agreement as long as the Franchise Agreement is in effect.
e. Termination by us without cause	FA §§11.1 and 11.2	Condemnation: you must immediately inform us of any proposed taking of any portion of the hotel by eminent domain, and we may terminate the Franchise Agreement on notice to you, and will release you from the obligation to pay Liquidated Damages.  Casualty: You must notify us if the hotel is damaged by fire or other casualty. If the casualty requires closing of the hotel, you may choose to repair or rebuilding according to Standards, not later than 18 months after the closing. If you elect not to repair or rebuild the hotel after a condemnation or casualty to the hotel,

Provision	Section in Franchise Agreement ("FA") and HITS Agreement (Note 1)	Summary
		we may terminate the franchise agreement on notice to you. We will release you from the obligation to pay Liquidated Damages as long as you and your Affiliates do not operate a hotel at the site within 3 years after the termination.
	HITS Agreement §5(a)	If we terminate the Franchise Agreement or any other agreement that allows you to operate the hotel, we can terminate the HITS Agreement.
f. Termination by us with cause	FA §14	Except as described above, we can terminate only if you fail to satisfy any obligations under the Franchise Agreement or any attachment to it.
	HITS Agreement §5(a)	We can terminate if you default and fail to cure your default within 10 days after notice from us.
g. "Cause" defined – defaults which can be cured	FA §14.1	We may terminate the Franchise Agreement by written notice to you at any time before its expiration on any of the following grounds: (1) you fail to pay us any sums due and owing to us or the Entities within the cure period in the notice (at least 10 days); (2) you fail to comply with any provision of this Agreement, the Manual or any System Standard and do not cure that default within the cure period in the notice (at least 30 days); or (3) you do not purchase or maintain required insurance or do not reimburse us for our purchase of insurance on your behalf within the cure period in the notice (at least 10 days). If you fail to cure within the specified cure period, we may delay termination but suspend the hotel from the Reservation Service and any reservation and/or website services provided through or by us, and divert reservations for your hotel to any System or Network hotels; remove the listing of the hotel from any directories or advertising we publish; disable all or any part of the software provided to you and/or suspend any one or more of the information technology and/or network services that we provide or support; and charge you for costs related to suspending or disabling your right to use any software systems or technology we provided to you, together with intervention or administrative fees.
	HITS Agreement §5(b)	If you fail to pay us or breach any other material provision of the HITS Agreement.
h. "Cause" defined – non-curable defaults	FA §14.2	We may terminate the Franchise Agreement immediately on notice to you, without give you any opportunity to cure the default if: (1) after curing any material breach, you engage in the same non-compliance within any consecutive 24 month period, whether or not the non-compliance is corrected after notice, which pattern of non-compliance in and of itself will be deemed material; (2) we send you 3 notices of material default in any 12-month period, regardless of whether the defaults have been cured; (3) you or any Guarantor fail to pay debts as they become due or admit in writing your inability to pay your debts or you make a general assignment for the benefit of your creditors; (4) you file a voluntary petition in bankruptcy or any pleading seeking any reorganization, liquidation, or dissolution under any law, or you admit or fail to contest the material allegations of any such pleading filed against you or the hotel, and the action

Provision	Section in Franchise Agreement ("FA") and HITS Agreement (Note 1)	Summary
		<p>results in the entry of an order for relief against you under the Bankruptcy Code, the adjudication of you as insolvent, or the abatement of the claims of creditors of you or the hotel under any law; or you have an order entered against you appointing a receiver for the hotel or a substantial part of your or the hotel's assets; or you make an assignment for the benefit of creditors, or similar disposition of the assets of the hotel; (5) you lose possession or the right to possession of all or a significant part of the hotel or hotel Site, whether through foreclosure, foreclosure of any lien, trust deed, or mortgage, loss of lease, or for any other reason; (6) you fail to operate the hotel for 5 consecutive days, unless the failure to operate is due to fire, flood, earthquake or similar causes beyond your control, provided that you have taken reasonable steps to minimize the impact of such events; (7) you contest in any court or proceeding our ownership of the System or any part of the System or the validity of any of the Marks; (8) you or any Equity Owners with a controlling Equity Interest are or have been convicted of a felony or any other offense or conduct, if we determine in our business judgment it is likely to adversely reflect on or affect the hotel, the System, us and/or any Entity; (9) you conceal revenues, maintain false books and records of accounts, submit false reports or information to us or otherwise attempt to defraud us; (10) you or your affiliate become a Competitor without our prior written consent; (11) you Transfer any interest in yourself, the Franchise Agreement, the hotel or the hotel Site, other than in compliance with the Franchise Agreement; (12) you or a Guarantor become a Specially Designated National or Restricted or Blocked Person or are owned or controlled by a Specially Designated National or Restricted or Blocked Person or otherwise breach the representations in the Franchise Agreement; (13) information involving you or your affiliates, whether provided by you or obtained through our own investigation, discloses facts concerning you or your affiliates, including your or your affiliates' respective officers, directors, shareholders, partners or members, and/or the hotel, or title to the property over which the hotel is constructed or any other property used by the hotel, including leased commercial space, which, in our business judgment, is likely to adversely reflect on or affect in any manner, any gaming licenses or permits held by the Entities or the then current stature of any of the Entities with any gaming commission, board, or similar governmental or regulatory agency, or the reputation or business of any of the Entities; (14) any Guarantor breaches its guaranty to us; or (15) a threat or danger to public health or safety results from the construction, maintenance, or operation of the hotel.</p>
	HITS Agreement §5(a)	You have no right to cure once your Franchise Agreement terminates.

Provision	Section in Franchise Agreement ("FA") and HITS Agreement (Note 1)	Summary
i. Your obligations on termination, expiration or non-renewal	FA §14.6	On termination or expiration of the Agreement you must immediately: (1) pay all sums due and owing to us or any of the Entities, including liquidated damages and any expenses incurred by us in obtaining injunctive relief for the enforcement of this Agreement; (2) cease operating the hotel as a System hotel and cease using the System; (3) cease using the Marks, the Trade Name, and any confusingly similar names, marks, trade dress systems, insignia, symbols, or other rights, procedures, and methods; deliver all goods and materials containing the Marks to us; make any specified changes to the location as we may reasonably require for this purpose, which will include removal of the signs, custom decorations, and promotional materials. (4) cease representing yourself as then or formerly a System hotel or affiliated with the Licensed Brand or the Network; (5) return all copies of the Manual and any other Proprietary Information to us; (6) cancel all assumed name or equivalent registrations relating to your use of any Mark, notify the telephone company and all listing agencies and directory publishers including Internet domain name granting authorities, Internet service providers, global distribution systems, and web search engines of the termination or expiration of your right to use the Marks, the Trade Name, and any telephone number, any classified or other telephone directory listings, Internet domain names, uniform resource locators, website names, electronic mail addresses and search engine metatags and keywords associated with the hotel, and authorize their transfer to us; and (7) irrevocably assign and transfer to us (or to our designee) all of your right, title and interest in any domain name listings and registrations that contain any reference to our Marks, System, Network or Licensed Brand; notify the applicable domain name registrars of the termination of your right to use any domain name or Sites associated with the Marks or the Licensed Brand; and authorize and instruct the cancellation of the domain name, or transfer of the domain name to us (or our designee), as we specify; delete all references to our Marks, System, Network or Licensed Brand from any Sites you own, maintain or operate beyond the expiration or termination of the Franchise Agreement.
	HITS Agreement §5(c)	You must stop using our software and related documents, return all copies to us, and certify to us that you have done so.
j. Assignment of contract by us	FA §13.1	We may assign or transfer the Franchise Agreement and any of our rights, duties or assets to any person or entity without your consent so long as the assignee assumes all of our obligations to permit you to operate the hotel.
	HITS Agreement §22	We have the right to assign our obligations, and we have the right to assign the HITS Agreement if the assignee agrees to assume our obligations.

Provision	Section in Franchise Agreement ("FA") and HITS Agreement (Note 1)	Summary
k. "Transfer" by you – definition	FA §§1 and 13.2	Any sale, lease, assignment, spin-off, transfer, or other conveyance of a direct or indirect legal or beneficial interest, including a transfer of an interest the hotel, the Franchise Agreement, the site on which the hotel is located or any direct or indirect Equity Interest (as defined in the Franchise Agreement).
	HITS Agreement – Not applicable	Any attempt on your part to transfer or assign any of your rights or obligations under the HITS Agreement is a "transfer" by you.
l. Our approval of transfer by you	FA §13.2	You must give written notice and obtain our consent for all transfers unless the transfer does not result in a change of control of you, the hotel or the hotel site and (1) the interests are privately-held, and immediately after the transaction, the transferee will own less than 25% of the equity Interest in you; or (2) the equity interests are publicly traded; or (3) the equity interests are in controlled fund entities (§13.2.1) You may not transfer to any Specially Designated National, Restricted or Blocked Person or a Competitor.
	HITS Agreement §22	We have the right to approve all transfers.
m. Conditions for our approval of transfer.	FA §13.2.2	Permitted Transfers: you must give 60 days' written notice, obtain our consent, follow our then-current procedure for processing Permitted Transfers; sign documents required by us, and pay a processing fee for all Transfers to Affiliates, family member or trust; on death, and privately-held equity interests if no more than 25% of equity interests changes hands.
	FA §13.2.3	Change of Control: you must give 60 days' written notice and provide any information we may require in order consent to the Transfer; not be in default; pay all amount due to us and the Entities through Closing; execute our then-current form of voluntary termination agreement, including a general release; conclude any suit, action or proceeding that is pending or threatened against you, us or any Entity with respect to the Hotel, or provide adequate security; proposed transferee meets our then-current business requirements for new franchisees, including credit, background investigation, operations experience, prior business dealings, and other relevant factors; proposed transferee submits a Change of Ownership Application, pays our franchise application fee, signs our then-current form of franchise agreement and agrees to our request for upgrades to the hotel (which may include payment of a PIP fee); and the transferee's guarantors sign our then-current form of guaranty of franchise agreement.
	FA §13.2.4	Public Offering/Private Placement. You must give 60 days' advance notice; pay a processing fee when you submit the request, pay any additional costs we may incur; follow our instructions about the use of the Marks and disclosure; and indemnify us from any claims related to the offer or sale of your securities.

Provision	Section in Franchise Agreement ("FA") and HITS Agreement (Note 1)	Summary
	FA §13.2.5	Mortgages and Pledges to Lending Institutions. You or an Equity Owner may mortgage or pledge the hotel or an Equity Interest to a lender that finances the acquisition, development or operation of the hotel, without notifying us or obtaining our consent, if (i) you or the applicable Equity Owner are the sole borrower, and (ii) the loan is not secured by any other hotels or other collateral. You must notify us of any other proposed mortgage or pledge, including any collateral assignment of this Agreement, and obtain our consent, which we may withhold in our business judgment. We will evaluate the proposed mortgage or pledge according to our then-current procedure and standards for processing such requests. As a condition to our consent, we may require that you (and/or the Equity Owner) and the lender execute a "lender comfort letter" agreement in a form satisfactory to us that describes our requirements on foreclosure, and may include an estoppel and general release of claims that you or the Equity Owner may have against us, the Entities, and related persons. We may charge a fee for our review of a proposed mortgage or pledge and for the processing of a lender comfort letter.
	FA §13.2.6	Commercial Leases. You may lease or sublease commercial space in the hotel, or enter into concession arrangements for operations in connection with the hotel, in the ordinary course of business, subject to our right to review and approve the nature of the proposed business and the proposed brand and concept, all in keeping with our then current Standards for System hotels.
	HITS Agreement §22	We will only give our approval if transfer of the HITS Agreement is part of a transfer of your Franchise Agreement in a transaction we approve.
n. Our right of first refusal to acquire your business	FA §12	None, but you must notify us if you want to market any equity interests, other than a Transfer under §§ 13.2.1 or 13.2.2.
	HITS Agreement – Not applicable	None.
o. Our option to purchase your business	FA – Not applicable	None.
	HITS Agreement – Not applicable	None.
p. Your death or disability	FA §13.2.2.3	On the death of a Franchisee or Equity Owner who is a natural person, this Agreement or the Equity Interest of the deceased Equity Owner may Transfer in accordance with such person's will or, if such person dies intestate, in accordance with laws of intestacy governing the distribution of such person's estate without our consent, provided that: (i) the Transfer Upon Death is to an immediate family member or to a legal entity formed by such family member(s); and (ii) within 1 year after the death, such family member(s) or entity meet all of our then current requirements for an approved applicant and the transfer otherwise satisfies our conditions.
	HITS Agreement – Not applicable	None.

Provision	Section in Franchise Agreement ("FA") and HITS Agreement (Note 1)	Summary
q. Non-competition covenants during the term of this franchise	FA §§1 and 5.1.15	You and your affiliates may not, indirectly or directly, own or be a licensor or franchisor of a hotel brand that competes with the System, a System hotel or Network Hotel in our sole judgment, but you may own a minority interest in a Competitor under certain circumstances, and you may be a franchisee of a Competitor, or manage a property of a Competitor.
	HITS Agreement – Not applicable	None.
r. Non-competition covenants after the franchise is terminated or expires	FA – Not applicable	None.
	HITS Agreement – Not applicable	None.
s. Modification of the agreement	FA §17.5.1	All changes to the Franchise Agreement must be in writing and signed by an authorized person on behalf of you and us, but we can change the Standards, the Manual and other materials.
	HITS Agreement §17	No additions or modifications to the Agreement unless in writing and signed by all parties.
t. Integration/merger clause	FA §17.4	Only the terms of the Franchise Agreement, the Application, the Guaranty and any other related agreements signed by the parties (and any representations in the franchise disclosure document) are enforceable (subject to state law). Any other promises may not be enforceable.
	HITS Agreement §17	Only the terms of the Agreement (and any representations in the franchise disclosure document) are binding (subject to state law). Any other promises may not be enforceable.
u. Dispute resolution by arbitration or mediation	FA – Not applicable	None.
	HITS Agreement – Not applicable	None.
v. Choice of forum	FA §17.2.2	Actions must be brought in the U.S. District Court for the Eastern District of Virginia, in Alexandria, Virginia, or, if there is no subject matter jurisdiction in federal court, in a state court of competent jurisdiction in either Fairfax County, Virginia, or New York, New York, but we may elect to bring an action against you where the hotel is located.
	HITS Agreement §24	Same as for Franchise Agreement.
w. Choice of law	FA §17.2.1	New York law applies, without recourse to New York choice of law on conflicts of law principles, except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 USC § 1050) (subject to state law).
	HITS Agreement §24	Same as for Franchise Agreement.

## ITEM 18 PUBLIC FIGURES

We currently do not use any public figure to promote our licenses.



## ITEM 19 FINANCIAL PERFORMANCE REPRESENTATIONS

The FTC's Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchised and/or franchisor-owned outlets, if there is a reasonable basis for the information, and if the information is included in the disclosure document. Financial performance information that differs from that included in Item 19 may be given only if: (1) a franchisor provides the actual records of an existing outlet you are considering buying; or (2) a franchisor supplements the information provided in this Item 19, for example, by providing information about possible performance at a particular location or under particular circumstances.

We do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to our management by contacting William Fortier, 7930 Jones Branch Drive, Suite 1100, McLean, Virginia 22102, 703-883-1000, the Federal Trade Commission, and the appropriate state regulatory agencies.

## ITEM 20 OUTLETS AND FRANCHISEE INFORMATION

Table No. 1

**Systemwide Hotel Summary  
For Years 2010 to 2012**

Hotel Type	Year	Hotels at the Start of the Year	Hotels at the End of the Year	Net Change
Franchised	2010	0	0	0
	2011	0	0	0
	2012	0	0	0
Company-Owned	2010	0	0	0
	2011	0	0	0
	2012	0	0	0
Total Hotels	2010	0	0	0
	2011	0	0	0
	2012	0	0	0

Table No. 2

**Transfers of Franchised Hotels to New Owners (Other than the Franchisor)  
For Years 2010 to 2012**

State	Year	Number of Transfers
All States	2010	0
	2011	0
	2012	0
Total	2010	0
	2011	0
	2012	0

**Table No. 3**  
**Status of Franchised Hotels**  
**For Years 2010 to 2012**

State	Year	Hotels at Start of Year	Hotels Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Hotels at End of Year
All States	2010	0	0	0	0	0	0	0
	2011	0	0	0	0	0	0	0
	2012	0	0	0	0	0	0	0
Total	2010	0	0	0	0	0	0	0
	2011	0	0	0	0	0	0	0
	2012	0	0	0	0	0	0	0

**Table No. 4**  
**Status of Company-Owned Hotels**  
**For Years 2010 to 2012**

State	Year	Hotels at Start of Year	Hotels Opened	Hotels Reacquired from Franchisees	Hotels Closed	Hotels Sold to Franchisees	Hotels at End of Year
All States	2010	0	0	0	0	0	0
	2011	0	0	0	0	0	0
	2012	0	0	0	0	0	0
Total	2010	0	0	0	0	0	0
	2011	0	0	0	0	0	0
	2012	0	0	0	0	0	0

**Table No. 5**  
**Projected Openings as of December 31, 2012**

State	Franchise Agreements Signed But Hotel Not Opened	Projected New Franchised Hotels in the Next Fiscal Year	Projected New Company-Owned Hotels in the Next Fiscal Year
All States	0	0	0
Total	0	0	0

As of the issuance date of this Disclosure Document, we have not granted any licenses for Conrad hotels in the United States. We have not terminated, canceled, refused to renew or reacquired the license of any franchisee in any state; no franchisees have transferred ownership; there is no franchisee in any state who has otherwise voluntarily or involuntarily ceased to do business under a Franchise Agreement; and, there is no franchisee in any state who has not communicated with us within 10 weeks of the issuance date of this Disclosure Document. We have no company-owned Conrad hotels in the United States.

All numbers are as of December 31 of each year.

If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

During the last 3 fiscal years, no current or former Conrad franchisees have signed any provisions restricting their ability to speak to you openly about their experience with the franchise system.

We have not created, endorsed or sponsored any trademark-specific franchisee organizations associated with the System. There are no trademark-specific franchisee organizations associated with the System that are incorporated or otherwise organized under state law that have asked to be included in our disclosure document.

## **ITEM 21 FINANCIAL STATEMENTS**

Attached as Exhibit C are our audited balance sheets as of December 31, 2012 and 2011, the related statements of operations and member's capital and cash flow for the years ended December 31, 2012, 2011 and 2010, and the related notes to the financial statements.

Also attached as Exhibit C are the audited consolidated balance sheets of Hilton Franchise Holding LLC as of December 31, 2012 and 2011, the related consolidated statements of operations and member's capital and cash flow for the years ended December 31, 2012, 2011 and 2010, and the related notes to the financial statements. We are a wholly owned subsidiary of Hilton Franchise Holding LLC.

Hilton Franchise Holding LLC absolutely and unconditionally guarantees our duties and obligations under Franchise Agreements entered with franchisees buying a franchise pursuant to this Disclosure Document. A copy of the guarantee is included in Exhibit C.

As part of the financing transaction addressed in Item 1, various assets have been pledged to secure the indebtedness, including all franchise agreements and other agreements existing at the closing of the financing transaction. Certain subsidiaries of Hilton Franchise Holding LLC, including us, have guaranteed the indebtedness.

## **ITEM 22 CONTRACTS**

The following forms of contracts are attached to this Disclosure Document:

Exhibit D	Franchise Agreement and Addendum
Exhibit E	Guaranty of Franchise Agreement
Exhibit F	Franchise Application
Exhibit G	Hilton Information Technology System (HITS) Agreement
Exhibit K	Lender Comfort Letter Form
Exhibit L	Voluntary Termination Agreement

These exhibits are SAMPLES ONLY and are not for signature. These documents are not exhaustive and may vary from state to state and from transaction to transaction.

## **ITEM 23 RECEIPT**

Exhibit M contains 2 copies of a detachable receipt.

# **EXHIBIT A**

**CONRAD**

**LIST OF FRANCHISES**

**As of December 31, 2012, franchised hotels were in operation at the following locations:**

**NONE**

# **EXHIBIT B**

**CONRAD**

**Franchisees With Changes in Controlling Interest or Terminated, Canceled,  
Not Renewed or Otherwise Ceased Operations in Fiscal Year 2012**

**NONE**

If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

# **EXHIBIT C**





Hilton Franchise Holding LLC  
Consolidated Financial Statements  
*For the years ended December 31, 2012, 2011, and 2010*



**Hilton Franchise Holding LLC**  
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## **Report of Independent Auditors**

The Member of Hilton Franchise Holding LLC

We have audited the accompanying consolidated financial statements of Hilton Franchise Holding LLC, which comprise the consolidated balance sheets as of December 31, 2012 and 2011, and the related consolidated statements of operations and member's capital, and cash flows for the years ended December 31, 2012, 2011 and 2010, and the related notes to the consolidated financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in conformity with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Hilton Franchise Holding LLC at December 31, 2012 and 2011, and the consolidated results of its operations and its cash flows for the years ended December 31, 2012, 2011 and 2010, in conformity with U.S. generally accepted accounting principles.

*Ernst & Young LLP*

March 22, 2013

**Hilton Franchise Holding LLC**  
**Consolidated Balance Sheets**

	<b>December 31,</b>	
	<b>2012</b>	<b>2011</b>
<b>Assets</b>		
Cash equivalents	\$ 10,000,080	\$ 10,000,080
Accounts receivable, net of allowance for doubtful accounts of \$221,314 and \$154,072, respectively	17,683,608	12,337,567
Due from Hilton affiliates related to franchise deposits	12,639,645	11,177,675
Current portion of deferred franchise fee receivable	419,786	—
Current portion of accrued interest receivable	16,441	—
Total current assets	<u>40,759,560</u>	<u>33,515,322</u>
Deferred franchise fee receivable	699,645	452,630
Intangible asset	—	17,228
Accrued interest receivable	27,402	6,093
<b>Total Assets</b>	<u><u>\$ 41,486,607</u></u>	<u><u>\$ 33,991,273</u></u>
<b>Liabilities and Member's Capital</b>		
Franchise deposits	\$ 12,639,645	\$ 11,177,675
Total liabilities	<u>12,639,645</u>	<u>11,177,675</u>
Commitments and contingencies - see Note 7		
Contributed capital	10,000,000	10,000,000
Retained earnings	503,257,701	300,988,007
Due from Hilton affiliates	(484,410,739)	(288,174,409)
Total member's capital	<u>28,846,962</u>	<u>22,813,598</u>
<b>Total Liabilities and Member's Capital</b>	<u><u>\$ 41,486,607</u></u>	<u><u>\$ 33,991,273</u></u>

See notes to consolidated financial statements.

**Hilton Franchise Holding LLC**  
**Consolidated Statements of Operations and Member's Capital**

	<b>Year Ended December 31,</b>		
	<b>2012</b>	<b>2011</b>	<b>2010</b>
<b>Revenues</b>			
Franchise and license fees	\$ 185,620,102	\$ 115,649,788	\$ 61,206,092
Franchise sales and change of ownership fees	27,364,555	24,789,334	12,926,640
Total revenues	212,984,657	140,439,122	74,132,732
<b>Expenses</b>			
Operating expenses	10,685,826	7,121,046	3,747,913
Provision for doubtful accounts, net of recoveries	67,242	48,763	105,309
Amortization expense	676	1,013	1,013
Total expenses	10,753,744	7,170,822	3,854,235
<b>Operating income</b>	202,230,913	133,268,300	70,278,497
Interest income	38,781	7,289	1,511
<b>Net income</b>	<u>\$ 202,269,694</u>	<u>\$ 133,275,589</u>	<u>\$ 70,280,008</u>
<b>Member's capital, beginning of year</b>	\$ 22,813,598	\$ 17,052,292	\$ 14,560,968
Net income	202,269,694	133,275,589	70,280,008
Increase in due from Hilton affiliates	(196,236,330)	(127,514,283)	(67,788,684)
<b>Member's capital, end of year</b>	<u>\$ 28,846,962</u>	<u>\$ 22,813,598</u>	<u>\$ 17,052,292</u>

See notes to consolidated financial statements.

**Hilton Franchise Holding LLC**  
**Consolidated Statements of Cash Flows**

	<b>Year Ended December 31,</b>		
	<b>2012</b>	<b>2011</b>	<b>2010</b>
<b>Operating Activities:</b>			
Net income	\$ 202,269,694	\$ 133,275,589	\$ 70,280,008
Adjustments to reconcile net income to net cash provided by operating activities:			
Provision for doubtful accounts, net of recoveries	67,242	48,763	105,309
Amortization expense	676	1,013	1,013
Changes in operating assets and liabilities:			
Accounts receivable	(5,413,283)	(5,352,389)	(2,597,646)
Accrued interest receivable	(37,750)	(6,093)	—
Net cash provided by operating activities	<u>196,886,579</u>	<u>127,966,883</u>	<u>67,788,684</u>
<b>Investing Activities:</b>			
Increase in deferred franchise fee receivable	(666,801)	(452,630)	—
Transfer of intangible asset	16,552	—	—
Net cash used in investing activities	<u>(650,249)</u>	<u>(452,630)</u>	<u>—</u>
<b>Financing Activities:</b>			
Increase in due from Hilton affiliates	(196,236,330)	(127,514,283)	(67,788,684)
Net cash used in financing activities	<u>(196,236,330)</u>	<u>(127,514,283)</u>	<u>(67,788,684)</u>
<b>Net change in cash equivalents</b>	<u>—</u>	<u>(30)</u>	<u>—</u>
<b>Cash equivalents, beginning of year</b>	<u>10,000,080</u>	<u>10,000,110</u>	<u>10,000,110</u>
<b>Cash equivalents, end of year</b>	<u><u>\$ 10,000,080</u></u>	<u><u>\$ 10,000,080</u></u>	<u><u>\$ 10,000,110</u></u>
<b>Supplemental Disclosures:</b>			
Increase in due from Hilton affiliates related to franchise deposits	\$ (1,461,970)	\$ (6,266,975)	\$ (450,200)
Increase in franchise deposits	\$ 1,461,970	\$ 6,266,975	\$ 450,200

See notes to consolidated financial statements.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### Note 1: Organization

Hilton Franchise Holding LLC (“we”, “us”, or “our”), is a Delaware limited liability corporation that was formed on September 12, 2007 and began operations on October 11, 2007, to be a franchisor of the Hilton family of brands within the United States. We are a wholly owned subsidiary of Hilton Worldwide, Inc. (Hilton).

We license intellectual property from a wholly owned affiliate of Hilton on a royalty free basis and then license the use of the trademark to third party hotel owners under long-term franchise agreements.

### Note 2: Basis of Presentation and Summary of Significant Accounting Policies

#### Principles of Consolidation

The consolidated financial statements include the accounts of Hilton Franchise Holding LLC and its wholly owned subsidiaries. All material intercompany transactions are eliminated in consolidation.

At December 31, 2012, we wholly own and consolidate the following subsidiaries:

Conrad Franchise LLC  
Doubletree Franchise LLC  
Embassy Suites Franchise LLC  
Hampton Inns Franchise LLC  
Hilton Franchise LLC  
Hilton Garden Inns Franchise LLC  
HLT ESP Franchise LLC  
HLT Lifestyle Franchise LLC  
Homewood Suites Franchise LLC  
Waldorf Astoria Franchise LLC

#### Basis of Presentation

#### *Use of Estimates*

The preparation of financial statements in conformity with United States of America (“U.S.”) generally accepted accounting principles (“GAAP”) requires management to make estimates and assumptions that affect the amounts reported and, accordingly, ultimate results could differ from those estimates.

#### Summary of Significant Accounting Policies

#### *Revenue Recognition*

Revenues are primarily derived from the following sources and are generally recognized as services are rendered:

- *Franchise and license fees* represent fees earned in connection with the licensing of our brand name, usually under long-term franchise agreements with the hotel owners. We charge a monthly franchise license fee based on a percentage of room revenue and recognize revenue as the fee is earned, which is in accordance with the terms of the agreement.
- *Franchise sales and change of ownership fees* are fees earned in connection with the sale or change of ownership of a franchise, which includes application and initiation fees for new hotels entering the system. We also recognize fees from hotel owners for product improvement plans to convert existing hotels to our brand name. These fees are recognized as revenue when it is determined that the fees are non-refundable, all material services required to earn the fee have been performed, and we have no remaining contractual obligations.



### ***Cash Equivalents***

Cash equivalents include all highly liquid investments with original maturities, when purchased, of three months or less.

### ***Accounts Receivable and Allowance for Doubtful Accounts***

Accounts receivable represents amounts due from franchisees and is presented net of an allowance for doubtful accounts. We record an allowance for doubtful accounts when we specifically identify a receivable balance that we anticipate will not be collected based on management's review of payment and collection activity and the financial condition of the franchisee. In addition to specifically identified receivables, we record an allowance on the general population of accounts receivable when uncollectability is probable based on historical collection activity and current business conditions.

### ***Financing Receivables***

Financing receivables are financing arrangements that represent contractual rights to receive money either on demand or on fixed or determinable dates. Our financing receivable is represented by assets described as a deferred franchise fee receivable and an accrued interest receivable in our balance sheets and is comprised of an individual unsecured financing arrangement provided to a hotel owner. We assess the financing receivable for collectability and will fully reserve for the receivable balances if we determine that they are uncollectible and all commercially reasonable means of recovering them have been exhausted. We recognize interest income as it is earned.

### ***Intangible Asset***

Our intangible asset was a franchise contract acquisition cost incurred to obtain a new franchise agreement. The intangible asset was amortized using the straight-line method over the life of the franchise agreement to which it related.

### ***Franchise Deposits***

Franchise deposits represent franchise application fees that are collected at the time a hotel owner applies for a franchise license. These amounts are recorded as a liability until the application is approved and we have no remaining contractual obligations. At that time, the deposits are recognized as revenue. If the franchise application is not approved, the application fee is refunded to the applicant, less processing fees.

### **Note 3: Financing Receivables**

In 2011, we entered into an arrangement with a hotel owner to defer payments of monthly franchise license fees ("deferred fees") earned for certain Doubletree and Hilton franchised properties beginning on June 1, 2011 and ending May 31, 2013. The deferred fees on an annual basis may not exceed \$1,000,000 and will be paid with interest in eight equal installments from June 2013 through March 2015. On July 1, 2011, interest began to accrue on the aggregate deferred fees at the monthly LIBOR rate plus 350 basis points, with a minimum LIBOR rate of 1.50 percent for all deferral periods. Accordingly, we recorded a deferred franchise fee receivable, which we consider to be a financing receivable, of \$1,119,431, of which \$419,786 was considered current, and an accrued interest receivable of \$43,843, of which \$16,441 was considered current, in our consolidated balance sheet as of December 31, 2012. As of December 31, 2011 we recorded a deferred franchise fee receivable of \$452,630 and an accrued interest receivable of \$6,093, both of which were considered long term in our consolidated balance sheet. We did not record a reserve as of December 31, 2012 or 2011 on the financing or accrued interest receivables, as we believe these balances are fully collectible.

### **Note 4: Intangible Asset**

Our intangible asset was as follows:

	December 31, 2011
Franchise agreement	\$ 20,267
Accumulated amortization	(3,039)
	<u>\$ 17,228</u>

During the year ended December 31, 2012, the franchise agreement related to this intangible asset was converted to a management agreement with another Hilton entity. As such, the intangible asset was transferred to the respective management entity of Hilton and does not have an expected future impact on us.

We recorded amortization expense related to this intangible asset of \$676, \$1,013, and \$1,013 for the years ended December 31, 2012, 2011, and 2010, respectively.

#### **Note 5: Fair Value Measurements**

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants on the measurement date (an exit price). The carrying amount and estimated fair value of our cash equivalents were \$10,000,080 and \$10,000,080 as of December 31, 2012 and 2011, respectively. Our cash equivalents are composed of short-term interest bearing money market funds with maturities of less than 90 days. The estimated fair values were based on available market pricing information and, as such, the cash equivalents are classified as level 1 under the three-tier fair value hierarchy of inputs as described in Accounting Standards Codification 820, Fair Value Measurement.

We believe the fair values of our financial assets and financial liabilities approximated their reported carrying amounts as of December 31, 2012 and 2011.

#### **Note 6: Income Taxes**

No provision was made in our accounts for federal or state income taxes, since our taxes are the direct liability of Hilton. We had no uncertain tax positions as of December 31, 2012 or 2011 that met the recognition or measurement criteria under U.S. GAAP.

#### **Note 7: Commitments and Contingencies**

We have provided a guarantee of performance of all subsidiaries that encompass Hilton Franchise Holding LLC. These guarantees continue until all such obligations of our subsidiaries have been satisfied or until their liabilities under the franchise agreements have been completely discharged. We have not accrued a guarantee liability as of December 31, 2012 and 2011, since the likelihood of any future liability arising under the performance guarantee is deemed remote.

In connection with the acquisition of Hilton by affiliates of The Blackstone Group ("Blackstone") in October 2007, Hilton entered into a senior secured debt agreement and all of our assets and franchise contracts were pledged as non-borrower guarantor and non-borrower franchise pledgor collateral under the terms of the agreement. We are one of many Hilton subsidiaries whose assets and contracts were pledged as collateral under the terms of the senior secured debt agreement, as have the majority of Hilton's tangible assets and contractual rights. The senior secured debt, as modified, has varying terms with extension options through November 2015. We have not recorded a guarantee liability as of December 31, 2012 and 2011, due to the nature of the parent and subsidiary relationship between us and Hilton.

We are involved in litigation arising from the normal course of business. Accruals are recorded when the outcome is probable and can be reasonably estimated in accordance with applicable accounting requirements regarding accounting for contingencies. While the ultimate results of claims and litigation cannot be predicted with certainty, we expect that the ultimate resolution of all pending or threatened claims and litigation as of December 31, 2012 will not have a material effect on our consolidated results of operations, financial position, or cash flows. However, depending on the amount and timing, an unfavorable resolution of some or all of these matters could materially affect the future results of operations in a particular year.

#### **Note 8: Related Party Transactions**

We maintain intercompany balances with Hilton affiliates, which are the result of Hilton's centralized cash management system. One of these balances relates to franchise deposits, which are collected on our behalf by Hilton affiliates and deposited into a lockbox account to which we have no access. Amounts due from Hilton affiliates related to franchise deposits, if any, are reflected as an asset and are payable to us upon demand. The remaining balances due from Hilton affiliates represent amounts that are not expected to be repaid and are reflected as a component of member's capital as of December 31, 2012 and 2011.

We also have an operator agreement with a Hilton affiliate, whereby we pay a fee of five percent of revenue, as defined in the agreement, to cover our operating expenses. These expenses are recorded in the consolidated statements of operations and member's

capital as incurred for the years ended December 31, 2012, 2011, and 2010, and operating expenses that are payable are reflected as a reduction of amounts due from Hilton affiliates.

Hilton is a wholly owned subsidiary of an affiliate of Blackstone. Blackstone directly and indirectly owns Hilton and Waldorf Astoria branded hotels and we receive fees in connection with their respective franchise agreements. We recorded franchise fees related to these hotels of \$5,869,757, \$7,268,554, and \$4,303,100 for the years ended December 31, 2012, 2011, and 2010, respectively.

During the year ended December 31, 2012, a Waldorf Astoria Franchise LLC franchise agreement was converted to a management agreement with another Hilton entity. Associated with this franchise agreement was an intangible asset, which had a balance at the time of conversion of \$16,552. In conjunction with the conversion, the intangible asset was transferred to the respective management entity of Hilton and does not have an expected future impact on us.

#### **Note 9: Subsequent Events**

We have evaluated all subsequent events through March 22, 2013, the date that the consolidated financial statements were available to be issued.



Conrad Franchise LLC  
Financial Statements  
*For the years ended December 31, 2012, 2011, and 2010*



**Conrad Franchise LLC**  
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## Report of Independent Auditors

The Member of Conrad Franchise LLC

We have audited the accompanying financial statements of Conrad Franchise LLC, which comprise the balance sheets as of December 31, 2012 and 2011, and the related statements of operations and member's capital, and cash flows for the years ended December 31, 2012, 2011 and 2010, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in conformity with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Conrad Franchise LLC at December 31, 2012 and 2011, and the results of its operations and its cash flows for the years ended December 31, 2012, 2011 and 2010, in conformity with U.S. generally accepted accounting principles.

*Ernst & Young LLP*

March 22, 2013

**Conrad Franchise LLC**  
**Balance Sheets**

	<b>December 31,</b>	
	<b>2012</b>	<b>2011</b>
<b>Assets</b>		
Cash equivalents	\$ 1,000,008	\$ 1,000,008
<b>Total Assets</b>	<u>\$ 1,000,008</u>	<u>\$ 1,000,008</u>
<b>Liabilities and Member's Capital</b>		
Commitments and contingencies - see Note 5		
Contributed capital	\$ 1,000,000	\$ 1,000,000
Retained earnings	3,242	5,524
Due from Hilton affiliates	(3,234)	(5,516)
Total member's capital	<u>1,000,008</u>	<u>1,000,008</u>
<b>Total Liabilities and Member's Capital</b>	<u>\$ 1,000,008</u>	<u>\$ 1,000,008</u>

See notes to financial statements.



**Conrad Franchise LLC**  
**Statements of Operations and Member's Capital**

	<b>Year Ended December 31,</b>		
	<b>2012</b>	<b>2011</b>	<b>2010</b>
<b>Expenses</b>			
Operating expenses	\$ 2,385	\$ 3,835	\$ 3,210
Total expenses	2,385	3,835	3,210
<b>Operating loss</b>	(2,385)	(3,835)	(3,210)
Interest income	103	103	168
<b>Net loss</b>	<u>\$ (2,282)</u>	<u>\$ (3,732)</u>	<u>\$ (3,042)</u>
<b>Member's capital, beginning of year</b>	\$ 1,000,008	\$ 1,000,011	\$ 1,000,011
Net loss	(2,282)	(3,732)	(3,042)
Decrease in due from Hilton affiliates	2,282	3,729	3,042
<b>Member's capital, end of year</b>	<u>\$ 1,000,008</u>	<u>\$ 1,000,008</u>	<u>\$ 1,000,011</u>

See notes to financial statements.

**Conrad Franchise LLC**  
**Statements of Cash Flows**

	<b>Year Ended December 31,</b>		
	<b>2012</b>	<b>2011</b>	<b>2010</b>
<b>Operating Activities:</b>			
Net loss	\$ (2,282)	\$ (3,732)	\$ (3,042)
Net cash used in operating activities	(2,282)	(3,732)	(3,042)
<b>Financing Activities:</b>			
Decrease in due from Hilton affiliates	2,282	3,729	3,042
Net cash provided by financing activities	2,282	3,729	3,042
<b>Net change in cash equivalents</b>	—	(3)	—
<b>Cash equivalents, beginning of year</b>	1,000,008	1,000,011	1,000,011
<b>Cash equivalents, end of year</b>	<u>\$ 1,000,008</u>	<u>\$ 1,000,008</u>	<u>\$ 1,000,011</u>

See notes to financial statements.

## NOTES TO FINANCIAL STATEMENTS

### **Note 1: Organization**

Conrad Franchise LLC ("we", "us", or "our"), is a Delaware limited liability corporation that was formed on September 12, 2007 and began operations on October 11, 2007, to be a franchisor of the Conrad brand within the United States. We are a wholly owned subsidiary of Hilton Franchise Holding LLC (Parent), which, in-turn, is a wholly owned subsidiary of Hilton Worldwide, Inc. (Hilton).

We license intellectual property from a wholly owned affiliate of Hilton on a royalty free basis and then license the use of the trademark to third party hotel owners under long-term franchise agreements.

The Parent has provided a guarantee of our performance until all of our obligations as franchisor of the Conrad brand have been satisfied or until our liability under the franchise agreements have been completely discharged.

### **Note 2: Basis of Presentation and Summary of Significant Accounting Policies**

#### **Basis of Presentation**

##### *Use of Estimates*

The preparation of financial statements in conformity with United States of America ("U.S.") generally accepted accounting principles ("GAAP") requires management to make estimates and assumptions that affect the amounts reported and, accordingly, ultimate results could differ from those estimates.

#### **Summary of Significant Accounting Policies**

##### *Cash Equivalents*

Cash equivalents include all highly liquid investments with original maturities, when purchased, of three months or less.

### **Note 3: Fair Value Measurements**

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants on the measurement date (an exit price). The carrying amount and estimated fair value of our cash equivalents were \$1,000,008 and \$1,000,008 as of December 31, 2012 and 2011, respectively. Our cash equivalents are composed of short-term interest bearing money market funds with maturities of less than 90 days. The estimated fair values were based on available market pricing information and, as such, the cash equivalents are classified as level 1 under the three-tier fair value hierarchy of inputs as described in Accounting Standards Codification 820, Fair Value Measurement.

We believe the fair values of our financial assets and financial liabilities approximated their reported carrying amounts as of December 31, 2012 and 2011.

### **Note 4: Income Taxes**

No provision was made in our accounts for federal or state income taxes, since our taxes are the direct liability of Hilton. We had no uncertain tax positions as of December 31, 2012 or 2011 that met the recognition or measurement criteria under U.S. GAAP.

### **Note 5: Commitments and Contingencies**

In connection with the acquisition of Hilton by affiliates of The Blackstone Group in October 2007, Hilton entered into a senior secured debt agreement and all of our assets and franchise contracts were pledged as non-borrower guarantor and non-borrower franchise pledgor collateral under the terms of the agreement. We are one of many Hilton subsidiaries whose assets and contracts were pledged as collateral under the terms of the senior secured debt agreement, as have the majority of Hilton's tangible assets and contractual rights. The senior secured debt, as modified, has varying terms with extension options through November 2015. We have not recorded a guarantee liability as of December 31, 2012 and 2011, due to the nature of the parent and subsidiary relationship between us and Hilton.

We are involved in litigation arising from the normal course of business. Accruals are recorded when the outcome is probable and can be reasonably estimated in accordance with applicable accounting requirements regarding accounting for contingencies. While the ultimate results of claims and litigation cannot be predicted with certainty, we expect that the ultimate resolution of all pending or threatened claims and litigation as of December 31, 2012 will not have a material effect on our results of operations, financial position, or cash flows. However, depending on the amount and timing, an unfavorable resolution of some or all of these matters could materially affect the future results of operations in a particular year.

#### **Note 6: Related Party Transactions**

We maintain intercompany balances with Hilton affiliates, which are the result of Hilton's centralized cash management system. One of these balances relates to franchise deposits, which are collected on our behalf by Hilton affiliates and deposited into a lockbox account to which we have no access. Amounts due from Hilton affiliates related to franchise deposits, if any, are reflected as an asset and are payable to us upon demand. The remaining balances due from Hilton affiliates represent amounts that are not expected to be repaid and are reflected as a component of member's capital as of December 31, 2012 and 2011.

We also have an operator agreement with a Hilton affiliate, whereby we pay a fee of five percent of revenue, as defined in the agreement, to cover our operating expenses. As there was no revenue for the years ended December 31, 2012, 2011, or 2010, no operator fee was collected.

#### **Note 7: Subsequent Events**

We have evaluated all subsequent events through March 22, 2013, the date that the financial statements were available to be issued.

## GUARANTEE OF PERFORMANCE

For value received, Hilton Franchise Holding LLC, located at 7930 Jones Branch Drive, McLean, VA 22102 ("Guarantor"), absolutely and unconditionally guarantees to assume the duties of Conrad Franchise LLC, located at 7930 Jones Branch Drive, McLean, VA 22102 ("Franchisor") under its franchise registration in each state where its franchise is registered or exempt from registration, as applicable, and under its Franchise Agreement as identified in its 2013 Franchise Disclosure Document, as it may be amended, and as that Franchise Agreement may be entered into with franchisees and periodically amended, modified or extended. This guarantee continues until all such obligations of Franchisor under the franchise registration or franchise exemption (as applicable) and Franchise Agreement are satisfied or until liability of the Franchisor under the Franchise Agreement has been completely discharged, whichever first occurs. Guarantor is not discharged from liability if a claim by the franchisee against the Franchisor remains outstanding. Notice of acceptance is waived. The Guarantor does not waive receipt of notice of default on the part of the Franchisor. This guarantee is binding on the Guarantor and on its successors and assigns.

The Guarantor signs this guarantee at McLean, VA on the 25<sup>th</sup> day of March, 2013.

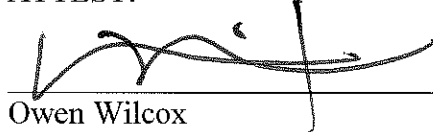
Guarantor:

HILTON FRANCHISE HOLDING LLC



By: Karen Satterlee  
Vice President

ATTEST:



Owen Wilcox  
Assistant Secretary

# **EXHIBIT D**

# **FRANCHISE AGREEMENT**

ENTER HOTEL NAME AND CITY/STATE HERE

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ADDENDUM TO FRANCHISE AGREEMENT		

## FRANCHISE AGREEMENT

This Franchise Agreement between Conrad Franchise LLC (“we,” “us,” “our” or “**Franchisor**”) and the Franchisee (“you,” “your” or “**Franchisee**”) set forth in the Addendum attached to this Agreement, is dated as of the Effective Date. We and you may collectively be referred to as the “**Parties**.”

### INTRODUCTION

We are a subsidiary of Hilton Worldwide. Hilton Worldwide and its Affiliates own, license, lease, operate, manage and provide various services for the Network. We are authorized to grant licenses for selected, first-class, independently owned or leased hotel properties, to operate under the Brand. You have expressed a desire to enter into this Agreement with us to obtain a license to use the Brand in the operation of a hotel at the address or location described in the Addendum.

NOW, THEREFORE, in consideration of the premises and the undertakings and commitments of each party to the other party in this Agreement, the Parties agree as follows:

#### 1.0 DEFINITIONS

The following capitalized terms will have the meanings set forth after each term:

“**Affiliate**” means any natural person or firm, corporation, partnership, limited liability company, association, trust or other entity which, directly or indirectly, controls, is controlled by, or is under common Control with, the subject entity.

“**Agreement**” means this Franchise Agreement, including any exhibits, attachments and addenda.

“**Anti-Corruption Laws**” means all applicable anti-corruption, anti-bribery, anti-money laundering, books and records, and internal controls laws of the United States and the United Kingdom, including the United States Foreign Corrupt Practices Act and the United Kingdom Bribery Act of 2010.

“**Brand**” means the brand name set forth in the Addendum.

“**Change of Ownership Application**” means the application that is submitted to us by you or the Transferee for a new franchise agreement in connection with a Change of Ownership Transfer.

“**Change of Ownership Transfer**” means any proposed Transfer that results in a change of Control of Franchisee, the Hotel, or the Hotel Site and is not otherwise permitted by this Agreement, all as set out in Subsection 13.2.3.

“**Competing Brand**” means a hotel brand or trade name that, in our sole business judgment, competes with the System, or any System Hotel or Network Hotel.

“**Competitor**” means any individual or entity that, at any time during the Term, whether directly or through an Affiliate, owns in whole or in part, or is the licensor or franchisor of a Competing Brand, irrespective of the number of hotels owned, licensed or franchised under such Competing Brand name. A Competitor does not include an individual or entity that: (i) is a franchisee of a Competing Brand; (ii) manages a Competing Brand hotel, so long as the individual or entity is not the exclusive manager of the Competing Brand; or (iii) owns a minority interest in a Competing Brand, so long as neither that individual or entity nor any of its Affiliates is an officer, director, or employee of the Competing Brand, provides services (including as a consultant) to the Competing Brand, or exercises, or has the right to exercise, Control over the business decisions of the Competing Brand.

“**Construction Commencement Date**” means the date set out in the Addendum, if applicable, by which you must commence construction of the Hotel. For the Hotel to be considered under construction, you

must have begun to pour concrete foundations for the Hotel or otherwise satisfied any site-specific criteria for “under construction” set out in the Addendum.

**“Construction Work”** means all necessary action for the development, construction, renovation, furnishing, equipping, acquisition of supplies and implementation of the Plans and Designs for the Hotel.

**“Construction Work Completion Date”** means the date set out in the Addendum, if applicable, by which you must complete construction of the Hotel.

**“Control”** means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of an entity, or of the power to veto major policy decisions of an entity, whether through the ownership of voting securities, by contract, or otherwise.

**“Controlling Affiliate”** means an Affiliate that directly or indirectly Controls the Hotel and/or Controls the entity that Controls the Hotel.

**“Designs”** means your plans, layouts, specifications, drawings and designs for the proposed furnishings, fixtures, equipment, signs and décor of the Hotel that use and incorporate the Standards.

**“Effective Date”** means the date set out in the Addendum on which this Agreement becomes effective.

**“Entities”** means our present or future Affiliates and direct or indirect owners.

**“Equity Interest”** means any direct or indirect legal or beneficial interest in the Franchisee, the Hotel and/or the Hotel Site.

**“Equity Owner”** means the direct or indirect owner of an Equity Interest.

**“Expiration Date”** has the meaning set forth in Section 3.

**“Force Majeure”** means an event causing a delay in our or your performance that is not the fault of or within the reasonable control of the party claiming Force Majeure. Force Majeure includes fire, floods, natural disasters, Acts of God, war, civil commotion, terrorist acts, any governmental act or regulation beyond such party’s reasonable control. Force Majeure does not include the Franchisee’s financial inability to perform, inability to obtain financing, inability to obtain permits or any other similar events unique to the Franchisee or the Hotel or to general economic downturn or conditions.

**“General Manager”** has the meaning set forth in Subsection 7.1.

**“Government or Government Entity”** means: (i) any agency, instrumentality, subdivision or other body of any national, regional, local or other government; (ii) any commercial or similar entities owned or controlled by such government, including any state-owned and state-operated companies; (iii) any political party; and (iv) any public international organization.

**“Government Official”** means the following: (i) officers and employees of any national, regional, local or other Government; (ii) officers and employees of companies in which a Government owns an interest; (iii) any private person acting in an official capacity for or on behalf of any Government or Governmental Entity (such as a consultant retained by a government agency); (iv) candidates for political office at any level; (v) political parties and their officials; (vi) officers, employees, or official representatives of public (quasi-governmental) international organizations (such as the United Nations, World Bank, or International Monetary Fund).

**“Gross Food and Beverage Revenue”** means all revenues (including credit transactions whether or not collected) derived from food and beverage-related operations of the Hotel and associated facilities, and all banquet, reception and meeting room rentals, including all restaurants (unless leased from third party operators), dining, bar, lounge, spa and retail food and beverage services, at the actual rates charged,

less allowances for any rebates and overcharges, and excluding any sales, hotel, entertainment or similar taxes collected from patrons or guests.

**"Gross Receipts Tax"** means any gross receipts, sales, use, excise, value added or any similar tax.

**"Gross Rooms Revenue"** means all revenues derived from the sale or rental of Guest Rooms (both transient and permanent) of the Hotel, including revenue derived from the redemption of points or rewards under the loyalty programs in which the Hotel participates, amounts attributable to breakfast (where the guest room rate includes breakfast), and guaranteed no-show revenue and credit transactions, whether or not collected, at the actual rates charged, less allowances for any Guest Room rebates and overcharges, and will not include taxes collected directly from patrons or guests. Group booking rebates, if any, paid by you or on your behalf to third-party groups for group stays must be included in, and not deducted from, the calculation of Gross Rooms Revenue.

**"Guarantor"** means the person or entity that guaranties your obligations under this Agreement or any of Your Agreements.

**"Guest Rooms"** means each rentable unit in the Hotel generally used for overnight guest accommodations, the entrance to which is controlled by the same key, provided that adjacent rooms with connecting doors that can be locked and rented as separate units are considered separate Guest Rooms. The initial number of approved Guest Rooms is set forth in the Addendum.

**"Hilton Worldwide"** means Hilton Worldwide Holdings, Inc., a Delaware corporation.

**"Hotel"** means the property you will operate under this Agreement and includes all structures, facilities, appurtenances, furniture, fixtures, equipment, and entry, exit, parking and other areas located on the Hotel Site we have approved for your business or located on any land we approve in the future for additions, signs, parking or other facilities.

**"Hotel Site"** means the real property on which the Hotel is located or to be located, as approved by us.

**"Hotel Work"** means Construction Work and/or Renovation Work, as the case may be.

**"Improper Payment"** means: (a) any payment, offer, gift or promise to pay or authorization of the payment or transfer of other things of value, including without limitation any portion of the compensation, fees or reimbursements received hereunder or the provision of any service, gift or entertainment, directly or indirectly to (i) a Government Official; (ii) any director, officer, employee or commercial partner of a Party or its Affiliates; or, (iii) any other person at the suggestion, request or direction or for the benefit of any of the above-described persons and entities, for purposes of obtaining or influencing official actions or decisions or securing any improper advantage in order to obtain, retain or direct business; (b) payments made and expenses incurred in connection with performance of obligations under this Agreement that are not made and recorded with sufficient accuracy, detail, and control to meet the standards in applicable Anti-Corruption Laws; or, (c) any other transaction in violation of applicable Anti-Corruption Laws.

**"Indemnified Parties"** means us and the Entities and our and their respective predecessors, successors and assigns, and the members, officers, directors, employees, managers, and agents.

**"Information"** means all information we obtain from you or about the Hotel or its guests or prospective guests under this Agreement or under any agreement ancillary to this Agreement, including agreements relating to the computerized reservation, revenue management, property management, and other systems we provide or require, or otherwise related to the Hotel. Information includes, but is not limited to, Operational Information, Proprietary Information, and Personal Information.

**"Interim Remedy"** has the meaning set forth in Subsection 14.3.

**"Laws"** means all public laws, statutes, ordinances, orders, rules, regulations, permits, licenses, certificates, authorizations, directions and requirements of all Governments and Government Entities having jurisdiction over the Hotel, Hotel Site or over Franchisee to operate the Hotel, which, now or hereafter, may apply to the construction, renovation, completion, equipping, opening and operation of the Hotel, including Title III of the Americans with Disabilities Act, 42 U.S.C. § 12181, et seq., and 28 C.F.R. Part 36.

**"License"** has the meaning set forth in Subsection 2.1.

**"Liquidated Damages"** has the meaning set forth in Subsections 6.4.4 and 14.4.

**"Management Company"** has the meaning set forth in Subsection 7.1.

**"Manual"** means all written compilations of the Standards. The Manual may take the form of one or more of the following: one or more looseleaf or bound volumes; bulletins; notices; videos; CD-ROMS and/or other electronic media; online postings; e-mail and/or electronic communications; facsimiles; or any other medium capable of conveying the Manual's contents.

**"Marks"** means the Brand and all other service marks, copyrights, trademarks, trade dress, logos, insignia, emblems, symbols and designs (whether registered or unregistered), slogans, distinguishing characteristics, and trade names used in the System.

**"Monthly Fees"** means, collectively, the Monthly Food and Beverage Fee, the Monthly Program Fee and the Monthly Royalty Fee, each of which is set forth in the Addendum.

**"Monthly Food and Beverage Fee"** means the fee we require from you in Subsection 8.1, which is set forth in the Addendum.

**"Monthly Program Fee"** means the fee we require from you in Subsection 8.1, which is set forth in the Addendum.

**"Monthly Royalty Fee"** means the fee we require from you in Subsection 8.1, which is set forth in the Addendum.

**"Network"** means the hotels, inns, conference centers, timeshare properties and other operations that Hilton Worldwide and its subsidiaries own, license, lease, operate or manage now or in the future.

**"Network Hotel"** means any hotel, inn, conference center, timeshare property or other similar facility within the Network.

**"Opening Date"** means the day on which we authorize you to make available the facilities, Guest Rooms or services of the Hotel to the general public under the Brand.

**"Operational Information"** means all information concerning the Monthly Fees, other revenues generated at the Hotel, room occupancy rates, reservation data and other financial and non-financial information we require.

**"Other Business(es)"** means any business activity we or the Entities engage in, other than the licensing of the Hotel.

**"Other Hotels"** means any hotel, inn, lodging facility, conference center or other similar business, other than a System Hotel or a Network Hotel.

**"Permitted Transfer"** means any Transfer by you or your Equity Owners as specified in Section 13.2 of this Agreement.

**“Person(s)”** means a natural person or entity.

**“Personal Information”** means any information that: (i) can be used (alone or when used in combination with other information within your control) to identify, locate or contact an individual; or (ii) pertains in any way to an identified or identifiable individual. Personal Information can be in any media or format, including computerized or electronic records as well as paper-based files.

**“PIP”** means product improvement plan.

**“PIP Fee”** means the fee we charge for creating a PIP as specified in Section 8.3.

**“Plans”** means your plans, layouts, specifications, and drawings for the Hotel that use and incorporate the Standards.

**“Principal Mark”** is the Mark identified as the Principal Mark in the Addendum.

**“Privacy Laws”** means any international, national, federal, provincial, state, or local law, code, rule or regulation that regulates the processing of Personal Information in any way, including data protection laws, laws regulating marketing communications and/or electronic communications, information security regulations and security breach notification rules.

**“Proprietary Information”** means all information or materials concerning the methods, techniques, plans, specifications, procedures, data, systems and knowledge of and experience in the development, operation, marketing and licensing of the System, including the Standards and the Manuals, whether developed by us, you, or a third party.

**“Publicly Traded Equity Interest”** means any Equity Interest that is traded on any securities exchange or is quoted in any publication or electronic reporting service maintained by the National Association of Securities Dealers, Inc., or any of its successors.

**“Quality Assurance Re-Evaluation Fee”** has the meaning set forth in Subsection 4.5.

**“Renovation Commencement Date”** means the date set out in the Addendum, if applicable, by which you must commence Renovation Work.

**“Renovation Work”** means the renovation and/or construction work, including purchasing and/or leasing and installation of all fixtures, equipment, furnishings, furniture, signs, computer terminals and related equipment, supplies and other items that would be required of a new System Hotel under the Manual, and any other equipment, furnishings and supplies that we may require for you to operate the Hotel as set out in any PIP applicable to the Hotel.

**“Renovation Work Completion Date”** means the date set out in the Addendum, if applicable, by which you must complete Renovation Work.

**“Reports”** mean daily, monthly, quarterly and annual operating statements, profit and loss statements, balance sheets, and other financial and non-financial reports we require.

**“Reservation Service”** means the reservation service we designate in the Standards for use by System Hotels.

**“Restricted Area Provision”** has the meaning set forth in the Addendum. **[INCLUDE ONLY IF RESTRICTED AREA PROVISION INCLUDED]**

**“Room Addition Fee”** means a sum equal to the then-current Room Addition Fee charged for new System Hotels multiplied by the number of Additional Guest Rooms you wish to add to the Hotel in accordance with Subsection 6.6.3.

**“Sanctioned Person”** means any person or entity (including financial institutions) who is, or is owned or controlled by, or acting on behalf of any of the foregoing: (a) the Government of any country subject to comprehensive U.S. sanctions in force and which currently include the Government of Cuba, Iran, North Korea, Sudan, and Syria (**“Sanctioned Countries”**); (b) located in, organized under the laws of or ordinarily resident in Sanctioned Countries; (c) identified by any government or legal authority under applicable Trade Restrictions as a person with whom dealings and transactions by Franchisee and/or its Affiliates are prohibited or restricted, including but not limited to persons designated under United Nations Security Council Resolutions, the U.S. Department of the Treasury’s Office of Foreign Assets Control (**“OFAC”**) List of Specially Designated Nationals and Other Blocked Persons; the U.S. Department of State’s lists of persons subject to non-proliferation sanctions; the European Union Financial Sanctions List; persons and entities subject to Special Measures regulations under Section 311 of the USA PATRIOT Act and the Bank Secrecy Act.

**“Securities”** means any public offering, private placement or other sale of securities in the Franchisee, the Hotel or the Hotel Site.

**“Site”** means domain names, the World Wide Web, the Internet, computer network/distribution systems, or other electronic communications sites.

**“Standards”** means all standards, specifications, requirements, criteria, and policies that have been and are in the future developed and compiled by us for use by you in connection with the design, construction, renovation, refurbishment, appearance, equipping, furnishing, supplying, opening, operating, maintaining, marketing, services, service levels, quality, and quality assurance of System Hotels, including the Hotel, and for hotel advertising and accounting, whether contained in the Manual or set out in this Agreement or other written communication.

**“System”** means the elements, including know-how, that we designate to distinguish hotels operating worldwide under the Brand (as may in certain jurisdictions be preceded or followed by a supplementary identifier such as “by Hilton”) that provide to the consuming public a similar, distinctive, high-quality hotel service. The System currently includes: the Brand, the Marks, the Trade Name, and the Standards; access to a reservation service; advertising, publicity and other marketing programs and materials; training programs and materials; and programs for our inspection of the Hotel and consulting with you.

**“System Hotels”** means hotels operating under the System using the Brand name.

**“Term”** has the meaning set forth in Section 3.0.

**“Trade Name”** means the name of the Hotel set forth in the Addendum.

**“Trade Restrictions”** means trade, economic or investment sanctions, export controls, anti-terrorism, non-proliferation, anti-money laundering and similar restrictions in force pursuant to laws, rules and regulations imposed under Laws to which the Parties are subject.

**“Transfer”** means in all its forms, any sale, lease, assignment, spin-off, transfer, or other conveyance of a direct or indirect legal or beneficial interest.

**“Transferee”** means the proposed new franchisee resulting from a Transfer.

**“Your Agreements”** means any other agreement between you and us or any of the Entities related to this Agreement, the Hotel and/or the Hotel Site.

## **2.0 GRANT OF LICENSE**

**2.1 Non-Exclusive License.** We grant to you and you accept a limited, non-exclusive License to use the Marks and the System during the Term at, and in connection with, the operation of the Hotel in accordance with the terms of this Agreement.

### **2.2 Reserved Rights.**

**2.2.1** This Agreement does not limit our right, or the right of the Entities, to own, license or operate any Other Business of any nature, whether in the lodging or hospitality industry or not, and whether under the Brand, a Competing Brand, or otherwise. We and the Entities have the right to engage in any Other Businesses, even if they compete with the Hotel, the System, or the Brand, and whether we or the Entities start those businesses, or purchase, merge with, acquire, are acquired by, come under common ownership with, or associate with, such Other Businesses.

**2.2.2** We may also:

**2.2.2.1** add, alter, delete or otherwise modify elements of the System;

**2.2.2.2** use or license to others all or part of the System;

**2.2.2.3** use the facilities, programs, services and/or personnel used in connection with the System in Other Businesses; and

**2.2.2.4** use the System, the Brand and the Marks in the Other Businesses.

**2.2.3** You acknowledge and agree that you have no rights to, and will not make any claims or demands for, damages or other relief arising from or related to any of the foregoing activities, and you acknowledge and agree that such activities will not give rise to any liability on our part, including liability for claims for unfair competition, breach of contract, breach of any applicable implied covenant of good faith and fair dealing, or divided loyalty.

### **[INCLUDE ONLY IF RESTRICTED AREA PROVIDED:]**

**2.3 Restricted Area Provision.** The Restricted Area Provision is set forth in the Addendum.

## **3.0 TERM**

The Term shall begin on the Effective Date and will end, without further notice, on the Expiration Date set forth in the Addendum, unless terminated earlier under the terms of this Agreement. You acknowledge and agree that this Agreement is non-renewable and that this Agreement confers on you absolutely no rights of license renewal or extension whatsoever following the Expiration Date.

## **4.0 OUR RESPONSIBILITIES**

We have the following responsibilities to you under this Agreement. We reserve the right to fulfill some or all of these responsibilities through one of the Entities or through unrelated third parties, in our sole business judgment. We may require you to make payment for any resulting services or products directly to the provider.

**4.1 Training.** We may specify certain required and optional training programs and provide these programs at various locations. We may charge you for required training services and materials and for optional training services and materials we provide to you. You are responsible for all travel, lodging and other expenses you or your employees incur in attending these programs.



**4.2 Reservation Service.** We will furnish you with the Reservation Service. The Reservation Service will be furnished to you on the same basis as it is furnished to other System Hotels, subject to the provisions of Subsection 14.3 below.

**4.3 Consultation.** We may offer consultation services and advice in areas such as operations, facilities, and marketing. We may establish fees in advance, or on a project-by-project basis, for any consultation service or advice you request.

**4.4 Marketing.**

**4.4.1** We will publish (either in hard copy or electronic form) and make available to the traveling public a directory that includes System Hotels. We will include the Hotel in advertising of System Hotels and in international, national and regional marketing programs in accordance with our general practice for System Hotels.

**4.4.2** We will use your Monthly Program Fee to pay for various programs to benefit the System, including:

**4.4.2.1** advertising, promotion, publicity, public relations, market research, and other marketing programs;

**4.4.2.2** developing and maintaining directories of and Internet sites for System Hotels;

**4.4.2.3** developing and maintaining the Reservation Service systems and support; and

**4.4.2.4** administrative costs and overhead related to the administration or direction of these projects and programs.

**4.4.3** We will have the sole right to determine how and when we spend these funds, including sole control over the creative concepts, materials and media used in the programs, the placement and allocation of advertising, and the selection of promotional programs.

**4.4.4** We may enter into arrangements for development, marketing, operations, administrative, technical and support functions, facilities, programs, services and/or personnel with any other entity, including any of the Entities or a third party.

**4.4.5** You acknowledge that Monthly Program Fees are intended for the benefit of the System and will not simply be used to promote or benefit any one System Hotel or market. We will have no obligation in administering any activities paid for with the Monthly Program Fee to make expenditures for you that are equivalent or proportionate to your payments or to ensure that the Hotel benefits directly or proportionately from such expenditures.

**4.4.6** We may create any programs and allocate monies derived from Monthly Program Fees to any regions or localities, as we consider appropriate in our sole business judgment. The aggregate of Monthly Program Fees paid to us by System Hotels does not constitute a trust or "advertising fund" and we are not a fiduciary with respect to the Monthly Program Fees paid by you and other System Hotels.

**4.4.7** We are not obligated to expend funds in excess of the amounts received from System Hotels. If any interest is earned on unused Monthly Program Fees, we will use the interest before using the principal. The Monthly Program Fee does not cover your costs of participating in any optional marketing programs and promotions offered by us in which you voluntarily choose to participate. These Monthly Program Fees do not cover the cost of operating the Hotel in accordance with the Standards.

**4.5 Inspections/Compliance Assistance.** We will administer a quality assurance program for the System that may include conducting pre-opening and periodic inspections of the Hotel and guest satisfaction surveys and audits to ensure compliance with the Standards. You will permit us to inspect the Hotel without prior notice to you to determine if the Hotel is in compliance with the Standards. You will cooperate with our representatives during these inspections. You will then take all steps necessary to correct any deficiencies within the times we establish. You may be charged a Quality Assurance Re-Evaluation Fee as set forth in the Standards. You will provide complimentary accommodations for the quality assurance auditor each time we conduct a regular inspection or a special on-site quality assurance re-evaluation after the Hotel has failed a regular quality assurance evaluation or to verify that deficiencies noted in a quality assurance evaluation report or PIP have been corrected or completed by the required dates.

**4.6 Manual.** We will issue to you or make available in electronic form the Manual and any revisions and updates we may make to the Manual during the Term. You agree to ensure that your copy of the Manual is, at all times, current and up to date. If there is any dispute as to your compliance with the provisions of the Manual, the master copy of the Manual maintained at our principal office will control.

**4.7 Equipment and Supplies.** We will make available to you for use in the Hotel various purchase, lease, or other arrangements for exterior signs, operating equipment, operating supplies, and furnishings, which we make available to other System Hotels.

## **5.0 YOUR RESPONSIBILITIES**

### **5.1 Operational and Other Requirements.** You must:

**5.1.1** after the Opening Date, operate the Hotel twenty-four (24) hours a day;

**5.1.2** operate the Hotel using the System, in compliance with this Agreement and the Standards, and in such a manner to provide courteous, uniform, respectable and high quality lodging and other services and conveniences to the public. You acknowledge that, although we provide the Standards, you have exclusive day-to-day control of the business and operation of the Hotel and we do not in any way possess or exercise such control;

**5.1.3** comply with the Standards, including our specifications for all supplies, products and services. We may require you to purchase a particular brand of product or service to maintain the common identity and reputation of the Brand, and you will comply with such requirements. Unless we specify otherwise, you may purchase products from any authorized source of distribution; however, we reserve the right, in our business judgment, to enter into exclusive purchasing arrangements for particular products or services and to require that you purchase products or services from approved suppliers or distributors;

**5.1.4** install, display, and maintain signage displaying or containing the Brand name and other distinguishing characteristics in accordance with Standards we establish for System Hotels;

**5.1.5** comply with Standards for the training of persons involved in the operation of the Hotel, including completion by the General Manager and other key personnel of the Hotel of a training program for operation of the Hotel under the System, at a site we designate. You will pay us all fees and charges, if any, we require for your personnel to attend these training programs. You are responsible for all travel, lodging and other expenses you or your employees incur in attending these programs;

**5.1.6** purchase and maintain property management, revenue management, in-room entertainment, telecommunications, high-speed internet access, and other computer and technology systems that we designate for the System or any portion of the System based on our assessment of the long-term best interests of System Hotels, considering the interest of the System as a whole;

**5.1.7** advertise and promote the Hotel and related facilities and services on a local and regional basis in a first-class, dignified manner, using our identity and graphics Standards for all System Hotels, at your cost and expense. You must submit to us for our approval samples of all advertising and promotional materials that we have not previously approved (including any materials in digital, electronic or computerized form or in any form of media that exists now or is developed in the future) before you produce or distribute them. You will not begin using the materials until we approve them. You must immediately discontinue your use of any advertising or promotional material we disapprove, even if we previously approved the materials;

**5.1.8** participate in and pay all charges in connection with all required System guest complaint resolution programs, which programs may include chargebacks to the Hotel for guest refunds or credits and all required System quality assurance programs, such as guest comment cards, customer surveys and mystery shopper programs. You must maintain minimum performance Standards and scores for quality assurance programs we establish;

**5.1.9** honor all nationally recognized credit cards and credit vouchers issued for general credit purposes that we require and enter into all necessary credit card and voucher agreements with the issuers of such cards or vouchers;

**5.1.10** participate in and use the Reservation Service, including any additions, enhancements, supplements or variants we develop or adopt, and honor and give first priority on available rooms to all confirmed reservations referred to the Hotel through the Reservation Service. The only reservation service or system you may use for outgoing reservations referred by or from the Hotel to other Network Hotels will be the Reservation Service or other reservation services we designate;

**5.1.11** comply with Laws and, on request, give evidence to us of compliance;

**5.1.12** participate in, and promptly pay all fees, commissions and charges associated with, all travel agent commission programs and third-party reservation and distribution services (such as airline reservation systems), all as required by the Standards and in accordance with the terms of these programs, all of which may be modified;

**5.1.13** not engage, directly or indirectly, in any cross-marketing or cross-promotion of the Hotel with any Other Hotel or related business, without our prior written consent. You agree to refer guests and customers, wherever reasonably possible, only to System Hotels or Network Hotels. We may require you to participate in programs designed to refer prospective customers to Other Hotels. You must display all material, including brochures and promotional material we provide for System Hotels and Network Hotels, and allow advertising and promotion only of System Hotels and Network Hotels on the Hotel Site, unless we specifically direct you to include advertising or promotion of Other Hotels;

**5.1.14** treat as confidential the Standards, the Manual and all other Proprietary Information. You acknowledge and agree that you do not acquire any interest in the Proprietary Information other than the right to utilize the same in the development and operation of the Hotel under the terms of this Agreement. You agree that you will not use the Proprietary Information in any business or for any purpose other than in the development and operation of the Hotel under the System and will maintain the absolute confidentiality of the Proprietary Information during and after the Term. You will not make unauthorized copies of any portion of the Proprietary Information; and will adopt and implement all procedures we may periodically establish in our business judgment to prevent unauthorized use or disclosure of the Proprietary Information, including restrictions on disclosure to employees and the use of non-disclosure and non-competition clauses in agreements with employees, agents and independent contractors who have access to the Proprietary Information;

**5.1.15** not become a Competitor, or permit your Affiliate to become a Competitor, in the luxury hotel market segment, or any substantially equivalent market segment, as determined by Smith Travel Research (“STR”) (or, if STR is no longer in existence, STR’s successor or other such industry resource that is as equally as reputable as STR);

**5.1.16** own fee simple title (or long-term ground leasehold interest for a term equal to the Term) to the real property and improvements that comprise the Hotel and the Hotel Site, or alternatively, at our request, cause the fee simple owner, or other third party acceptable to us, to provide its guaranty covering all of your obligations under this Agreement in form and substance acceptable to us;

**5.1.17** maintain legal possession and control of the Hotel and Hotel Site for the Term and promptly deliver to us a copy of any notice of default you receive from any mortgagee, trustee under any deed of trust, or ground lessor for the Hotel, and on our request, provide any additional information we may request related to any alleged default;

**5.1.18** not directly or indirectly conduct, or permit by lease, concession arrangement or otherwise, gaming or casino operations in or connected to the Hotel or on the Hotel Site, or otherwise engage in any activity which, in our business judgment, is likely to adversely reflect upon or affect in any manner, any gaming licenses or permits held by the Entities or the then-current stature of any of the Entities with any gaming commission, board, or similar governmental or regulatory agency, or the reputation or business of any of the Entities;

**5.1.19** not directly or indirectly conduct or permit the marketing or sale of timeshares, vacation ownership, fractional ownership, condominiums or like schemes at, or adjacent to, the Hotel. This restriction will not prohibit you from directly or indirectly conducting timeshare, vacation ownership, fractional ownership, or condominium sales or marketing at and for any property located adjacent to the Hotel that is owned or leased by you so long as you do not use any of the Marks in such sales or marketing efforts and you do not use the Hotel or its facilities in such sales and marketing efforts or in the business operations of the adjacent property;

**5.1.20** participate in and pay all charges related to our marketing programs (in addition to programs covered by the Monthly Program Fee), all guest frequency programs we require, and any optional programs that you opt into;

**5.1.21** honor the terms of any discount or promotional programs (including any frequent guest program) that we offer to the public on your behalf, any room rate quoted to any guest at the time the guest makes an advance reservation, and any award certificates issued to Hotel guests participating in these programs;

**5.1.22** after the Effective Date, maintain, at your expense, insurance of the types and in the minimum amounts we specify in the Standards. All such insurance must be with insurers having the minimum ratings we specify, name as additional insureds the parties we specify in the Standards, and carry the endorsements and notice requirements we specify in the Standards. If you fail or neglect to obtain or maintain the insurance or policy limits required by this Agreement or the Standards, we have the option, but not the obligation, to obtain and maintain such insurance without notice to you, and you will immediately on our demand pay us the premiums and cost we incur in obtaining this insurance;

**5.1.23** not share the business operations and Hotel facilities with any Other Hotel or other business;

**5.1.24** not engage in any tenant-in-common syndication or Transfer of any tenant-in-common interest in the Hotel or the Hotel Site; and

**5.1.25** promptly provide to us all information we reasonably request about you and your Affiliates (including your respective beneficial owners, officers, directors, shareholders, partners or members) and/or the Hotel, title to the property on which the Hotel is constructed and any other property used by the Hotel.

## **6.0 HOTEL WORK**

### **6.1 Necessary Consents.**

**6.1.1** You must obtain our prior written consent before retaining or engaging any architect, interior designer, general contractor and major subcontractors for the Hotel. We will not unreasonably withhold such consent.

**6.1.2** Plans and Designs must be submitted to us in accordance with the schedule specified in the Addendum or any PIP. Before we approve your Plans, your architect or other certified professional must certify to us that the Plans comply with all Laws related to accessibility/accommodations/facilities for those with disabilities.

**6.1.3** You shall not commence any Hotel Work unless and until we have issued our written consent in respect of the Plans and Designs, which consent will not be unreasonably withheld.

**6.1.4** Once we have provided our consent to the Plans and Designs, no change may be made to the Plans or Designs without our prior written consent. By consenting to the Plans and Designs or any changes or modifications to the Plans and Designs, we do not warrant the depth of our analysis or assume any responsibility or liability for the suitability of the Plans and Designs or the resulting Hotel Work.

**6.1.5** You are solely responsible for ensuring that the Plans and Designs (including Plans and Designs for Hotel Work) comply with our then-current Standards, the Manual, and all Laws.

**6.2 Initial Hotel Work.** You will perform or cause the Hotel Work to be performed in accordance with this Agreement, the approved Plans and Designs, the Manual and, for Renovation Work, the PIP. You will bear the entire cost of the Hotel Work, including the cost of the Plans and Designs, professional fees, licenses, permits, equipment, furniture, furnishings and supplies. You are solely responsible for obtaining all necessary licenses, permits and zoning variances required for the Hotel Work.

### **6.3 Commencement and Completion of the Hotel Work.**

**6.3.1** You will commence the Hotel Work on or before the Construction Commencement Date or Renovation Commencement Date specified in the Addendum. You may request an extension by submitting a written request for our approval before the applicable deadline, describing the status of the project and the reason for the requested extension, and paying our then-current extension fee. We may condition our approval on an update to the Plans and Designs. Once commenced, the Hotel Work will continue uninterrupted except to the extent continuation is prevented by events of Force Majeure. You must give written notice to us specifying the nature and duration of any event of Force Majeure promptly after becoming aware of the event, and specifying that you have used, and continue to use, reasonable endeavours to mitigate the effects of such event until such event ceases to exist. On verification of the event of Force Majeure, we will approve an extension of the Construction Commencement Date or Renovation Work Completion Date for up to eighteen (18) months. You must promptly provide to us evidence that the Construction Work has commenced if we request it.

**6.3.2** The Hotel Work must be completed and the Hotel must be furnished, equipped, and otherwise made ready to open in accordance with the terms of this Agreement no later than the Construction Work Completion Date or Renovation Work Completion Date specified in the Addendum. You may request an extension by submitting a written request for our approval before the applicable deadline, describing the status of the project and the reason for the requested extension, and paying our then-current extension fee.

**6.3.3** On completion of the Hotel Work and, as a condition to our authorization to open the Hotel, your architect, general contractor or other certified professional must provide us with a

certificate stating that the as-built premises comply with all Laws relating to accessibility/accommodations/facilities for those with disabilities.

#### **6.4 Opening the Hotel Under This Agreement.**

**6.4.1** You will open the Hotel on the Opening Date. You will not open the Hotel unless and until you receive our written consent to do so pursuant to Subsection 6.4.2 or 6.4.3.

**6.4.2** You will give us at least fifteen (15) days advance notice that you have complied with all the terms and conditions of this Agreement and the Hotel is ready to open. We will use reasonable efforts within fifteen (15) days after we receive your notice to visit the Hotel and to conduct other investigations as we deem necessary to determine whether to authorize the opening of the Hotel, but we will not be liable for delays or loss occasioned by our inability to complete our investigation and to make this determination within the fifteen (15) day period. If you fail to pass our initial opening site visit, we may, in our sole business judgment, charge you reasonable fees associated with any additional visits.

**6.4.3** We shall be entitled to withhold our consent to the opening of the Hotel until:

**6.4.3.1** you have complied with all the terms and conditions in this Agreement;

**6.4.3.2** your staff has received adequate training and instruction in the manner we require;

**6.4.3.3** you have received authorization to open the Hotel from the relevant governmental authority for the jurisdiction in which the Hotel is located, if applicable; and

**6.4.3.4** all fees and charges you owe to us or the Entities have been paid.

**6.4.4** Opening the Hotel before the Opening Date is a material breach of this Agreement.

**6.4.4.1** You will pay us Liquidated Damages in the amount of Five Thousand Dollars (\$5,000) per day if you open the Hotel before the Opening Date to compensate us for the damage caused by such breach. You must also reimburse us for all of our costs and expenses, including legal fees, incurred in enforcing our rights under this Agreement.

**6.4.4.2** These Liquidated Damages for damage to our Marks shall not limit or exclude any other remedies we may have at law or in equity. You acknowledge and agree that that the Liquidated Damages payable under this Subsection represent a reasonable estimate of the minimum just and fair compensation for the damages we will suffer as the result of the opening of the Hotel before the Opening Date in material breach of this Agreement.

**6.5 Performance of Agreement.** You must satisfy all of the terms and conditions of this Agreement, and equip, supply, staff and otherwise make the Hotel ready to open under our Standards. As a result of your efforts to comply with the terms and conditions of this Agreement, you will incur significant expense and expend substantial time and effort. You acknowledge and agree that we will have no liability or obligation to you for any losses, obligations, liabilities or expenses you incur if we do not authorize the Hotel to open or if we terminate this Agreement because you have not complied with the terms and conditions of this Agreement.

#### **6.6 Hotel Refurbishment and Room Addition.**

**6.6.1** We may periodically require you to modernize, rehabilitate and/or upgrade the Hotel's fixtures, equipment, furnishings, furniture, signs, computer hardware and software and related

equipment, supplies and other items to meet the then-current Standards. You will make these changes at your sole cost and expense and in the time frame we require.

**6.6.2** You may not make any significant changes (including major changes in structure, design or décor) in the Hotel. Minor redecoration and minor structural changes that comply with our Standards will not be considered significant.

**6.6.3** You may not make any change in the number of approved Guest Rooms in the Addendum. If you wish to add additional Guest Rooms to the Hotel after the Opening Date, you must submit an application to obtain our consent. If we consent to the addition of Guest Rooms at the Hotel, you must pay us our then-current Room Addition Fee. As a condition to our granting approval of your application, we may require you to modernize, rehabilitate or upgrade the Hotel in accordance with Subsection 6.6.1 of this Agreement, and to pay us our then-current PIP Fee to prepare a PIP to determine the renovation requirements for the Hotel. We may also require you to execute an amendment to this Agreement covering the terms and conditions of our consent to the addition of Guest Rooms.

## **7.0 STAFF AND MANAGEMENT OF THE HOTEL**

**7.1** You are solely responsible for the management of the Hotel's business. You will provide qualified and experienced management (a "**Management Company**") and an individual to manage the Hotel (a "**General Manager**"), each approved by us in writing **[IF APPLICABLE]** at least six (6) months before the Opening Date]. We have the right to communicate directly with the Management Company and managers at the Hotel. We may rely on the communications of such managers or Management Company as being on your behalf. Any Management Company and/or General Manager must have the authority to perform all of your obligations under this Agreement. The engagement of a Management Company does not reduce your obligations under this Agreement. In the case of any conflict between this Agreement and any agreement with the Management Company or General Manager, this Agreement prevails.

**7.2** You represent and agree that you have not, and will not, enter into any lease, management agreement or other similar arrangement for the operation of the Hotel or any part of the Hotel without our prior written consent. To be approved by us as the operator of the Hotel, you, any proposed Management Company and any proposed General Manager must be qualified to manage the Hotel. We may refuse to approve you, any proposed Management Company or any proposed General Manager who is a Competitor or which, in our business judgment, is inexperienced or unqualified in managerial skills or operating capability or is unable or unwilling to adhere fully to your obligations under this Agreement.

**7.3** If the Management Company becomes a Competitor or the Management Company and/or the General Manager resigns or is terminated by you or otherwise becomes unsuitable in our sole business judgment to manage the Hotel during the Term, you will have ninety (90) days to retain a qualified substitute Management Company and/or General Manager acceptable to us.

## **8.0 PAYMENT OF FEES**

**8.1 Monthly Fees.** Beginning on the Opening Date, you will pay to us for each month (or part of a month, including the final month you operate under this Agreement) the Monthly Fees, each of which is set forth in the Addendum.

### **8.2 Calculation and Payment of Fees.**

**8.2.1** The Monthly Fees will be calculated in accordance with the accounting methods of the then-current Uniform System of Accounts for the Lodging Industry, or such other accounting methods specified by us in the Manual.

**8.2.2** The Monthly Fees will be paid to us at the place and in the manner we designate on or before the fifteenth (15th) day of each month and will be accompanied by our standard schedule setting forth in reasonable detail the computation of the Monthly Fees for such month.

**8.2.3** We may require you to transmit the Monthly Fees and all other payments required under this Agreement by wire transfer or other form of electronic funds transfer and to provide the standard schedule in electronic form. You must bear all costs of wire transfer or other form of electronic funds transfer or other electronic payment and reporting.

**8.2.4** If Hotel accommodations are bundled with food and beverage arrangements or other services when charged to the customer, you will make a good faith reasonable allocation of the resulting revenues between Gross Rooms Revenue and Gross Food and Beverage Revenue, consistent with the Uniform System of Accounts for the Lodging Industry.

**8.2.5** In the event of fire or other insured casualty that results in a reduction of Gross Rooms Revenue and Gross Food and Beverage Revenue, you will determine and pay us, from the proceeds of any business interruption or other insurance applicable to loss of revenues, an amount equal to the forecasted Monthly Fees, based on the Gross Rooms Revenue and Gross Food and Beverage Revenue amounts agreed on between you and your insurance company that would have been paid to us in the absence of such casualty.

**8.3 Other Fees.** You will timely pay all amounts due us or any of the Entities for any invoices or for goods or services purchased by or provided to you or paid by us or any of the Entities on your behalf, including pre-opening sales and operations training or extension fees as specified on the Addendum.

**8.4 Taxes.** If a Gross Receipts Tax is imposed on us or the Entities based on payments made by you related to this Agreement, then you must reimburse us or the Entity for such Gross Receipts Tax to ensure that the amount we or the Entity retains, after paying the Gross Receipts Tax, equals the net amount of the payments you are required to pay us or the Entity had such Gross Receipts Tax not been imposed. You are not required to pay income taxes payable by us or any Entity as a result of our net income relating to fees collected under this Agreement.

**8.5 Application of Fees.** We may apply any amounts received from you to any amounts due under this Agreement.

## **9.0 PROPRIETARY RIGHTS**

### **9.1 Our Proprietary Rights.**

**9.1.1** You will not contest, either directly or indirectly during or after the Term:

**9.1.1.1** our (and/or any Entities') ownership of, rights to and interest in the System, Brand, Marks and any of their elements or components, including present and future distinguishing characteristics and agree that neither you nor any design or construction professional engaged by you may use our Standards, our Manual or your approved Plans and Designs for any hotel or lodging project other than the Hotel;

**9.1.1.2** our sole right to grant licenses to use all or any elements or components of the System;

**9.1.1.3** that we (and/or the Entities) are the owner of (or the licensee of, with the right to sub-license) all right, title and interest in and to the Brand and the Marks used in any form and in any design, alone or in any combination, together with the goodwill they symbolize; or

**9.1.1.4** the validity or ownership of the Marks.



**9.1.2** You acknowledge that these Marks have acquired a secondary meaning which indicates that the Hotel, Brand and System are operated by or with our approval. All improvements and additions to, or associated with, the System, all Marks, and all goodwill arising from your use of the System and the Marks, will inure to our benefit and become our property (or that of the applicable Entities), even if you develop them.

**9.1.3** You will not apply for or obtain any trademark or service mark registration of any of the Marks or any confusingly similar marks in your name or on behalf of or for the benefit of anyone else. You acknowledge that you are not entitled to receive any payment or other value from us or from any of the Entities for any goodwill associated with your use of the System or the Marks, or any elements or components of the System.

## **9.2 Trade Name, Use of the Marks.**

### **9.2.1 Trade Name.**

**9.2.1.1** The Hotel will be initially known by the Trade Name set forth in the Addendum. We may change the Trade Name, the Brand name and/or any of the Marks (but not the Principal Mark), or the way in which any of them (including the Principal Mark) are depicted, at any time at our sole option and at your expense. You may not change the Trade Name without our specific prior written consent.

**9.2.1.2** You acknowledge and agree that you are not acquiring the right to use any service marks, copyrights, trademarks, trade dress, logos, designs, insignia, emblems, symbols, slogans, distinguishing characteristics, trade names, domain names or other marks or characteristics owned by us or licensed to us that we do not specifically designate to be used in the System.

**9.3 Use of Trade Name and Marks.** You will operate under the Marks, using the Trade Name, at the Hotel. You will not adopt any other names or marks in operating the Hotel without our approval. You will not, without our prior written consent, use any of the Marks, or the word "Hilton," or other Network trademarks, trade names or service marks, or any similar words or acronyms, in:

**9.3.1** your corporate, partnership, business or trade name;

**9.3.2** any Internet-related name (including a domain name);

**9.3.3** or any business operated separately from the Hotel, including the name or identity of developments adjacent to or associated with the Hotel.

## **9.4 Trademark Disputes.**

**9.4.1** You will immediately notify us of any infringement or dilution of or challenge to your use of any of the Marks and will not, absent a court order or our prior written consent, communicate with any other person regarding any such infringement, dilution, challenge or claim. We will take the action we deem appropriate with respect to such challenges and claims and have the sole right to handle disputes concerning use of all or any part of the Marks or the System. You will fully cooperate with us and any applicable Entity in these matters. We will reimburse you for expenses incurred by you as the direct result of activities undertaken by you at our prior written request and specifically relating to the trademark dispute at issue. We will not reimburse you for any other expenses incurred by you for cooperating with us or the Entities.

**9.4.2** You appoint us as your exclusive attorney-in-fact, to prosecute, defend and/or settle all disputes of this type at our sole option. You will sign any documents we or the applicable Entity believe are necessary to prosecute, defend or settle any dispute or obtain protection for the Marks and the System and will assign to us any claims you may have related to these matters. Our decisions as to

the prosecution, defense or settlement of the dispute will be final. All recoveries made as a result of disputes regarding use of all or part of the System or the Marks will be for our account.

## **9.5 Web Sites.**

**9.5.1** You may not register, own, maintain or use any Sites that relate to the Network or the Hotel or that include the Marks. The only domain names, Sites, or Site contractors that you may use relating to the Hotel or this Agreement are those we assign or otherwise approve in writing. You acknowledge that you may not, without a legal license or other legal right, post on your Sites any material in which any third party has any direct or indirect ownership interest. You must incorporate on your Sites any information we require in the manner we deem necessary to protect our Marks.

**9.5.2** Any use of the Marks on any Site must conform to our requirements, including the identity and graphics Standards for all System hotels. Given the changing nature of this technology, we have the right to withhold our approval, and to withdraw any prior approval, and to modify our requirements.

## **9.6 Covenant.**

**9.6.1** You agree, as a direct covenant with us and the Entities, that you will comply with all of the provisions of this Agreement related to the manner, terms and conditions of the use of the Marks and the termination of any right on your part to use any of the Marks. Any non-compliance by you with this covenant or the terms of this Agreement related to the Marks, or any unauthorized or improper use of the System or the Marks, will cause irreparable damage to us and/or to the Entities and is a material breach of this Agreement.

**9.6.2** If you engage in such non-compliance or unauthorized and/or improper use of the System or the Marks during or after the Term, we and any of the applicable Entities, along with the successors and assigns of each, will be entitled to both temporary and permanent injunctive relief against you from any court of competent jurisdiction, in addition to all other remedies we or the Entities may have at law. You consent to the entry of such temporary and permanent injunctions. You must pay all costs and expenses, including reasonable attorneys' fees, expert fees, costs and other expenses of litigation that we and/or the Entities may incur in connection with your non-compliance with this covenant.

## **10.0 REPORTS, RECORDS, AUDITS, AND PRIVACY**

### **10.1 Reports.**

**10.1.1** At our request, you will prepare and deliver to us the Reports containing the Operational Information (and any other information we reasonable require) in the form, manner and time frame we require. At a minimum, by the fifteenth (15th) day of each month, you will submit to us the Operational Information for the previous month and reflecting the computation of the amounts then due under Section 8, in the form, manner and time frame we require.

**10.1.2** The Reports will be certified as accurate in the manner we require. You will permit us to inspect your books and records at all reasonable times.

**10.2 Maintenance of Records.** You will prepare, on a current basis, (and preserve for no less than the greater of four (4) years or the time period we stated in our record retention requirements), complete and accurate records concerning Gross Rooms Revenue and all financial, operating, marketing and other aspects of the Hotel. You will maintain an accounting system that fully and accurately reflects all financial aspects of the Hotel and its business. These records will include books of account, tax returns, governmental reports, register tapes, daily reports, and complete quarterly and annual financial statements (including profit and loss statements, balance sheets and cash flow statements) and will be prepared in the form, manner and time frame we require.

### **10.3 Audit.**

**10.3.1** We may require you to have the Gross Rooms Revenue, fees or other monies due to us computed and certified as accurate by a certified public accountant. During the Term and for two (2) years thereafter, we and our authorized agents have the right to verify Operational Information required under this Agreement by requesting, receiving, inspecting and auditing, at all reasonable times, any and all records referred to above wherever they may be located (or elsewhere if we request).

**10.3.2** If any inspection or audit reveals that you understated or underpaid any payment due to us, you will promptly pay to us the deficiency plus interest from the date each payment was due until paid at the interest rate set forth in Section 17.15 of this Agreement.

**10.3.3** If the audit or inspection reveals that the underpayment is willful, or is for five percent (5%) or more of the total amount owed for the period being inspected, you will also reimburse us for all inspection and audit costs, including reasonable travel, lodging, meals, salaries and other expenses of the inspecting or auditing personnel. Our acceptance of your payment of any deficiency will not waive any rights we may have as a result of your breach, including our right to terminate this Agreement. If the audit discloses an overpayment, we will credit this overpayment against your future payments due under this Agreement, without interest, or, if no future payments are due under this Agreement, we will promptly pay you the amount of the overpayment without interest.

**10.4 Ownership of Information.** All Information we obtain from you and all revenues we derive from such Information will be our property and Proprietary Information that we may use for any reason, including making a financial performance representation in our franchise disclosure documents. At your sole risk and responsibility, you may use Information that you acquire from third parties in connection with operating the Hotel, such as Personal Information, at any time during or after the Term, to the extent that your use is permitted by Law.

### **10.5 Privacy and Data Protection.** You will:

**10.5.1** comply with all applicable Privacy Laws;

**10.5.2** comply with all Standards that relate to Privacy Laws and the privacy and security of Personal Information;

**10.5.3** refrain from any action or inaction that could cause us or the Entities to breach any Privacy Laws;

**10.5.4** do and execute, or arrange to be done and executed, each act, document and thing we deem necessary in our business judgment to keep us and the Entities in compliance with the Privacy Laws; and

**10.5.5** immediately report to us the theft or loss of Personal Information (other than the Personal Information of your own officers, directors, shareholders, employees or service providers).

## **11.0 CONDEMNATION AND CASUALTY**

**11.1 Condemnation.** You must immediately inform us of any proposed taking of any portion of the Hotel by eminent domain. If, in our business judgment, the taking is significant enough to render the continued operation of the Hotel in accordance with the Standards and guest expectations impractical, then we may terminate this Agreement on written notice to you and you will not pay us Liquidated Damages. If such taking, in our business judgment, does not require the termination of this Agreement, then you will make all necessary modifications to make the Hotel conform to its condition, character and appearance immediately before such taking, according to Plans and Designs approved by us. You will take all measures to ensure that the resumption of normal operations at the Hotel is not unreasonably delayed.

## **11.2 Casualty.**

**11.2.1** You must immediately inform us if the Hotel is damaged by fire or other casualty. If the damage or repair requires closing the Hotel, you may choose to repair or rebuild the Hotel according to the Standards, provided you: begin reconstruction within six (6) months after closing and reopen the Hotel for continuous business operations as soon as practicable (but in any event no later than eighteen (18) months after the closing of the Hotel) and give us at least thirty (30) days notice of the projected date of reopening. Once the Hotel is closed, you will not promote the Hotel as a System Hotel or otherwise identify the Hotel using any of the Marks without our prior written consent.

**11.2.2** You and we each have the right to terminate this Agreement if you elect not to repair or rebuild the Hotel as set forth above in Subsection 11.2.1, provided the terminating party gives the other party sixty (60) days written notice. We will not require you to pay Liquidated Damages unless you or one of your Affiliates own and/or operate a hotel at the Hotel Site under a lease, license or franchise from a Competitor within three (3) years of the termination date.

**11.3 No Extensions of Term.** Nothing in this Section 11 will extend the Term.

## **12.0 NOTICE OF INTENT TO MARKET**

Except in the case of a Transfer governed by Subsection 13.2.1 or 13.2.2 of this Agreement, if you or a Controlling Affiliate want to Transfer any Equity Interest, you must give us written notice, concurrently with beginning your marketing efforts.

## **13.0 TRANSFERS**

### **13.1 Our Transfer.**

**13.1.1** We may assign or Transfer this Agreement or any of our rights, duties, or assets under this Agreement, by operation of law or otherwise, to any person or legal entity without your consent, provided that any such person or legal entity shall be required to assume all of our obligations to permit you to operate the Hotel under the Brand after such assignment. Any of the Entities may transfer, sell, dispose of, or otherwise convey, their ownership rights in us or any of our Affiliates, by operation of law or otherwise, including by public offering, to any person or legal entity without your consent.

**13.1.2** If we assign this Agreement to a third party who expressly assumes our obligations under this Agreement, we will no longer have any performance or other obligations to you under this Agreement and your right to use any programs, rights or services provided to you by us or our Affiliates under this Agreement will terminate.

**13.2 Your Transfer.** You understand and acknowledge that the rights and duties in this Agreement are personal to you and that we are entering into this Agreement in reliance on your business skill, financial capacity, and the personal character of you, your officers, directors, partners, members, shareholders or trustees. A Transfer by you of any Equity Interest, or this Agreement, or any of your rights or obligations under this Agreement, or a Transfer by an Equity Owner is prohibited other than as expressly permitted herein.

**13.2.1 Permitted Transfers That Do Not Require Notice or Consent.** The following Transfers are permitted without giving notice or obtaining our consent if the Permitted Transfer does not result in a change in Control of the Franchisee, the Hotel or the Hotel Site and you meet the requirements set forth below.

**13.2.1.1 Privately Held Equity Interests: Less than 25% Change/No Change of Control.** An Equity Interest that is not publicly traded may be Transferred if, immediately after

the transaction, the transferee Equity Owner will own less than twenty-five percent (25%) of the Equity Interest.

**13.2.1.2 Publicly Traded Equity Interests.** A Publicly Traded Equity Interest may be Transferred.

**13.2.1.3 Passive Investors.** [IF APPLICABLE TO FRANCHISEE ENTITY]  
You may Transfer Equity Interests within [Insert Fund Entities] (collectively, the “**Fund Entities**”) and Equity Interests in you to new fund entities or new managed accounts (collectively, “**Future Funds**”) if [insert name of asset manager] (“**Asset Manager**”) directly or indirectly, controls the Fund Entities or Future Funds.

**13.2.2 Permitted Transfers That Require Notice and Consent.** We will permit you or any Equity Owner named in the Addendum as of the Effective Date (or any transferee Equity Owner we subsequently approve) to engage in the Permitted Transfers set forth below if any such Permitted Transfer does not result in a change of Control of the Franchisee, the Hotel or the Hotel Site and: (a) the proposed transferee is not a Sanctioned Person or a Competitor; (b) you give us at least sixty (60) days’ advance written notice of the proposed Permitted Transfer (including the identity and contact information for any proposed transferee and any other information we may require in order to review the proposed Permitted Transfer); (c) you pay to us a nonrefundable processing fee of Five Thousand Dollars (\$5,000) with the Permitted Transfer request; (d) you follow our then-current procedure for processing Permitted Transfers; and (e) you execute any documents required by us for processing Permitted Transfers. If a Permitted Transfer listed in Subsection 13.2.2 otherwise qualifies as a Permitted Transfer without notice or consent under Subsection 13.2.1, the provisions of Subsection 13.2.1 will control.

**13.2.2.1 Affiliate Transfer.** You or any Equity Owner may Transfer an Equity Interest or this Agreement to an Affiliate.

**13.2.2.2 Transfers to a Family Member or Trust.** If you or any Equity Owner as of the Effective Date are a natural person, you and such Equity Owner may Transfer an Equity Interest or this Agreement to an immediate family member (i.e., spouse, children, parents, siblings) or to a trust for your benefit or the benefit of the Equity Owner or the Equity Owner’s immediate family members.

**13.2.2.3 Transfer On Death.** On the death of Franchisee or an Equity Owner who is a natural person, this Agreement or the Equity Interest of the deceased Equity Owner may Transfer in accordance with such person’s will or, if such person dies intestate, in accordance with laws of intestacy governing the distribution of such person’s estate, provided that: (i) the transfer on death is to an immediate family member or to a legal entity formed by such family member(s); and (ii) within one (1) year after the death, such family member(s) or entity meet all of our then-current requirements for an approved Transferee.

**13.2.2.4 Privately Held Equity Interests: 25% or Greater Change/No Change of Control.** You or any Equity Owner as of the Effective Date (or any transferee Equity Owner we subsequently approve) may Transfer an Equity Interest in Franchisee even though, after the completion of such Transfer, twenty-five percent (25%) or more of the Equity Interests in Franchisee will have changed hands since the Effective Date of this Agreement.

**13.2.3 Change of Ownership Transfer.** Any proposed Transfer that is not described in Subsection 13.2.1 or 13.2.2 is a Change of Ownership Transfer. We will have sixty (60) days from our receipt of the completed and signed franchise application to consent or withhold our consent to any proposed Change of Ownership Transfer. You consent to our communication with any party we deem necessary about the Hotel in order for us to evaluate the proposed Change of Ownership Transfer. Our consent to the Change of Ownership Transfer is subject to the following conditions, all of which must be satisfied at or before the date of closing the Change of Ownership Transfer (“**Closing**”):

**13.2.3.1** the Transferee submits a Change of Ownership Application, pays our then current franchise application fee and any PIP Fee, executes our then-current form of new franchise agreement and all ancillary forms, including a guaranty from a third-party acceptable to us, if required;

**13.2.3.2** you are not in default of this Agreement or any other agreements with us or our Affiliates;

**13.2.3.3** you or the Transferee pay all amounts due to us and the Entities through the date of the Closing;

**13.2.3.4** you execute our then-current form of voluntary termination agreement, which may include a general release, covering termination of this Agreement;

**13.2.3.5** you conclude to our satisfaction, or provide adequate security for, any suit, action, or proceeding pending or threatened against you, us or any Entity with respect to the Hotel, which may result in liability on the part of us or any Entity;

**13.2.3.6** you, the Transferee and/or transferee Equity Owner(s) submit to us all information related to the Transfer that we require, including applications; and

**13.2.3.7** the Transferee meets our then-current business requirements for new franchisees and is neither a Sanctioned Person nor a Competitor.

#### **13.2.4 Public Offering or Private Placement.**

**13.2.4.1** Any offering by you of Securities requires our review if you use the Marks, or refer to us or this Agreement in your offering. All materials required by any Law for the offer or sale of those Securities must be submitted to us for review at least sixty (60) days before the date you distribute those materials or file them with any governmental agency, including any materials to be used in any offering exempt from registration under any securities laws.

**13.2.4.2** You must submit to us a non-refundable Five Thousand Dollar (\$5,000) processing fee with the offering documents and pay any additional costs we may incur in reviewing your documents, including reasonable attorneys' fees. Except as legally required to describe the Hotel in the offering materials, you may not use any of the Marks or otherwise imply our participation or that of Hilton Worldwide or any other Entity in or endorsement of any Securities or any Securities offering.

**13.2.4.3** We have the right to approve any description of this Agreement or of your relationship with us, or any use of the Marks, contained in any prospectus, offering memorandum or other communications or materials you use in the sale or offer of any Securities. Our review of these documents will not in any way be considered our agreement with any statements contained in those documents, including any projections, or our acknowledgment or agreement that the documents comply with any Laws.

**13.2.4.4** You may not sell any Securities unless you clearly disclose to all purchasers and offerees that: (i) neither we, nor any Entity, nor any of our or their respective officers, directors, agents or employees, will in any way be deemed an issuer or underwriter of the Securities, as those terms are defined in applicable securities laws; and (ii) we, the Entities, and our respective officers, directors, agents and employees have not assumed and will not have any liability or responsibility for any financial statements, prospectuses or other financial information contained in any prospectus or similar written or oral communication.

**13.2.4.5** You must indemnify, defend and hold the Indemnified Parties free and harmless of and from any and all liabilities, costs, damages, claims or expenses arising out of or

related to the sale or offer of any of your Securities to the same extent as provided in Subsection 15.1 of this Agreement.

### **13.2.5 Mortgages and Pledges to Lending Institutions.**

**13.2.5.1** You or an Equity Owner may mortgage or pledge the Hotel or an Equity Interest to a lender that finances the acquisition, development or operation of the Hotel, without notifying us or obtaining our consent, provided that: (i) you or the applicable Equity Owner are the sole borrower; and (ii) the loan is not secured by any other hotels or other collateral.

**13.2.5.2** You must notify us, in writing, before incurring other proposed indebtedness that involves a mortgage or pledge of the Hotel or an Equity Interest, or a collateral assignment of this Agreement, so that we can evaluate the structure to determine whether any special agreements and/or assurances from the lender, the Franchisee and/or its Equity Owners will be required including a "lender comfort letter" or a loan related guaranty, in a form satisfactory to us. We may charge a fee for our review of a proposed mortgage or pledge and for the processing of a lender comfort letter.

**13.2.6 Commercial Leases.** You may lease or sublease commercial space in the Hotel, or enter into concession arrangements for operations in connection with the Hotel, in the ordinary course of business, subject to our right to review and approve the nature of the proposed business and the proposed brand and concept, all in keeping with our Standards for System Hotels.

## **14.0 TERMINATION**

**14.1 Termination with Opportunity to Cure.** We may terminate this Agreement by written notice to you and opportunity to cure at any time before its expiration on any of the following grounds:

**14.1.1** You fail to pay us any sums due and owing to us or the Entities under this Agreement within the cure period set forth in the notice, which shall not be less than ten (10) days;

**14.1.2** You fail to begin or complete the Hotel Work by the relevant dates set forth in the Addendum or fail to open the Hotel on the Opening Date, and do not cure your default within the cure period set forth in the notice, which shall not be less than ten (10) days;

**14.1.3** You do not purchase or maintain insurance required by this Agreement or do not reimburse us for our purchase of insurance on your behalf within the cure period set forth in the notice, which shall not be less than ten (10) days; or

**14.1.4** You fail to comply with any other provision of this Agreement, the Manual or any Standard and do not cure that default within the cure period set forth in the notice, which shall not be less than thirty (30) days.

**14.2 Immediate Termination by Us.** We may immediately terminate this Agreement on notice to you and without any opportunity to cure the default if:

**14.2.1** after curing any material breach of this Agreement or the Standards, you engage in the same non-compliance within any consecutive twenty-four (24) month period, whether or not the non-compliance is corrected after notice, which pattern of non-compliance in and of itself will be deemed material;

**14.2.2** you receive three (3) notices of material default in any twelve (12) month period, even if the defaults have been cured;

**14.2.3** you fail to pay debts as they become due or admit in writing your inability to pay your debts or you make a general assignment for the benefit of your creditors;

**14.2.4** you have an order entered against you appointing a receiver for the Hotel or a substantial part of your or the Hotel's assets or you file a voluntary petition in bankruptcy or any pleading seeking any reorganization, liquidation, or dissolution under any law, or you admit or fail to contest the material allegations of any such pleading filed against you or the Hotel, and the action results in the entry of an order for relief against you under the Bankruptcy Code, the adjudication of you as insolvent, or the abatement of the claims of creditors of you or the Hotel under any law;

**14.2.5** you or your Guarantor lose possession or the right to possession of all or a significant part of the Hotel or Hotel Site for any reason other than those described in Section 11;

**14.2.6** you fail to operate the Hotel for five (5) consecutive days, unless the failure to operate is due to fire, flood, earthquake or similar causes beyond your control, provided that you have taken reasonable steps to minimize the impact of such events;

**14.2.7** you contest in any court or proceeding our ownership of the System or any part of the System or the validity of any of the Marks;

**14.2.8** you or any Equity Owner with a controlling Equity Interest are or have been convicted of a felony or any other offense or conduct, if we determine in our business judgment it is likely to adversely reflect on or affect the Hotel, the System, us and/or any Entity;

**14.2.9** you conceal revenues, maintain false books and records of accounts, submit false reports or information to us or otherwise attempt to defraud us;

**14.2.10** you, your Affiliate or a Guarantor become a Competitor except as otherwise permitted by Subsection 5.1.15;

**14.2.11** you Transfer any interest in yourself, this Agreement, the Hotel or the Hotel Site, other than in compliance with Section 13 and its subparts;

**14.2.12** you, your Affiliate or a Guarantor become a Sanctioned Person or are owned or controlled by a Sanctioned Person or fail to comply with the provisions of Subsection 17.13;

**14.2.13** information is disclosed involving you or your Affiliates, which, in our business judgment, is likely to adversely reflect on or affect in any manner, any gaming licenses or permits held by the Entities or the then-current stature of any of the Entities with any gaming commission, board, or similar governmental or regulatory agency, or the reputation or business of any of the Entities;

**14.2.14** any Guarantor breaches its guaranty to us; or

**14.2.15** a threat or danger to public health or safety results from the construction, maintenance, or operation of the Hotel.

**14.3 Suspension Interim Remedies.** If you are in default of this Agreement, we may elect to impose an Interim Remedy, including the suspension of our obligations under this Agreement and/or our or the Entities' obligations under any other of Your Agreements.

**14.3.1** We may suspend the Hotel from the Reservation Service and any reservation and/or website services provided through or by us. We may remove the listing of the Hotel from any directories or advertising we publish. If we suspend the Hotel from the Reservation Service, we may divert reservations previously made for the Hotel to other System Hotels or Network Hotels.

**14.3.2** We may disable all or any part of the software provided to you under Your Agreements and/or may suspend any one or more of the information technology and/or network services that we provide or support under Your Agreements.



**14.3.3** We may charge you for costs related to suspending or disabling your right to use any software systems or technology we provided to you, together with intervention or administration fees as set forth in the Standards.

**14.3.4** You agree that our exercise of the right to elect Interim Remedies will not result in actual or constructive termination or abandonment of this Agreement and that our decision to elect Interim Remedies is in addition to, and apart from, any other right or remedy we may have in this Agreement. If we exercise the right to elect Interim Remedies, the exercise will not be a waiver of any breach by you of any term, covenant or condition of this Agreement. You will not be entitled to any compensation, including repayment, reimbursement, refund or offsets, for any fees, charges, expenses or losses you may directly or indirectly incur by reason of our exercise and/or withdrawal of any Interim Remedy.

#### **14.4 Liquidated Damages on Termination.**

**14.4.1 Calculation of Liquidated Damages.** You acknowledge and agree that the premature termination of this Agreement will cause substantial damage to us. You agree that Liquidated Damages are not a penalty, but represent a reasonable estimate of the minimum just and fair compensation for the damages we will suffer as the result of your failure to operate the Hotel for the Term. If this Agreement terminates before the Expiration Date, you will pay us Liquidated Damages as follows:

**14.4.1.1** If termination occurs before you begin the Hotel Work, and you or any Guarantor (or your or any Guarantor's Affiliates) directly or indirectly, enter into a franchise, license, management, lease and/or other similar agreement for or begin construction or commence operation of a hotel, motel, inn, or similar facility at the Hotel Site under a Competitor Brand within one (1) year after termination, then you will pay us Liquidated Damages in an amount equal to \$3,600 multiplied by the number of approved Guest Rooms at the Hotel.

**14.4.1.2** If termination occurs after you begin the Hotel Work but before the Opening Date, you will pay us Liquidated Damages in an amount equal to \$3,600 multiplied by the number of approved Guest Rooms at the Hotel, unless your failure to complete the Hotel Work was the result of Force Majeure.

**14.4.1.3** If termination occurs after the Opening Date but before the second anniversary of the Opening Date, you will pay us Liquidated Damages in an amount equal to \$3,600 multiplied by the number of approved Guest Rooms at the Hotel.

**14.4.1.4** If termination occurs after the second anniversary of the Opening Date but before the final five (5) calendar years of the Term, you will pay us Liquidated Damages in an amount calculated by dividing the sum of the Monthly Royalty Fees due to us under this Agreement for the prior twenty-four (24) month period by twenty-four (24) and then multiplying the resulting sum by sixty (60).

**14.4.1.5** If there are less than sixty (60) months remaining in the Term on the date of termination, you will pay us Liquidated Damages in an amount calculated by dividing the sum of the Monthly Royalty Fees due to us under this Agreement for the prior twenty-four (24) month period by twenty-four (24) and then multiplying the resulting sum by the number of months remaining in the Term.

**14.4.2 Payment of Liquidated Damages.** Payment of Liquidated Damages is due thirty (30) days following termination of this Agreement or on demand.

**14.5 Actual Damages Under Special Circumstances.** You acknowledge that the Liquidated Damages described in Subsection 14.4 may be inadequate to compensate us for additional harm we may suffer, by reason of greater difficulty in re-entering the market, competitive damage to the System or the Network, damage to goodwill of the Marks, and other similar harm, under the following circumstances:

**14.5.1** within twelve (12) months of each other, two (2) or more franchise agreements for the Brand between yourself (or any of your Affiliates) and us (or any of our Affiliates) terminate before their expiration date as a result of a breach by you or your Affiliate; or

**14.5.2** this Agreement terminates due to an unapproved Transfer either to a (i) Competitor or (ii) buyer that converts the Hotel to a Competing Brand within two (2) years from the date this Agreement terminates.

**14.5.3** In the circumstances set forth in Subsection 14.5.1 and 14.5.2, we reserve the right to seek actual damages in lieu of Liquidated Damages.

**14.6 Your Obligations on Termination or Expiration.** On termination or expiration of this Agreement, you will:

**14.6.1** immediately pay all sums due and owing to us or any of the Entities, including any expenses incurred by us in obtaining injunctive relief for the enforcement of this Agreement;

**14.6.2** immediately cease operating the Hotel as a System Hotel and cease using the System;

**14.6.3** immediately cease using the Marks, the Trade Name, and any confusingly similar names, marks, trade dress systems, insignia, symbols, or other rights, procedures, and methods. You will deliver all goods and materials containing the Marks to us and we will have the sole and exclusive use of any items containing the Marks. You will immediately make any specified changes to the location as we may reasonably require for this purpose, which will include removal of the signs, custom decorations, and promotional materials;

**14.6.4** immediately cease representing yourself as then or formerly a System Hotel or affiliated with the Brand or the Network;

**14.6.5** immediately return all copies of the Manual and any other Proprietary Information to us;

**14.6.6** immediately cancel all assumed name or equivalent registrations relating to your use of any Mark, notify the telephone company and all listing agencies and directory publishers including Internet domain name granting authorities, Internet service providers, global distribution systems, and web search engines of the termination or expiration of your right to use the Marks, the Trade Name, and any telephone number, any classified or other telephone directory listings, Internet domain names, uniform resource locators, website names, electronic mail addresses and search engine metatags and keywords associated with the Hotel, and authorize their transfer to us; and

**14.6.7** irrevocably assign and transfer to us (or to our designee) all of your right, title and interest in any domain name listings and registrations that contain any reference to our Marks, System, Network or Brand; notify the applicable domain name registrars of the termination of your right to use any domain name or Sites associated with the Marks or the Brand; and authorize and instruct the cancellation of the domain name, or transfer of the domain name to us (or our designee), as we specify. You will also delete all references to our Marks, System, Network or Brand from any Sites you own, maintain or operate beyond the expiration or termination of this Agreement.

## **15.0 INDEMNITY**

**15.1** Beginning on the Effective Date, you must indemnify the Indemnified Parties against, and hold them harmless from, all losses, costs, liabilities, damages, claims, and expenses, including reasonable attorneys' fees, expert fees, costs and other expenses of litigation arising out of or resulting from:

**15.1.1** any breach by you of this Agreement, the Manual or the Standards;

**15.1.2** any act or omission of you or your officers, employees, Affiliates, associates or agents in any way arising out of or relating to this Agreement;

**15.1.3** any claimed occurrence at the Hotel including personal injury, death or property damage;

**15.1.4** your alleged or actual infringement or violation of any patent, Mark or copyright or other proprietary right owned or controlled by third parties;

**15.1.5** your alleged or actual violation or breach of any contract (including any group sales agreement for the System), any Law, or any industry standard;

**15.1.6** any business conducted by you or a third party in, on or about the Hotel or Hotel Site and

**15.1.7** your failure to comply with Subsection 17.13, including a breach of the representations set forth therein.

**15.2** You do not have to indemnify an Indemnified Party to the extent damages otherwise covered under this Section 15 are adjudged by a final, non-appealable judgment of a court of competent jurisdiction to have been solely the result of the gross negligence or willful misconduct of that Indemnified Party, and not any of the acts, errors, omissions, negligence or misconduct of you or anyone related to you or the Hotel. You may not rely on this exception to your indemnity obligation if the claims were asserted against us or any other Indemnified Party on the basis of theories of imputed or secondary liability, such as vicarious liability, agency, or apparent agency, or our failure to compel you to comply with the provisions of this Agreement, including compliance with Standards, Laws or other requirements.

**15.3** You will give us written notice of any action, suit, proceeding, claim, demand, inquiry or investigation involving an Indemnified Party within five (5) days of your knowledge of it. At our election, you will defend us and/or the Indemnified Parties against the same or we may elect to assume (but under no circumstance will we be obligated to undertake) the defense and/or settlement of the action, suit, proceeding, claim, demand, inquiry or investigation at your expense and risk.

**15.4** If we think our respective interests conflict, we may obtain separate counsel of our choice. This will not diminish your obligation to indemnify the Indemnified Parties and to hold them harmless. You will reimburse the Indemnified Parties on demand for all expenses, including reasonable attorneys' fees, expert fees, costs and other expenses of litigation, the Indemnified Parties incur to protect themselves or to remedy your defaults. The Indemnified Parties will not be required to seek recovery from third parties or otherwise mitigate their losses to maintain a claim against you, and their failure to do so will not reduce the amounts recoverable from you by the Indemnified Parties.

**15.5** Your obligations under this Section 15 will survive expiration or termination of this Agreement.

## **16.0 RELATIONSHIP OF THE PARTIES**

**16.1 No Agency Relationship.** You are an independent contractor. Neither Party is the legal representative or agent of the other Party nor has the power to obligate the other Party for any purpose. You acknowledge that we do not supervise or direct your daily affairs and that you have exclusive control over your daily affairs. You expressly acknowledge that the Parties have a business relationship based entirely on, and defined by, the express provisions of this Agreement and that no partnership, joint venture, agency, fiduciary or employment relationship is intended or created by reason of this Agreement.

**16.2 Notices to Public Concerning Your Independent Status.** All contracts for the Hotel's operations and services at the Hotel will be in your name or in the name of your Management Company. You will not enter into or sign any contracts in our name or any Entity's name or using the Marks or any acronyms or variations of the Marks. You will disclose in all dealings with the public, suppliers and third parties that you are an independent entity and that we have no liability for your debts.

## **17.0 MISCELLANEOUS**

### **17.1 Severability and Interpretation.**

**17.1.1** If any provision of this Agreement is held to be unenforceable, void or voidable, that provision will be ineffective only to the extent of the prohibition, without in any way invalidating or affecting the remaining provisions of this Agreement, and all remaining provisions will continue in effect, unless the unenforceability of the provision frustrates the underlying purpose of this Agreement. If any provision of this Agreement is held to be unenforceable due to its scope, but may be made enforceable by limiting its scope, the provision will be considered amended to the minimum extent necessary to make it enforceable.

**17.1.2** This Agreement will be interpreted without interpreting any provision in favor of or against either Party by reason of the drafting of the provision, or either of our positions relative to the other.

**17.1.3** Any covenant, term or provision of this Agreement that provides for continuing obligations after the expiration or termination of this Agreement will survive any expiration or termination.

### **17.2 Governing Law, Jurisdiction and Venue.**

**17.2.1** The Parties agree that, except to the extent governed by the United States Trademark Act of 1946 (Lanham Act; 15 U.S.C. ¶ 1050 et seq.), as amended, this Agreement will be governed by the laws of the State of New York without recourse to New York choice of law or conflicts of law principles. Nothing in this Section is intended to invoke the application of any franchise, business opportunity, antitrust, "implied covenant," unfair competition, fiduciary or any other doctrine of law of the State of New York or any other state that would not otherwise apply absent this Subsection 17.2.1.

**17.2.2** The Parties agree that any action brought pursuant to this Agreement or the relationship between them must be brought in the U.S. District Court for the Eastern District of Virginia, in Alexandria, Virginia, or if that court lacks subject matter jurisdiction, then in a court of competent jurisdiction whose jurisdiction includes either Fairfax County, Virginia or New York, New York, or in the county and state where the Hotel is located. You consent to personal jurisdiction and venue in each of these jurisdictions and waive, and agree not to assert, move or otherwise claim that the venue in any of these jurisdictions is for any reason improper, inconvenient, prejudicial or otherwise inappropriate.

**17.3 Exclusive Benefit.** This Agreement is exclusively for our and your benefit, and none of the obligations of you or us in this Agreement will run to, or be enforceable by, any other party (except for any rights we assign or delegate to one of the Entities or covenants in favor of the Entities, which rights and covenants will run to and be enforceable by the Entities or their successors and assigns) or give rise to liability to a third party, except as otherwise specifically set forth in this Agreement.

**17.4 Entire Agreement.** This Agreement and all of its attachments, documents, schedules, exhibits, and any other information specifically incorporated into this Agreement by reference (including any representations in any franchise disclosure document that we provided to you for the Brand in connection with the offer of this License) will be construed together as the entire agreement between you and us with respect to the Hotel and any other aspect of our relationship and will supersede and cancel any prior and/or contemporaneous discussions or writings between you and us.

## **17.5 Amendment and Waiver.**

**17.5.1** No change, termination, or attempted waiver or cancellation of any provision of this Agreement will bind us unless it is in writing, specifically designated as an amendment or waiver, and signed by one of our officers. We may condition our agreement to any amendment or waiver on receiving from you, in a form satisfactory to us, an estoppel and general release of claims that you may have against us, the Entities, and related parties.

**17.5.2** No failure by us or by any of the Entities to exercise any power given us under this Agreement or to insist on strict compliance by you with any of your obligations, and no custom or practice at variance with the terms of this Agreement, will be considered a waiver of our or any Entity's right to demand exact compliance with the terms of this Agreement.

## **17.6 Consent; Business Judgment.**

**17.6.1** Wherever our consent or approval is required in this Agreement, unless the provision specifically indicates otherwise, we have the right to withhold our approval at our option, in our business judgment, taking into consideration our assessment of the long-term interests of the System overall. We may withhold any and all consents or approvals required by this Agreement if you are in default or breach of this Agreement. Our approvals and consents will not be effective unless given in writing and signed by one of our duly authorized representatives.

**17.6.2** You agree not to make a claim for money damages based on any allegation that we have unreasonably withheld or delayed any consent or approval to a proposed act by you under the terms of this Agreement. You also may not claim damages by way of set-off, counterclaim or defense for our withholding of consent. Your sole remedy for the claim will be an action or proceeding to enforce the provisions of this Agreement by specific performance or by declaratory judgment.

**17.7 Notices.** Notices under this Agreement must be in writing and must be delivered in person, by prepaid overnight commercial delivery service, or by prepaid overnight mail, registered or certified, with return-receipt requested. Notices to us must be sent to 7930 Jones Branch Drive, Suite 1100, McLean, VA 22102, ATTN: General Counsel. We will send notices to your address set forth in the Addendum. If you want to change the name or address for notice to you, you must do so in writing, signed by you or your duly authorized representative, designating a single address for notice, which may not be a P.O. Box, in compliance with this Subsection. Notice will be deemed effective on the earlier of: 1) receipt or first refusal of delivery; 2) one (1) day after posting if sent via overnight commercial delivery service or overnight United States Mail; or 3) three (3) days after placement in the United States mail if overnight delivery is not available to the notice address.

**17.8 General Release.** With the exception of claims related to representations contained in the franchise disclosure document for the Brand, you, on your own behalf and on behalf of, as applicable, your officers, directors, managers, employees, heirs, administrators, executors, agents and representatives and their respective successors and assigns hereby release, remise, acquit and forever discharge us and the Entities and our and their respective officers, directors, employees, managers, agents, representatives and their respective successors and assigns from any and all actions, claims, causes of action, suits, rights, debts, liabilities, accounts, agreements, covenants, contracts, promises, warranties, judgments, executions, demands, damages, costs and expenses, whether known or unknown at this time, of any kind or nature, absolute or contingent, existing at law or in equity, on account of any matter, cause or thing whatsoever that has happened, developed or occurred relating to this Agreement or the relationship between you and us. This release will survive the termination of this Agreement.

**17.9 Remedies Cumulative.** The remedies provided in this Agreement are cumulative. These remedies are not exclusive of any other remedies that you or we may be entitled to in case of any breach or threatened breach of the terms and provisions of this Agreement.

**17.10 Economic Conditions Not a Defense.** Neither general economic downturn or conditions nor your own financial inability to perform the terms of this Agreement will be a defense to an action by us or one of the Entities for your breach of this Agreement.

**17.11 Representations and Warranties.** You warrant, represent and agree that all statements in your franchise application in anticipation of the execution of this Agreement, and all other documents and information submitted to us by you or on your behalf are true, correct and complete as of the date of this Agreement. You further represent and warrant to us that:

**17.11.1** you have independently investigated the risks of operating the Hotel under the Brand, including current and potential market conditions and competitive factors and risks, and have made an independent evaluation of all such matters and reviewed our franchise disclosure document, if applicable;

**17.11.2** neither we nor our representatives have made any promises, representations or agreements other than those provided in the Agreement or in our franchise disclosure document provided to you in connection with the offer of this Agreement, if applicable, and you acknowledge that you are not relying on any promises, representations or agreements about us or the franchise not expressly contained in this Agreement in making your decision to sign this Agreement;

**17.11.3** you have the full legal power authority and legal right to enter into this Agreement;

**17.11.4** this Agreement constitutes a legal, valid and binding obligation and your entry into, performance and observation of this Agreement will not constitute a breach or default of any agreement to which you are a party or of any Law;

**17.11.5** if you are a corporation, limited liability company, or other entity, you are, and throughout the Term will be, duly formed and validly existing, in good standing in the state in which you are organized, and are and will be authorized to do business in the state in which the Hotel is located; and

**17.11.6** no Equity Interest has been issued, converted to, or is held as, bearer shares or any other form of ownership, for which there is no traceable record of the identity of the legal and beneficial owner of such Equity Interest.

You hereby indemnify and hold us harmless from any breach of these representations and warranties. These warranties and representations will survive the termination of this Agreement.

**17.12 Counterparts.** This Agreement may be signed in counterparts, each of which will be considered an original.

**17.13 Sanctioned Persons and Anti-bribery Representations and Warranties.**

**17.13.1** You represent, warrant and covenant to us and the Entities, on a continuing basis, that:

**17.13.1.1** you (including your directors and officers, senior management and shareholders (or other Persons) having a controlling interest in you), and any Controlling Affiliate of the Hotel or the Hotel Site are not, and are not owned or controlled by, or acting on behalf of, a Sanctioned Person or, to your actual knowledge, otherwise the target of Trade Restrictions;

**17.13.1.2** you have not and will not obtain, receive, transfer or provide any funds, property, debt, equity, or other financing related to this Agreement and the Hotel or Hotel Site to/from a Person that qualifies as a Sanctioned Person or, to your actual or constructive knowledge, is otherwise the target of any applicable Trade Restrictions;

**17.13.1.3** you are familiar with the provisions of applicable Anti-Corruption Laws and shall comply with applicable Anti-Corruption Laws in performance of your respective obligations under or in connection with this Agreement;

**17.13.1.4** any funds received or paid in connection with entry into or performance of this Agreement have not been and will not be derived from or commingled with the proceeds of any activities that are proscribed and punishable under the criminal laws of the United States, and that you are not engaging in this transaction in furtherance of a criminal act, including acts in violation of applicable Anti-Corruption Laws;

**17.13.1.5** in preparation for and in entering into this Agreement, you have not made any Improper Payment or engaged in any acts or transactions otherwise in violation of any applicable Anti-Corruption Laws, and, in connection with this Agreement or the performance of your obligations under this Agreement, you will not directly or indirectly make, offer to make, or authorize any Improper Payment or engage in any acts or transactions otherwise in violation of any applicable Anti-Corruption Laws;

**17.13.1.6** except as otherwise disclosed in writing to us, neither you, nor any of your direct or indirect shareholders (including legal or beneficial shareholders), officers, directors, employees, agents or other Persons designated by you to act on your behalf or receive any benefit under this Agreement, is a Government Official. Furthermore, no Government Official has or will have any existing or inchoate legal or beneficial interest in this Agreement or any payments to be made under this Agreement. You will shall notify us immediately in writing in the event of a change in the Government Official status of any such Persons;

**17.13.1.7** any statements, oral, written, electronic or otherwise, that you submit to us or to any third party in connection with the representations, warranties, and covenants described in this Subsection 17.13 are truthful and accurate and do not contain any materially false or inaccurate statements;

**17.13.1.8** you will make reasonable efforts to assure that your respective appointed agents in relation to this Agreement comply in all material respects with the representations, warranties, and covenants described in this Subsection 17.13; and

**17.13.2** You will notify us in writing immediately on the occurrence of any event which would render the foregoing representations and warranties of this Subsection 17.13 incorrect.

**17.14 Attorneys' Fees and Costs.** If either Party is required to employ legal counsel or to incur other expenses to enforce any provision of this Agreement or defend any claim by the other, then the prevailing party in any resulting dispute will be entitled to recover from the non-prevailing party the amount of all reasonable fees of attorneys and experts, court costs, and all other expenses incurred in enforcing such obligation or in defending against such claim, demand, action, or proceeding.

**17.15 Interest.** Any sum owed to us or the Entities by you or paid by us or the Entities on your behalf will bear interest from the date due until paid by you at the rate of eighteen percent (18%) per annum or, if lower, the maximum lawful rate.

**17.16 Successors and Assigns.** The terms and provisions of this Agreement will inure to the benefit of and be binding on the permitted successors and assigns of the Parties.

**17.17 Our Delegation of Rights and Responsibility.** In addition to the rights granted to us in Section 4 and Subsection 13.1 of this Agreement, we reserve the right to delegate to one or more of the Entities at any time, any and all of our rights, obligations or requirements under this Agreement, and to require that you submit any relevant materials and documents otherwise requiring approval by us under this Agreement to such Entity, in which case approval by such Entity will be conclusively deemed to be

approval by us. During the period of such delegation or designation, any act or direction by such Entity with respect to this Agreement will be deemed the act or direction of us. We may revoke any such delegation or designation at any time. You acknowledge and agree that such delegation may result in one or more of the Entities which operate, license, or otherwise support brands other than the Brand, exercising or performing on our behalf any or all rights, obligations or requirements under this Agreement or performing shared services on our behalf.

## **18.0 WAIVER OF JURY TRIAL AND PUNITIVE DAMAGES**

**18.1 IF EITHER PARTY INITIATES LITIGATION INVOLVING THIS AGREEMENT OR ANY ASPECT OF THE RELATIONSHIP BETWEEN THE PARTIES (EVEN IF OTHER PARTIES OR OTHER CLAIMS ARE INCLUDED IN SUCH LITIGATION), ALL THE PARTIES WAIVE THEIR RIGHT TO A TRIAL BY JURY.**

**18.2 IN ANY DISPUTE BETWEEN THE PARTIES, ARISING OUT OF OR RELATED TO THIS AGREEMENT, ANY BREACH OF THIS AGREEMENT, OR THE RELATIONSHIP BETWEEN THE PARTIES, WHETHER SOUNDING IN CONTRACT, TORT OR OTHERWISE, ALL PARTIES WAIVE ANY RIGHT THEY MAY HAVE TO PUNITIVE OR EXEMPLARY DAMAGES FROM THE OTHER. NOTHING IN THIS SECTION LIMITS OUR RIGHT OR THE RIGHT OF AN INDEMNIFIED PARTY TO BE INDEMNIFIED AGAINST THE PAYMENT OF PUNITIVE OR EXEMPLARY DAMAGES TO A THIRD PARTY. THE PARTIES ACKNOWLEDGE THAT LIQUIDATED DAMAGES PAYABLE BY YOU UNDER THIS AGREEMENT (WHETHER PRE-OPENING LIQUIDATED DAMAGES OR LIQUIDATED DAMAGES FOR EARLY TERMINATION) ARE NOT PUNITIVE OR EXEMPLARY DAMAGES.**

## **19.0 ACKNOWLEDGEMENT OF EXEMPTION**

You represent and acknowledge that:

**19.1** The franchise sale is for more than \$1,084,900—excluding the cost of unimproved land and any financing received from Franchisor or an Affiliate—and thus is exempted from the Federal Trade Commission's Franchise Rule disclosure requirements, pursuant to 16 C.F.R. 436.8(a)(5)(i); and at least one person has invested One Million Eighty-Four Thousand Nine Hundred Dollars (\$1,084,900) in the Hotel or the Hotel Site; or

**19.2** You and/or your Affiliates have been in business for at least five (5) years and have a net worth of at least Five Million Four Hundred Twenty-Four Thousand Five Hundred Dollars (\$5,424,500) and this franchise sale is thus exempt from disclosure requirements within the meaning of 16 C.F.R. 436.8(a)(5)(ii); and

**19.3** As a result of the representations in this Section 19, the franchise sale is exempt under federal law and any applicable state disclosure law.



## ADDENDUM TO FRANCHISE AGREEMENT

Effective Date:

Franchisor Name: **CONRAD FRANCHISE LLC, a Delaware limited liability company**

Brand: **Conrad**

Initial Approved Hotel Name (Trade Name):

Principal Mark in Brand: **Conrad**

Franchisee Name and Address (Attn: Principal Legal Correspondent):

Address of Hotel:

Initial Number of Approved Guest Rooms:

Plans Submission Dates:

Preliminary Plans: **[Due four (4) months from the Effective Date]**

Design Development (50%) Plans and Specifications: **[Due eight (8) months from the Effective Date]**

Final (100%) Plans and Specifications: **[Due twelve (12) months from the Effective Date]**

Construction Commencement Date: **[Due sixteen (16) months from the Effective Date]**

Construction Work Completion Date: **[Due thirty-six (36) months from the Effective Date]**

Renovation Commencement Date:

Renovation Work Completion Date:

Expiration Date: **New Construction – at month end twenty-three (23) years from Effective Date**  
**Conversions – ten (10) to twenty (20) years from [Opening] [Effective Date] or such other Term we may approve**  
**Change of Ownership – Remaining Term under the existing franchise agreement or such other Term we may approve**

Monthly Fees:

Monthly Program Fee: **Four percent (4%) of the Hotel's Gross Rooms Revenue for the preceding calendar month.** The Monthly Program Fee is subject to change by us. Any change may be established in the Standards, but the rate will not exceed the standard Monthly Program Fee as of the Effective Date plus one percent (1%) of the Hotel's Gross Rooms Revenue during the Term

Monthly Food and Beverage Fee: **Three percent (3%) of the Hotel's Gross Food and Beverage Revenue for the preceding calendar month**

Monthly Royalty Fee: **Five percent (5%) of the Hotel's Gross Rooms Revenue for the preceding calendar month**

**Additional Requirements/Special Provisions [Section #]:**

**ADD ONLY IF APPLICABLE:**

**Restricted Area Provision**

Notwithstanding the provisions of Section 2 of this Agreement, from the Effective Date until midnight on the day before the \_\_\_\_ anniversary of the **[Effective Date, i.e., \_\_\_\_\_, 20\_\_]** **[Opening Date, but in no event later than \_\_\_\_\_ 20\_\_]** *[NOTE: DATE SHOULD BE CONSTRUCTION OR RENOVATION WORK COMPLETION DEADLINE DATE PLUS # OF YEARS IN THE RESTRICTIVE PERIOD]* (the "**Restrictive Period**"), neither we nor any of the Entities will open, or allow to open, a hotel or motel under the Brand, as such Brand name may be periodically changed by us, within the **Restricted Area** (described below). This restriction does not apply to any hotel or motel that is currently open or under construction or has been approved for development or opening as a Brand hotel as of the Effective Date ("**Existing Hotel**"). The term Existing Hotel also includes any hotel located or to be located within the Restricted Area that replaces such Existing Hotel under the Brand.

The restrictions also do not apply to: (1) any hotel(s) or motel(s) under brands other than the Brand; (2) any hotel(s) or motel(s) that will not begin operating under the Brand until after the expiration of the Restrictive Period; (3) any gaming-oriented hotels or facilities using the Brand; (4) any shared ownership properties (commonly known as "vacation ownership" or "time share ownership" or similar real estate properties) under the Brand; and (5) any hotel(s), motel(s), or inn(s) that are part of a chain or group of four (4) or more hotels, motels, or inns that we or the Entities, as a result of a single transaction or group of related transactions, own, operate, acquire, lease, manage, franchise, license, or join through a merger, acquisition or marketing agreement (or otherwise), whether under their existing name or the Brand name or any other name.

**Restricted Area** as used in this provision means the area located within the following boundaries:

BOUNDARIES TO BE DETERMINED BY FRANCHISOR

**FOR CONVERSION ONLY:**

**Existing Third-Party Agreement.** You acknowledge and agree that (i) your right to operate the Hotel under the Brand will not become effective until after the existing third-party franchise (or similar) agreement for this Hotel, if any, has terminated or expired and (ii) you are solely responsible for ensuring that any such agreement has terminated or expired on or before the Opening Date.

**FOR RE-LICENSING ONLY:**

**Amendment and Restatement.** This Agreement hereby replaces that certain franchise agreement dated as of [DATE], as amended (collectively, the "**Original License Agreement**") by and between us (or our Affiliate) and you (or your Affiliate) with respect to the Hotel. On execution of this Agreement by the Parties, the Original License Agreement will be superseded and have no further force or effect as of the Effective Date of this Agreement except for those provisions expressly intended to survive its termination or expiration. To the extent that there are outstanding obligations to us or the Entities under the Original License Agreement, you acknowledge and agree that you are directly responsible, jointly and severally, for all such obligations under the Original License Agreement existing at or accruing after the execution of this Agreement.

**FOR COO OR RE-LICENSING IF HOTEL IS ALREADY OPERATING UNDER THE BRAND:**

All references in this Agreement to the "Opening Date" will mean the "Effective Date."

**FOR CHANGE OF OWNERSHIP TRANSACTIONS ONLY:**

**Obligations of Prior Franchisee.** You acknowledge and agree that you are directly responsible for, and will pay on demand, all fees and charges due and owing us and the Entities related to the prior franchise agreement for the Hotel if any such fees and charges remain outstanding as of or accrue after the Effective Date of this Agreement.

**Your Ownership Structure:**

**See Attached Schedule 1**

**TO BE ADDED IF FRANCHISEE'S AFFILIATE IS THE FEE TITLE OWNER, LESSOR OR SUBLESSOR OF THE HOTEL OR THE HOTEL SITE:**

**Ownership Structure of Affiliate Fee Owner or Lessor/Sublessor of the Hotel or Hotel Site:**

**See Attached Schedule 2**

**IN WITNESS WHEREOF,** the Parties have executed this Agreement, which has been entered into and is effective as of the Effective Date set forth above.

**FRANCHISEE:**

[INSERT FRANCHISEE ENTITY],  
a [INSERT TYPE OF ENTITY]

**FRANCHISOR:**

CONRAD FRANCHISE LLC,  
a Delaware limited liability company

By: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Authorized Signatory

Title: \_\_\_\_\_

Executed on: \_\_\_\_\_

Executed on: \_\_\_\_\_

## SCHEDULE 1

Your Ownership Structure:

<u>Name (Shareholder, Partner, Member and Manager)</u>	<u>Nature of Ownership Interest</u>	<u>% Interest</u>
<hr/>	<hr/>	<hr/>
<hr/>	<hr/>	<hr/>
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## SCHEDULE 2

Ownership Structure of Affiliate Fee Owner or Lessor/Sublessor of the Hotel or Hotel Site:

<u>Name (Shareholder, Partner, Member and Manager)</u>	<u>Nature of Ownership Interest</u>	<u>% Interest</u>
<hr/>	<hr/>	<hr/>
<hr/>	<hr/>	<hr/>
<hr/>	<hr/>	<hr/>

[INSERT ADDITIONAL TEXT HERE: I.E. STATE ADDENDA, RAB, PIP]

# **EXHIBIT D-1**

## ILLINOIS ADDENDUM TO FRANCHISE AGREEMENT

1. The first sentence of Subsection 17.2.1 of the Franchise Agreement is amended to read as follows:

“The Parties agree that, except to the extent governed by the United States Trademark Act of 1946 (Lanham Act; 15 U.S.C. ¶ 1050 et seq.), as amended, this Agreement will be governed by the laws of the State of New York, except as otherwise required by the Illinois Franchise Disclosure Act, without recourse to New York choice of law or conflicts of law principles.”

2. Subsection 17.2.2 of the Franchise Agreement concerning jurisdiction and venue shall not constitute a waiver of any right conferred upon Franchisee by the Illinois Franchise Disclosure Act.
3. Subsection 18.1 of the Franchise Agreement, containing a waiver of jury trial, shall not constitute a waiver of any right conferred upon Franchisee by the Illinois Franchise Disclosure Act.
4. Section 41 of the Illinois Franchise Disclosure Act states that “any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of this Act is void.” The Illinois Franchise Disclosure Act will govern the Franchise Agreement with respect to Illinois franchisees and any other person under the jurisdiction of the Illinois Franchise Disclosure Act.

### FRANCHISEE:

[INSERT FRANCHISEE ENTITY],  
a [INSERT TYPE OF ENTITY]

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Executed on: \_\_\_\_\_

### FRANCHISOR:

[INSERT FRANCHISOR ENTITY],  
a Delaware limited liability company

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_



## MARYLAND ADDENDUM TO FRANCHISE AGREEMENT

1. The general release language contained in Subsection 17.8 of the Franchise Agreement shall not relieve the Franchisor or any other person, directly or indirectly, from liability under the Maryland Franchise Registration and Disclosure Law.
2. The laws of the State of Maryland may supersede the Franchise Agreement, including Section 14, concerning termination and Section 3, concerning renewal of the License.
3. Subsection 17.2.2 is amended to provided that a franchisee may sue in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law. Any claims arising under the Maryland Franchise Registration and Disclosure Laws must be brought within 3 years after the grant of the License.
4. The following sentence is added at the end of Section 17.5 of the Franchise Agreement (Amendment and Waiver):

“This waiver is not intended to act nor will it act as a release, estoppel, or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

### FRANCHISEE:

[INSERT FRANCHISEE ENTITY],  
a [INSERT TYPE OF ENTITY]

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Executed on: \_\_\_\_\_

### FRANCHISOR:

[INSERT FRANCHISOR ENTITY],  
a Delaware limited liability company

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

## MINNESOTA ADDENDUM TO FRANCHISE AGREEMENT

1. Section 3 and Section 14 are amended to provide that Minnesota law provides franchisees with certain termination and non-renewal rights. Minnesota Statutes, Section 80C.14, subdivisions 3, 4, and 5 require, except in certain specified cases, that franchisee be given 90 days notice of termination (with 60 days to cure) and 180 days notice for non-renewal of the franchise agreement.
2. Under Minnesota law, Franchisor must indemnify Franchisee against liability to third parties resulting from claims by third parties that Franchisee's use of Franchisor's trademarks infringes trademark rights of the third party. Under Subsection 9.4, Franchisor does not indemnify Franchisee against the consequences of Franchisee's use of Franchisor's trademarks except in accordance with the requirements of the Franchise Agreement, and, as a condition to indemnification, Franchisee must provide notice to Franchisor of any such claim and tender the defense of the claim to Franchisor within ten (10) days after the claim is asserted. If Franchisor accepts the tender of defense, Franchisor has the right to manage the defense of the claim, including the right to compromise, settle or otherwise resolve the claim, and to determine whether to appeal a final determination of the claim.
3. The first sentence of Subsection 17.2.1 of the Franchise Agreement is amended to read as follows:  
"The Parties agree that, except to the extent governed by the United States Trademark Act of 1946 (Lanham Act; 15 U.S.C. ¶ 1050 et seq.), as amended, this Agreement will be governed by the laws of the State of New York without recourse to New York choice of law or conflicts of law principles, provided, however, that this Section shall not in any way abrogate or reduce any rights of Franchisee as provided for in Minnesota Statutes 1984, Chapter 80C, including the right to submit matters to the jurisdiction of the courts of Minnesota."
4. The following language will appear at the end of Subsection 17.2.2 of the Franchise Agreement:  
  
"Minnesota Statutes, Sections 80C.21 and Minnesota Rule 2860.4400J prohibit Franchisor from requiring litigation to be conducted outside Minnesota. In addition, nothing in the Franchise Disclosure Document or Franchise Agreement can abrogate or reduce any of Franchisee's rights as provided for in Minnesota Statutes, Chapter 80C, or Franchisee's rights to any procedure, forum or remedies provided for by the laws of the jurisdiction."
5. Minnesota Statutes, Sections 80C.21 and Minnesota Rule 2860.4400J prohibit Franchisor from requiring Franchisee to consent to liquidated damages, termination penalties or judgment notes. Subsection 14.4 of the Franchise Agreement is hereby deleted in its entirety and replaced with the following:  
  
Damages Upon Termination By Us. If we terminate the Agreement under Subsection 14.1 or 14.2 above, you acknowledge your default will cause substantial damage to us. You therefore agree that if we terminate this Agreement, the termination will not be our sole remedy, and you will also be liable to us for all damages and losses we have suffered arising from the early termination of this Agreement to the same extent as if you had improperly terminated the Agreement. You also agree that you will remain liable for all other obligations and claims under this Agreement, including obligations following termination under Subsections 14.6, 9.6, 10.3 and Section 15 and other damages suffered by us arising out of your breach or default.
6. Minn. Rule 2860-4400J prohibits waiver of a jury trial. Subsection 18.1 of the Franchise Agreement is deleted in its entirety.

### FRANCHISEE:

[INSERT FRANCHISEE ENTITY],  
a [INSERT TYPE OF ENTITY]

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Executed on: \_\_\_\_\_

### FRANCHISOR:

[INSERT FRANCHISOR ENTITY],  
a Delaware limited liability company

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

## NEW YORK ADDENDUM TO FRANCHISE AGREEMENT

Notwithstanding anything to the contrary set forth in the Franchise Disclosure Document or Franchise Agreement, the following provisions will supersede and apply to all franchises offered and sold under the laws of the State of New York:

1. Subsection 9.6 of the Franchise Agreement requiring you to consent to the entry of an injunction is amended to provide that you consent to the seeking of such an injunction.
2. Subsection 17.8 is amended to provide that no release language set forth in the Franchise Agreement will relieve Franchisor or any other person, directly or indirectly, from liability imposed by the laws of the State of New York concerning franchising.

### FRANCHISEE:

[INSERT FRANCHISEE ENTITY],  
a [INSERT TYPE OF ENTITY]

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Executed on: \_\_\_\_\_

### FRANCHISOR:

[INSERT FRANCHISOR ENTITY],  
a Delaware limited liability company

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

## NORTH DAKOTA ADDENDUM TO FRANCHISE AGREEMENT

Notwithstanding anything to the contrary set forth in the Franchise Agreement, the following provisions shall supersede and apply to all franchises offered and sold in the State of North Dakota:

1. Subsection 17.2.1 is amended to provide that the laws of the State of North Dakota supersede any provisions of the Franchise Agreement, the other agreements or New York law if such provisions are in conflict with North Dakota law. The Franchise Agreement will be governed by North Dakota law.
2. Subsection 17.2.2 is amended to provide that any provision in the Franchise Agreement which designates jurisdiction or venue or requires the Franchisee to agree to jurisdiction or venue, in a forum outside of North Dakota, is deleted.
3. Subsection 14.4 of the Franchise Agreement is hereby deleted in its entirety, and replaced by the following:

Damages Upon Termination By Us. If we terminate the Agreement under Subsection 14.1 or 14.2 above, you acknowledge your default will cause substantial damage to us. You therefore agree that if we terminate this Agreement, the termination will not be our sole remedy, and you will also be liable to us for all damages and losses we have suffered arising from the early termination of this Agreement to the same extent as if you had improperly terminated the Agreement. You also agree that you will remain liable for all other obligations and claims under this Agreement, including obligations following termination under Subsections 14.6, 9.6, 10.3 and Section 15 and other damages suffered by us arising out of your breach or default.
4. Subsection 18.1, which requires you to waive your right to a trial by jury, is deleted.
5. Subsection 17.8 is amended to provide that no release language set forth in the Franchise Agreement will relieve Franchisor or any other person, directly or indirectly, from liability imposed by the laws of the State of North Dakota concerning franchising.

### FRANCHISEE:

[INSERT FRANCHISEE ENTITY],  
a [INSERT TYPE OF ENTITY]

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Executed on: \_\_\_\_\_

### FRANCHISOR:

[INSERT FRANCHISOR ENTITY],  
a Delaware limited liability company

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

## RHODE ISLAND ADDENDUM TO FRANCHISE AGREEMENT

Notwithstanding anything to the contrary set forth in the Franchise Agreement, the following provisions shall supersede and apply to all Franchise Agreements offered and sold in the State of Rhode Island:

1. Subsection 17.2.1 is amended to provide that any provision in the Franchise Agreement which designates the governing law as that of any state other than the State of Rhode Island is deleted.
2. Subsection 17.2.2 is amended to provide that Section 19-28.1.-14 of the Rhode Island Franchise Investment Act, as amended by laws of 1993, provides that “a provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act.”

### FRANCHISEE:

[INSERT FRANCHISEE ENTITY],  
a [INSERT TYPE OF ENTITY]

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Executed on: \_\_\_\_\_

### FRANCHISOR:

[INSERT FRANCHISOR ENTITY],  
a Delaware limited liability company

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

## WASHINGTON ADDENDUM TO FRANCHISE AGREEMENT

1. Sections 3 and 14 are amended to provide that if any of the provisions in the Franchise Disclosure Document or Franchise Agreement are inconsistent with the relationship provisions of RCW 19.100.180 or other requirements of the Washington Franchise Investment Protection Act (the "Act") (including areas of termination and renewal of your franchise), the provisions of the Act will prevail over the inconsistent provisions of the Franchise Disclosure Document or Franchise Agreement with regard to any franchise sold in Washington.
2. Section 13 is amended to provide that transfer fees are collectable to the extent that they reflect Franchisor's reasonable estimated or actual costs in effecting a transfer.
3. Subsection 17.2.1 is amended to provide that in the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW shall prevail.
4. Subsection 17.8 is amended to provide that a release or waiver of rights executed by a Franchisee will not include rights under the Act except when executed pursuant to a negotiated settlement after the Franchise Agreement is in effect and where the parties are represented by independent counsel.
5. Subsection 18.1 is amended to provide that provisions which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

### FRANCHISEE:

[INSERT FRANCHISEE ENTITY],  
a [INSERT TYPE OF ENTITY]

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Executed on: \_\_\_\_\_

### FRANCHISOR:

[INSERT FRANCHISOR ENTITY],  
a Delaware limited liability company

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

# **EXHIBIT D-2**

## DEVELOPMENT INCENTIVE NOTE

\$ \_\_\_\_\_

McLean, Virginia

Date: \_\_\_\_\_

FOR VALUE RECEIVED, [INSERT NAME] ("Maker") promises to pay to the order of [INSERT FRANCHISOR NAME], a Delaware limited liability company ("Holder"), the principal sum of [INSERT AMOUNT] (\$ \_\_\_\_\_) which amount shall bear no interest unless Maker defaults or this Note is accelerated.

This Note is issued pursuant to the Franchise Agreement between Holder and Maker for the operation of a [INSERT BRAND] hotel to be located at [INSERT ADDRESS] ("Hotel"). All capitalized terms not defined in this Note shall have the same meaning as in the Franchise Agreement.

The principal amount of this Note will be disbursed by Holder to Maker, and Maker will become subject to the obligation to repay or discharge this Note, when and if Maker opens the Hotel in accordance with the Franchise Agreement. If the Franchise Agreement terminates before the Hotel opens and Holder does not disburse the principal amount of this Note to Maker, then this Note will be deemed discharged and neither party will have any further obligation to the other under this instrument. On each anniversary of the Hotel's Opening Date, one-twentieth (1/20<sup>th</sup>) of the original principal amount will be forgiven without payment. Maker's obligation to repay the principal of this Note will cease and this Note will be canceled and discharged when and if the principal is completely forgiven.

The outstanding principal balance of this Note shall be payable in lawful money of the United States of America at 7930 Jones Branch Dr., Suite 1100, Mclean, VA 22102, Attention: General Counsel, or at such other place as Holder may periodically direct by written notice to Maker, if: (1) a Termination of the Franchise Agreement occurs for any reason; or (2) a Transfer occurs and the transferee does not assume Maker's obligation under this Note in a writing acceptable to Holder before the closing of the Transfer. If a Termination or Transfer occurs, the outstanding, unamortized principal balance of this Note shall be immediately due and payable without further notice, demand or presentment. If this Note is accelerated and is not paid within ten (10) days after it is due, the outstanding principal balance shall bear simple interest at a rate equal to the lesser of eighteen percent (18%) per annum or the highest rate allowed by applicable law from its due date until paid. Any payments shall be first applied to any accrued interest and then to principal. Maker has the right to prepay this Note, in whole or in part, at any time, without premium or penalty. Prepayments of principal will be applied without notation on this Note. Maker's obligation to pay this Note shall be absolute and unconditional, and all payments shall be made without setoff, deduction, offset, recoupment or counterclaim.

If this Note is collected by or through an attorney at law, the Holder shall be entitled to collect reasonable attorney's fees and all costs of collection, which shall be added to the amount due and payable to Holder under this Note. This Note is issued in and shall be governed and construed according to the laws of the State of New York (without the application of conflict of laws principles). Each maker, endorser, guarantor or accommodation party liable for this Note waives presentment, demand, notice of demand, protest, notice of non-payment, notice of protest, notice of dishonor and diligence in collection. Holder reserves the right to modify the terms of this instrument, grant extensions, renewals, releases, discharges, compositions and compromises with any party liable on this Note, with or without notice to or the consent of, and without discharging or affecting the obligations of any other party liable under this instrument. The terms "Holder" and "Maker" shall be deemed to include their respective heirs, successors, legal representatives and assigns, whether by voluntary action of the parties or by operation of law. All references to "Maker" shall mean and include the named Maker and all co-makers, guarantors, sureties and accommodation parties signing or endorsing this Note.

IN WITNESS WHEREOF, the undersigned have executed this instrument effective on the date indicated above.

**Maker**

**Witness**

\_\_\_\_\_

\_\_\_\_\_

**Co-Maker**

**Witness**

\_\_\_\_\_

\_\_\_\_\_



# **EXHIBIT E**

## **GUARANTY OF FRANCHISE AGREEMENT**

**[INSERT HOTEL NAME]**

THIS GUARANTY OF FRANCHISE AGREEMENT ("**Guaranty**") is executed as of [insert date] ("**Effective Date**") by [INSERT ENTITY NAME], a [a[n] [insert state of formation] [insert type of entity] ("**Guarantor**")], in favor of [INSERT FRANCHISOR ENTITY NAME], a Delaware limited liability company ("**Franchisor**")], as consideration of and as an inducement to Franchisor to execute the franchise agreement with an Effective Date of [insert date] (referred to in this Guaranty collectively, along with all applicable amendments, addenda, riders, supplemental agreements and assignments, as the "**Franchise Agreement**"), by and between Franchisor and [INSERT ENTITY NAME], a [n] [insert state of formation] [insert type of entity] ("**Franchisee**"). Capitalized terms not otherwise defined in this Guaranty shall have the same meaning as in the Franchise Agreement. Guarantor agrees as follows:

**1. Guaranty.** Guarantor hereby unconditionally and irrevocably guaranties to Franchisor: (a) the full and prompt payment of all sums owed by Franchisee to Franchisor and to Franchisor's Affiliates under the Franchise Agreement and otherwise relating to the Hotel, including, but not limited to, all fees and charges, interest, default interest, and other costs and fees (including, without limitation, attorneys' fees in connection with enforcement of the Franchise Agreement; and (b) the performance of all other obligations of Franchisee arising under the Franchise Agreement (collectively, the "**Obligations**"). On default by Franchisee and notice from Franchisor to Guarantor, Guarantor will immediately make payment in full of all amounts due and owing to Franchisor or Franchisor's Affiliates, and perform each Obligation of Franchisee.

**2. Possible Termination of Guaranty.** Franchisor will offer Guarantor its then-current standard form termination of guaranty agreement releasing Guarantor from future Obligations under this Guaranty if the following conditions are met: (a) Franchisor receives a copy of the deed evidencing that Franchisee owns fee simple title to the real property on which the Hotel is or will be sited or a copy of a ground lease to which Franchisee is a party with an unrelated third-party ground lessor for a term at least equal to the term of the Franchise Agreement; (b) Guarantor sends a written request to Franchisor to terminate the Guaranty; and (c) at the time of Guarantor's request, Franchisee is in good standing under the Franchise Agreement and has not been in default under the Franchise Agreement at any time during the twenty-four (24) month period before Guarantor's request.

**3. Waivers of Certain Rights and Defenses.** Each Guarantor waives: (a) any right Guarantor may have to require that an action be brought against Franchisee or any other person as a condition of Guarantor's liability under this Guaranty; (b) all rights to payments and claims for reimbursement or subrogation which any of the undersigned may have against Franchisee arising as a result of Guarantor's execution of and performance under this Guaranty; (c) any law or statute which requires that Franchisor make demand on, assert claims against or collect from Franchisee or any others, foreclose any security interest, sell collateral, exhaust any remedies or take any other action against Franchisee or any others before making any demand on, collecting from or taking any action against Guarantor under or with respect to this Guaranty; and (d) any and all other notices and legal or equitable defenses to which Guarantor may be entitled.

**4. Information Requests.** Guarantor must deliver to Franchisor: (a) complete and current financial information about Guarantor as Franchisor may reasonably request; and (b) any other information about Guarantor that Franchisor reasonably requests.

### **5. Additional Provisions.**

(a) Each Guarantor jointly and severally holds harmless, and agrees to defend, protect, and indemnify Franchisor from any actions, causes of action, liabilities, damages, losses, and fees (including attorneys' fees) and all other claims of every nature which may arise as a result of any dispute between or among any of Guarantors and any other persons or entities.

(b) Franchisor may assign this Guaranty without in any way affecting Guarantor's liability. This Guaranty will inure to the benefit of Franchisor and its successors and assigns and will bind Guarantor and Guarantor's heirs, executors, administrators, successors, and assigns.

(c) Notices must be in writing and must be delivered in person, by prepaid overnight commercial delivery service, or by prepaid United States Mail, overnight, registered or certified, with return-receipt requested, to the following addresses:

If to Franchisor: **[INSERT FRANCHISOR ENTITY NAME]**  
7930 Jones Branch Drive  
Suite 1100  
McLean, VA 22102  
Attention: General Counsel

If to Guarantor: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
Phone: (\_\_\_\_) \_\_\_\_\_  
Fax: (\_\_\_\_) \_\_\_\_\_

If Guarantor wants to change the notice address set forth above, Guarantor shall notify Franchisor in writing in accordance with the delivery procedure set forth in this Subsection 5(c). A Notice will be deemed effective on the earlier of: (i) receipt or first refusal of delivery; (ii) one (1) day after posting if sent by overnight commercial delivery service or overnight United States Mail; or (iii) three (3) days after placement in the United States Mail if overnight delivery is not available to the Notice address.

(d) Guarantor represents, warrants and covenants to Franchisor that Guarantor, including its directors, officers, senior management, shareholders and other persons having a controlling interest in Guarantor: (i) is not, and is not owned or controlled by, or acting on behalf of, Sanctioned Persons or, to Guarantor's actual knowledge, otherwise the target of Trade Restrictions; (ii) have not and will not obtain, receive, transfer or provide any funds, property, debt, equity or other financing related to the Franchise Agreement and the Hotel or Hotel Site to/from any entity that qualifies as a Sanctioned Person or, to your actual or constructive knowledge, is otherwise the target of any applicable Trade Restrictions' (iii) Guarantor is familiar with the provisions of applicable Anti-Corruption Laws and shall comply with applicable Anti-Corruption Laws in performance of its obligations under or in connection with this Guaranty or the Franchise Agreement; (iv) any funds received or paid in connection with entry into or performance of this Guaranty have not been and will not be derived from or commingled with the proceeds of any activities that are proscribed and punishable under the criminal laws of the United States, and that Guarantor is not engaging in this transaction in furtherance of a criminal act, including acts in violation of applicable Anti-Corruption Laws; (v) in preparation for and in entering into this Guaranty, Guarantor has not made any Improper Payment or engaged in any acts or transactions otherwise in violation of any applicable Anti-Corruption Laws, and, in connection with this Guaranty or the performance of Guarantor's obligations under this Guaranty, you will not directly or indirectly make, offer to make, or authorize any Improper Payment or engage in any acts or transactions otherwise in violation of any applicable Anti-Corruption Laws; (vi) except as otherwise disclosed in writing to Franchisor, neither Guarantor, nor any of its direct or indirect shareholders (including legal or beneficial shareholders), officers, directors, employees, agents or other persons designated by you to act on your own behalf or receive any benefit under this Guaranty, is a Government Official; (vii) any statements, oral, written, electronic or otherwise, that Guarantor submits to Franchisor or to any third party in connection with the representations, warranties, and covenants described in this Subsection 5(d) are truthful and accurate and do not contain any materially false or inaccurate statements; (viii) Guarantor will make reasonable efforts to assure that its respective appointed agents in relation to this Guaranty comply in all material respects with the representations, warranties, and covenants described in this Subsection 5(d); and (ix) will notify Franchisor in writing immediately on the occurrence of any event which would render the foregoing representations and warranties of this Subsection 5(d) incorrect.

(e) Each Guarantor warrants and represents to Franchisor that Guarantor has the requisite power to execute, deliver and perform the terms and provision of this Guaranty, and that this Guaranty is a valid, binding and legally enforceable obligation of each Guarantor in accordance with its terms.

(f) If there is more than one Guarantor named in this Guaranty, any reference to Guarantor will mean any one or all Guarantors. Each Guarantor agrees that all obligations of each Guarantor are joint and several.

(g) No failure or delay on Franchisor's part in exercising any power or privilege under this Guaranty will impair any such power, right or privilege or be construed as a waiver of its rights under this Guaranty.

(h) If any provision of this Guaranty is determined by a court of competent jurisdiction to be unenforceable, all of the other provisions will remain effective.

(i) This Guaranty embodies the entire agreement between Franchisor and Guarantor with respect to the matters set forth in this Guaranty and supersedes all prior agreements with respect to the matters set forth in this Guaranty.

**6. Governing Law.** Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act; 15 U.S.C. ¶ 1050 et seq.), as amended, this Guaranty and any and all disputes relating to this Guaranty will be governed by the laws of the State of New York without recourse to New York choice of law or conflicts of law principles; provided, however, that nothing in this Section is intended to invoke the application of any franchise, business opportunity, antitrust, "implied covenant," unfair competition, fiduciary or any other doctrine of law of the State of New York or any other state that would not otherwise apply absent this Section 6.

**7. Jurisdiction and Venue.** The parties agree that any action related to this Guaranty shall be brought in the U.S. District Court for the Eastern District of Virginia, in Alexandria, Virginia or, if that court lacks subject matter jurisdiction, then in a court of competent jurisdiction whose jurisdiction includes either Fairfax County, Virginia or New York, New York, or in the county or state where the Hotel is located. Guarantor consents to personal jurisdiction and venue in each of these jurisdictions and waives and agrees not to assert, move or otherwise claim that the venue in any of these jurisdictions is for any reason improper, inconvenient, prejudicial or otherwise inappropriate.

**8. WAIVER OF JURY TRIAL. GUARANTOR HEREBY WAIVES ITS RIGHT TO A TRIAL BY JURY WITH RESPECT TO THE ENFORCEMENT OF THIS GUARANTY.**

GUARANTOR ACKNOWLEDGES THAT GUARANTOR WAS AFFORDED THE OPPORTUNITY TO READ THIS GUARANTY AND TO REVIEW IT WITH AN ATTORNEY OF GUARANTOR'S CHOICE BEFORE SIGNING.

**IN WITNESS WHEREOF,** Guarantor has executed this Guaranty as of the Effective Date.

**GUARANTOR:**

[INSERT ENTITY NAME]

a[n] [insert State of Formation] [insert type of entity]

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

IF USED WITH A FRANCHISE AGREEMENT ON A FORM BEFORE MARCH 2013, INCLUDE THE FOLLOWING ADDENDUM; OTHERWISE DELETE ALL OF THE FOLLOWING

#### ADDENDUM TO GUARANTY AGREEMENT

The following capitalized terms used in the Guaranty have the meaning set out below:

**“Anti-Corruption Laws”** means all applicable anti-corruption, anti-bribery, anti-money laundering, books and records, and internal controls laws of the United States and the United Kingdom, including the United States Foreign Corrupt Practices Act and the United Kingdom Bribery Act of 2010.

**“Government or Government Entity”** means: (i) any agency, instrumentality, subdivision or other body of any national, regional, local or other government; (ii) any commercial or similar entities owned or controlled by such government, including any state-owned and state-operated companies; (iii) any political party; and (iv) any public international organization.

**“Government Official”** means the following: (i) officers and employees of any national, regional, local or other Government; (ii) officers and employees of companies in which a Government owns an interest; (iii) any private person acting in an official capacity for or on behalf of any Government or Governmental Entity (such as a consultant retained by a government agency); (iv) candidates for political office at any level; (v) political parties and their officials; (vi) officers, employees, or official representatives of public (quasi-governmental) international organizations (such as the United Nations, World Bank, or International Monetary Fund).

**“Improper Payment”** means: (a) any payment, offer, gift or promise to pay or authorization of the payment or transfer of other things of value, including without limitation any portion of the compensation, fees or reimbursements received hereunder or the provision of any service, gift or entertainment, directly or indirectly to (i) a Government Official; (ii) any director, officer, employee or commercial partner of a Party or its Affiliates; or (iii) any other person at the suggestion, request or direction or for the benefit of any of the above-described persons and entities, for purposes of obtaining or influencing official actions or decisions or securing any improper advantage in order to obtain, retain or direct business; (b) payments made and expenses incurred in connection with performance of obligations under this Agreement that are not made and recorded with sufficient accuracy, detail, and control to meet the standards in applicable Anti-Corruption Laws; or (c) any other transaction in violation of applicable Anti-Corruption Laws.

**“Sanctioned Person”** means any person or entity (including financial institutions) who is (or is owned or controlled by, or acting on behalf of): (a) the Government of any country subject to comprehensive U.S. sanctions in force (which currently include the Governments of Cuba, Iran, North Korea, Sudan and Syria) (**“Sanctioned Countries”**); or (b) located in, organized under the laws of or ordinarily resident in Sanctioned Countries; or (c) identified by any Government or legal authority under applicable Trade Restrictions as a person with whom dealings and transactions by Franchisee and/or its Affiliates are prohibited or restricted, including but not limited to persons designated under United Nations Security Council Resolutions, the U.S. Department of the Treasury’s Office of Foreign Assets Control (**“OFAC”**) List of Specially Designated Nationals and Other Blocked Persons; the U.S. Department of State’s lists of persons subject to non-proliferation sanctions; the European Union Financial Sanctions List; persons and entities subject to Special Measures regulations under Section 311 of the USA PATRIOT Act and the Bank Secrecy Act and relevant equivalent restricted party listings maintained by other relevant jurisdictions.

**“Trade Restrictions”** means trade, economic or investment sanctions, export controls, anti-terrorism, non-proliferation, anti-money laundering and similar restrictions in force pursuant to laws, rules and regulations imposed under Laws to which the Parties are subject.

# **EXHIBIT F**

## HILTON WORLDWIDE FRANCHISE APPLICATION

### **This franchise application (“Application”) includes the following:**

- Instructions for Submitting an Application
- Part 1 - Application Checklist
- Part 2 - Application Letter
- Part 3 - Application Form

### **Instructions for Submitting an Application:**

1. Have a required signer for the Applicant access the current Franchise Disclosure Document (“**Disclosure Document**”) for the applicable brand through the E-Disclosure procedure and complete the procedure by clicking “Submit” on the Electronic Receipt page. If Applicant received a paper version of the Disclosure Document, have a required signer for the Applicant sign and date the “Receipt” page at the end of the Disclosure Document and return it immediately by mail to your development representative.
2. Each part of this Application must be completed. All information must be legible and in English. Please type or print the information in each part of the Application. For your convenience, this Application may be filled out electronically, saved and printed.
3. Attach supporting documents/information indicated in each part of the Application. If any part of the Application is not completed and/or supporting documentation is not attached, you must include an explanation of why the Application is not completed or the supporting documentation is not attached.
4. The Applicant must be a natural person or an existing legal entity. You must provide a complete organizational chart up to the ultimate owning entity/entities and the ultimate individual owners of the Applicant.
5. A check (or wire transfer) for the franchise application fee (“**Franchise Application Fee**”) must be submitted with the Application. The amount of the Franchise Application Fee is:

<b>Brand</b>	<b>New Build/Conversion</b>	<b>Relicensing</b>	<b>Change of Ownership</b>
Conrad®	\$75,000	\$75,000	\$100,000
Doubletree® by Hilton Doubletree Suites® by Hilton	\$75,000 plus \$300 for each room over 250	\$75,000	\$100,000
Embassy Suites®	\$75,000 plus \$300 for each room over 250	\$75,000	\$130,000
Hampton Inn Hampton Inn & Suites®	\$65,000 plus \$450 for each room over 100	\$65,000	\$130,000
Hilton®	\$85,000 plus \$300 for each room over 275	\$85,000	\$100,000
Hilton Garden Inn®	\$75,000 plus \$450 for each room over 150	\$75,000	\$130,000
Homewood Suites by Hilton®	\$75,000 plus \$450 for each room over 150	\$75,000	\$130,000
Home2 Suites by Hilton®	\$50,000	\$50,000	\$50,000
Waldorf Astoria®	\$75,000	\$75,000	\$100,000

For a Relicensing Application not involving a Change of Ownership, you must also pay a Property Improvement Plan (“**PIP**”) fee in addition to the Franchise Application Fee.

### **Required Signatures:**

The Application Letter must be signed and dated by the Applicant, or on behalf of the Applicant, by a person or persons with the capacity and authority to do so. The signatures required for valid execution of the Application Letter may vary depending on the laws under which the Applicant is established or resident. These laws must be complied with. Our minimum requirements for signatures are as follows:

<b>Applicant</b>	<b>Signers</b>
Individual(s)	Each Individual
Corporate Entity	President, Vice President or other authorized officer
General Partnership	Each General Partner
Limited Partnership	Any General Partner
Limited Liability Company	Managing Member(s) or other authorized Member(s)
Trust	Trustee(s)
Estate	Executor or Administrator

**NOTE: APPLICANT SHOULD NOT SIGN OR SUBMIT THE APPLICATION OR PAYMENT OF THE FRANCHISE APPLICATION FEE UNTIL AT LEAST THE DAY AFTER THE 14TH FULL CALENDAR DAY FOLLOWING THE DATE APPLICANT RECEIVED THE DISCLOSURE DOCUMENT IN PAPER FORM OR THROUGH THE E-DISCLOSURE PROCEDURE.**



## Part 1: Application Checklist

The following items must be included for the application to be complete. We reserve the right to request additional information as we consider appropriate:

- ☐ Disclosure Document Receipt **signed and dated** or **submitted electronically** by Applicant (see page 1), if applicable.
- ☐ Application Letter signed and dated no earlier than the day after the **14th full calendar day** after the date the Applicant received the Disclosure Document, along with the remaining completed Application pages. Example: If you receive the Disclosure Document on January 1<sup>st</sup>, then the earliest you may submit the Application Letter will be 15 days after that date, on January 16<sup>th</sup>.
- ☐ Franchise Application Fee dated and/or received no earlier than the day after the **14th full calendar day** after the date the Applicant received the Disclosure Document.
- ☐ A certification of formation or similar document evidencing the Applicant Entity's status in the jurisdiction of formation.
- ☐ Complete Ownership Structure Form for Applicant and its underlying ownership entities.
- ☐ Complete Ownership Structure Form for the fee title holder or lessor/sublessor of the Hotel/Hotel Site if related to Applicant.
- ☐ Market or feasibility study, if available, or on request.
- ☐ Site Control Document and all amendments (e.g., recorded deed, recorded ground lease, recorded purchase option, binding letter of intent, binding purchase agreement) in the name of Applicant or its affiliate.
- ☐ Site Plan, Aerial and Location Map with site identified (consult your Developer for site plan requirements).
- ☐ List of hotels owned or managed by Applicant.

### **CONVERSION PROJECTS** In addition to the above, include the following items:

- ☐ Conversion Indemnity Letter (if applicable)
- ☐ 3 Years' Hotel Operating Statistics (Summary Statement)

**Part 2: Application Letter**

Name of Applicant:	_____ ("Applicant")
Location:	_____ ("Location")

**BRAND (check one):**

- |  |   |  |
|--|---|--|
| <input type="checkbox"/> <b>Conrad®</b>                      | <input type="checkbox"/> <b>Hampton Inn®</b>              | <input type="checkbox"/> <b>Homewood Suites by Hilton®</b> |
| <input type="checkbox"/> <b>Doubletree® by Hilton</b>        | <input type="checkbox"/> <b>Hampton Inn &amp; Suites®</b> | <input type="checkbox"/> <b>Home2 Suites by Hilton®</b>    |
| <input type="checkbox"/> <b>Doubletree® Suites by Hilton</b> | <input type="checkbox"/> <b>Hilton®</b>                   | <input type="checkbox"/> <b>Waldorf Astoria®</b>           |
| <input type="checkbox"/> <b>Embassy Suites®</b>              | <input type="checkbox"/> <b>Hilton Garden Inn®</b>        |  |

This franchise application letter ("**Application Letter**") is provided to the applicable franchising subsidiary of Hilton Worldwide Holdings, Inc. ("**Hilton Worldwide**") to consider and process an application for a franchise to operate a hotel under the Brand at the Location ("**Hotel**"). The franchising subsidiaries of Hilton Worldwide are collectively referred to as a franchisor ("**Franchisor**"). The present or future subsidiaries and affiliates and direct or indirect owners of Hilton Worldwide are collectively referred to as "entities" ("**Entities**"). Applicant understands that Franchisor is relying on the information provided in this application and all documents submitted by Applicant, co-owners and their agents, advisers and representatives in connection with or in support of the application, including, but not limited to, this Application Letter (together, the "**Application**"). Applicant agrees to supply such additional information, statements or data as may be requested by Franchisor. Applicant represents, warrants, and undertakes to Franchisor and the Entities, that:

1. All information contained in the Application is true, correct and complete as of the date of this Application Letter. Applicant will promptly inform Franchisor of any change in any of the information provided in the Application.
2. Both Applicant and the undersigned have the authority to make the Application and to enter into a franchise agreement ("**Franchise Agreement**") for the proposed Hotel at the Location. Neither the making of this Application nor the execution of a Franchise Agreement will conflict with nor put Applicant in breach of the terms of any agreements to which Applicant, its affiliates or the undersigned are a party or by which Applicant or its affiliates are bound. Neither Applicant nor its affiliates have been induced by Hilton Worldwide to terminate or breach any agreement with respect to the Location.
3. Certain information concerning Franchisor's system for the Brand, including the Disclosure Document (if required under applicable law), the manual and the Franchise Agreement (together, the "**Franchise Information**"), has been made available to Applicant. Applicant is generally familiar with the Franchise Information and its requirements and is applying for the form of Franchise Agreement provided. Applicant undertakes to treat the manual which it may receive from Franchisor as confidential. Applicant acknowledges and agrees that the Franchise Information is the property of Hilton Worldwide and/or the Entities, and that Applicant obtains no right, title or interest in or to any of the Franchise Information. Applicant agrees not to use the Franchise Information unless and until a Franchise Agreement is entered into and then in accordance with the terms and conditions of the Franchise Agreement.
4. Applicant acknowledges that Hilton Worldwide and the Entities do not enter into oral agreements or understandings with respect to the Franchise Agreement, and as that of the date of this Application Letter there are no oral agreements or understandings between Applicant and Hilton Worldwide or the Entities with respect to the proposed Franchise Agreement.
5. The Franchise Application Fee is enclosed with the Application. If the Application is not approved or if Applicant withdraws the Application before it is approved, the Franchise Application Fee will be fully refunded, without interest, less \$7,500 for time and expenses incurred by Franchisor in processing the Application. If the Application is approved, the Franchise Application Fee will not be

returned or refunded under any circumstances (even if approval is conditioned on Applicant providing additional information). For a Change of Ownership Application, if Franchisor approves the Application, and the approved change of ownership does not occur, then Franchisor will refund the Franchise Application Fee without interest, less \$7,500. Franchisor reserves the sole right to approve or disapprove the Application for any reason. If the Application is approved, Applicant must provide any additional information requested, meet any additional requirements and sign the Franchise Agreement within the time period Franchisor specifies, and all other ancillary documents within the time period designated by Franchisor, failing which Franchisor may terminate the proposed hotel project and retain the Franchise Application Fee. The Franchise Application Fee may be invested, combined with other funds or otherwise used as Hilton Worldwide deems appropriate.

6. Applicant authorizes credit agencies/bureaus, financial institutions, companies and individuals to disclose to Hilton Worldwide any and all information for the purpose of Hilton Worldwide and the Entities completing any necessary credit and/or background investigations in connection with this Application and execution of any Franchise Agreement.

7. The Applicant, jointly and severally if applicable, agrees to indemnify and defend Hilton Worldwide and the Entities and their respective officers, directors, employees, agents, representatives, and assignees (collectively, the “**Hilton Worldwide Indemnitees**”) against, and to hold them harmless from, all losses in connection with the Application and the Location, including breach of any representations, warranties or undertakings contained herein and all claims, demands, suits, causes of action, liabilities, losses or otherwise, directly or indirectly incurred (including legal and accounting fees and expenses), and including claims as a result of Franchisor processing the Application and/or approving a Franchise Agreement. Each Hilton Worldwide Indemnitee shall have the right independently to take any action it may deem necessary in its sole discretion to protect and defend itself against any threatened action subject to Applicant’s indemnification, without regard to the expense, forum or other parties that may be involved. Each Hilton Worldwide Indemnitee shall have sole and exclusive control over the defense of any such action (including the right to be represented by counsel of its choosing) and over the settlement, compromise or other disposition thereof. Hilton Worldwide may rely on any information, statement or notice from the Applicant pertaining to the Location or Franchise Agreement without having to investigate or ascertain the accuracy of any fact or allegation in the information, statement or notice.

8. This Application Letter may be executed in counterparts, each of which shall be deemed an original. This Application Letter must be signed by an authorized signatory for the Applicant (see Guidelines for Submitting a Franchise Application for required signatories).

9. This Application shall be governed by and construed in accordance with the substantive laws of the State of New York, without regard to its choice of law principles.

Signature:	_____	Date:	_____
Individual’s			
Name:	_____		
Entity Name,			
if any:	_____	Position:	_____

## Page 6 of 11

**S OWNED AND/OR OPERATED BY APPLICANT AND ITS EQUITY OWNERS**  
**(attach additional pages if necessary)**

## MANAGEMENT INFORMATION

Owner/Operator Name	Brand/Property Name, City/State	Description of Interest	% Equity

**OWNERSHIP STRUCTURE OF APPLICANT ENTITY**

**INSTRUCTIONS:** Please provide a complete breakdown of the owners of the Applicant Entity and any related entity that holds/will hold fee title to the Hotel. For complex structures, please attach a detailed organizational chart (see next page). If these owners are other legal entities, please include a breakdown of their underlying ownership. That means you should provide the name and description/percentage of ownership interest of all individuals who own and/or control these entities. Copy this form as needed to provide multiple structures.

**Example:**

Entity/Person's Name	SSN (last 4 digits), EIN, Canada SIN or Gov't ID#	Description of Interest	% Interest	Business Address & Telephone
XYZ Corp.	12-3456789	General Partner	1%	XYZ Corp. Address/Phone
- John Doe, President 50%	1234			John Doe Address/Phone
- Jane Doe, Shareholder 50%	5678			Jane Doe Address/Phone
ABC, L.L.C.	23-4567891	Limited Partner	99%	ABC, L.L.C. Address/Phone
- BDC, Inc., its managing member 25%	34-5678912			BDC, Inc. Address/Phone
- Bill Davis, President 100%	9012			
- Bill Davis Family Trust, member 25%	45-6789123			Trust Contact Address/Phone
- Bill Davis, Trustee	2345			
- Bill Davis, Jr., Beneficiary 100%	6789			
- Bill Davis, member 50%	same as above			Bill Davis Address/Phone

**ENTITY NAME:** \_\_\_\_\_

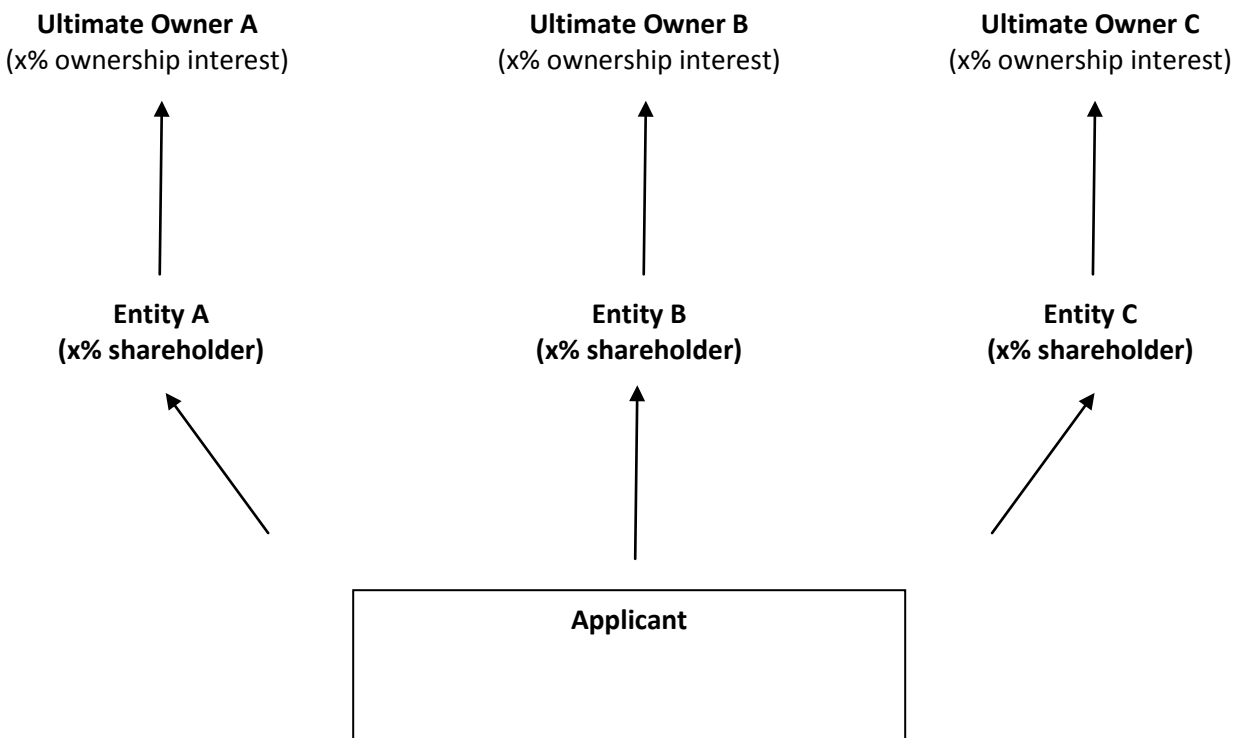
**OWNERSHIP STRUCTURE**  
(provide additional pages if necessary)

Entity/Person's Name	SSN (last 4 digits), EIN, Canada SIN or Gov't ID#	Description of Interest	% Interest	Business Address & Telephone

### Organizational Chart

Please attach a full organizational chart for the Applicant entity (and Applicant's affiliate that will lease or sublease the Hotel or the Hotel Site to Applicant, if applicable) showing all direct and indirect equity owners up to the ultimate individual owners (but excluding public shareholders or passive investors in an institutional investment fund). For each equity owner, please describe the type of interest held in the entity (e.g., shareholder, general partner, limited partner, manager, member, trustee, etc.) and show the percentage of ownership of each equity owner.

For example:



**HOTEL/SITE/SITE CONTROL INFORMATION****Location of Hotel/Hotel site:**

Street Address/Coordinates:	
City, State/Province:	
Zip/Postal Code:	
Country:	

**Brand:**

<input type="checkbox"/> Conrad®	<input type="checkbox"/> Hampton Inn®	<input type="checkbox"/> Homewood Suites by Hilton®
<input type="checkbox"/> Doubletree® by Hilton	<input type="checkbox"/> Hampton Inn & Suites®	<input type="checkbox"/> Home2 Suites by Hilton®
<input type="checkbox"/> Doubletree® Suites by Hilton	<input type="checkbox"/> Hilton®	<input type="checkbox"/> Waldorf Astoria ®
<input type="checkbox"/> Embassy Suites®	<input type="checkbox"/> Hilton Garden Inn®	

**Development Type:**

<input type="checkbox"/> New Development*	<input type="checkbox"/> Conversion	<input type="checkbox"/> Change of Ownership	<input type="checkbox"/> Relicensing
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(\*new build/adaptive reuse)

**Hotel Affiliation (for New Development/Conversion applications only):**

Has there ever been a franchise, branded management, affiliation or similar agreement pertaining to the proposed hotel or site?	
<input type="checkbox"/> No	<input type="checkbox"/> Yes/Describe:
Is the hotel currently under contract with another hotel chain?	
<input type="checkbox"/> No	<input type="checkbox"/> Yes/Specify:

**Hotel Facilities (existing and/or proposed):**

Total Guest Units:		# of Standard Rooms:		# of Suites:		# of Stories:	
Year Built (open hotel)		Meeting Space?	<input type="checkbox"/> No	<input type="checkbox"/> Yes: _____ sq. ft		# of Mtg Rms:	
Ballroom?	<input type="checkbox"/> No	<input type="checkbox"/> Yes/Description/square footage:					
Health Club?	<input type="checkbox"/> No	<input type="checkbox"/> Yes/Description:					
Spa?	<input type="checkbox"/> No	<input type="checkbox"/> Yes/Description:					
Swimming Pool?		Indoor		Outdoor		None	
Food & Beverage Facilities (outlets, capacity, meals served, operated/leased, current/planned brand names):							
Other Retail Outlets (type, operated/ leased, current/planned brand names):							
Other Amenities (specify):							
Shared Facilities?	<input type="checkbox"/> No	<input type="checkbox"/> Yes/Description:					
Condo Residences?	<input type="checkbox"/> No	<input type="checkbox"/> Yes/(#):					
Hotel Rental Program?	<input type="checkbox"/> No	<input type="checkbox"/> Yes/Description:					

**Hotel Site /Building Information:**

Total sq footage of site:		Zoned for hotel development?	<input type="checkbox"/>	No	<input type="checkbox"/>	Yes
Max height allowed by zoning:		Sq. Ft		Stories		
Site/Development Restrictions?	<input type="checkbox"/>	No	<input type="checkbox"/>	Yes/Describe:		

**Please describe Applicant's current form of site control for the Hotel or Hotel Site:**

<input type="checkbox"/>	Owned by Applicant (attach copy of recorded deed)	
<input type="checkbox"/>	Ground lease (attach copy of recorded ground lease)	Expiration Date:
<input type="checkbox"/>	Binding option agt (attach copy of recorded option agt.)	Exercise Deadline:
<input type="checkbox"/>	Binding purchase agt (attach copy of executed purchase agt.)	Closing Deadline:
<input type="checkbox"/>	Other/Describe:	

**If Hotel or Hotel Site is currently owned by someone else other than Applicant, please indicate:**

Hotel/Hotel Site owner name:			
Street Address:			
State/Province:			
Zip/Postal Code Country:			
Tel:			
Fax:			
Email:			
Related to Applicant?	<input type="checkbox"/>	No	<input type="checkbox"/>
Yes/Describe:			

**If Hotel or Hotel Site will, upon close of purchase, be owned by someone other than Applicant, please indicate:**

Fee owner/Lessor name:			
Street Address:			
City, State/Province:			
Zip/Postal Code Country:			
Tel:			
Fax:			
Email:			
Related to Applicant?	<input type="checkbox"/>	No	<input type="checkbox"/>
Yes/Describe and provide complete ownership structure of related entity that will be fee owner.			



**FINANCIAL INFORMATION/PROJECT TIMELINE****Estimated Project Costs - New Development Project:**

Costs	Overall	Per Key
Land:	US\$	US\$
Construction:	US\$	US\$
FF&E:	US\$	US\$
Other:	US\$	US\$
Total Project Costs :	US\$	US\$

**Estimated Project Costs – Conversion or Change of Ownership (existing hotel):**

Costs	Aggregate	Per Key
Purchase Price/Current Market Value:	US\$	US\$
Renovations/Upgrades:	US\$	US\$
Other:	US\$	US\$
Total Project Costs:	US\$	US\$

**Estimated Project Timeline:**

Forecasted Construction/Renovation Start Date:	
Forecasted Construction/Renovation Completion Date:	

**Operating Projections:**

Assumptions	Year 1	Year 2	Year 3	Year 4	Year 5
% Occupancy					
Avg Daily Rate (US\$)					

**Financing/Refinancing Information:**

Do you have a loan or loan commitment for this project?		<input type="checkbox"/> No	<input type="checkbox"/> Yes (continue)
Name of Lender(s):			
Loan Amount:		Percentage Equity:	
Description:			
<input type="checkbox"/> New?	<input type="checkbox"/> Existing?		
Is the loan (or will the loan be) cross-collateralized by other hotels/real estate assets or cross-defaulted to any other loan(s)?			
<input type="checkbox"/> No	<input type="checkbox"/> Yes/Describe:		

**Deadlines associated with Project or Application:**

Are there any critical deadlines we should know about in processing your application, such as purchase closings or financing commitment deadlines?	
<input type="checkbox"/> No	<input type="checkbox"/> Yes/Describe:

# **EXHIBIT G**

HILTON SYSTEMS SOLUTIONS, LLC  
HILTON INFORMATION TECHNOLOGY SYSTEM AGREEMENT

Address For Notices to Customer

Customer Name: %LegalEntity%

Attention: %PrimaryContactName%

Address: %PrimaryContactAddress1%  
%PrimaryContactAddress2%  
%PrimaryContactCity%  
%PrimaryContactState%  
%PrimaryContactZip%

Address Of Customer's Site

Site Name: %PropertyName%

Attention: %GMName%

Address: %PropertyAddress1%  
%PropertyAddress2%  
%PropertyCity%  
%PropertyState%  
%PropertyZip%

Address For Notices to Hilton Systems Solutions, LLC

Division: %BrandCodeDesc% [Insert Franchisor Entity]

Attention: Dir. OnQ® Deployment Planning – Randy Kanaya

Address 755 Crossover Lane  
Memphis, TN 38117

On the terms and conditions set forth herein, Hilton Systems Solutions, LLC, a Delaware limited liability company ("HSS") and %LegalEntity% (the "Customer") as either the owner of a property managed by an affiliate of HSS or as a licensed franchisee of an affiliate of HSS, hereby enter into this Hilton Information Technology System Agreement (the "Agreement" or the "HITS Agreement") wherein HSS agrees to license or sublicense to Customer certain Proprietary Software and Certified Third Party Software, as such terms are defined herein, and may provide certain equipment ("Authorized Equipment") as described herein that is leased, licensed or purchased by Customer for the operation of HSS's OnQ® technology. Such software and equipment needed for the operation of HSS's OnQ® technology are collectively referred to herein as the "Information System". The Customer agrees that such licenses or sublicenses of software and any equipment provided herein are subject to the terms and conditions of the Agreement and the additional terms, conditions, and additional programs contained in the schedules (the "Schedules") attached hereto:

Schedule A:	Information System Software Licensed / Services Provided
Schedule B:	System Cost and Payment Terms
Schedule C:	Software Maintenance / Cost and Payment Terms
Schedule D:	Authorized Equipment Description / Purchase Terms and Conditions
Schedule E:	Authorized Equipment Maintenance / Cost and Payment Terms
Schedule F:	Microsoft Participation Agreement
Schedule G:	Certified Third Party Software / Additional Terms and Conditions
Schedule H:	Subsequent Purchase of Additional Equipment, Software and Services
Schedule I:	Joinder by Preferred Retailer
Schedule J:	Joinder by Preferred Lessor
Schedule K:	Joinder by Preferred Services Provider
Schedule L:	Total Solution Program Agreement
Schedule M:	Hilton Brand Fee Based Pricing Program Agreement – .75%
Schedule N:	Hilton Brand Fee Based Pricing Program Agreement – 1%
Schedule O:	Hilton Brand Fee Based Pricing Program Agreement – REIT Hotel
Schedule P:	Doubletree Authorized Equipment Refresh
Schedule Q:	Hilton Garden Inn Refresh Program Agreement
Schedule R:	Intentionally Omitted
Schedule S:	Intentionally Omitted
Schedule T:	Independent Brand Fee Based Pricing Program Agreement – .75%
Schedule U:	Intentionally Omitted
Schedule V:	Conrad or Waldorf Astoria Hotel Fee Based Pricing Program Agreement – .75%
Schedule W:	Conrad or Waldorf Astoria Hotel Fee Based Pricing Program Agreement – .45%

For the purposes of this Agreement, the Authorized Equipment shall mean any equipment listed on Schedule D.

Effective Date: The effective date ("Effective Date") shall be the date signed by HSS.

CUSTOMER: %LegalEntity%

HILTON SYSTEMS SOLUTIONS, LLC

By: %HotelApproverSignature%  
Authorized Signature

By: %HiltonApproverSignature%  
Authorized Signature

Print Name: %HotelApproverName%

Print Name: Randy Kanaya

Title: %HotelApproverTitle%

Title: Director – OnQ® Deployment Planning

Date: %HotelApprovedDate%

Date: %HiltonApprovedDate%

## TERMS AND CONDITIONS

1. System Cost. The System Cost (the "System Cost") includes license fees for HSS's proprietary software licensed from HSS (the "Proprietary Software") and for the license or sublicense ("license") of certain third party software tested to work on the Information System with Authorized Equipment and installed by HSS's Preferred Services Provider (the "Certified Third Party Software"), any related fees for equipment and software installation and any training services to be provided. The System Cost and the payment schedule and terms are set forth in Schedule "B". In addition to the System Cost specified in Schedule "B" for all software provided by HSS hereunder, all transportation, handling, rigging and insurance charges from the shipping point to destination shall be borne by Customer. Customer acknowledges that HSS or its affiliates and subsidiaries may derive revenues and/or other material consideration on all or a portion of the System Cost or for the license of software, the sale or lease of equipment or the provision of services relating to this Agreement.

2. Master Agreements. HSS or its designee may, from time to time, without warranty or representation of any kind, negotiate with an outside vendor, a master computer equipment purchase agreement or a master software license agreement (the "Master Agreements") and provide certain purchase opportunities for Customer to purchase Authorized Equipment from a preferred retailer (the "Preferred Retailer"), to lease Authorized Equipment from a preferred lessor (the "Preferred Lessor") or to engage providers of computer software and systems services, such as site survey, implementation, installation and maintenance support (the "Preferred Services Provider" or "PSP") or to license software pursuant to the terms of the Master Agreements, Customer may be required to execute a joinder to these Master Agreements (Schedules I, J, K and U) and in such event Customer shall have direct privity of contract with such vendor and shall be bound by the terms thereof as they apply to Customer and its purchases, leases or licenses thereunder and Customer shall be directly and solely responsible for such purchases, leases and licenses.

HSS DOES NOT MAKE ANY REPRESENTATIONS OR WARRANTIES IN REGARD TO THE PREFERRED RETAILERS, THE PREFERRED LESSORS OR THE PREFERRED SERVICES PROVIDERS, THEIR AGREEMENTS, PRODUCTS AND/OR SERVICES AND SHALL HAVE NO LIABILITY WHATSOEVER FOR THE TERMS AND CONDITIONS THEREOF, PERFORMANCE OF ANY OBLIGATIONS OR OTHER AGREEMENTS THEREUNDER, ANY EQUIPMENT PURCHASED, LEASED, OR INSTALLED, ANY SERVICES PERFORMED, ANY USE OF ANY SOFTWARE, OR ANY SOFTWARE LICENSED OR SUBLICENSED PURSUANT THERETO.

3. Customer Cooperation. Customer shall provide HSS and its affiliates, subsidiaries and third party vendors with such cooperation relating to HSS's performance of its obligations under this Agreement as HSS may reasonably request from time to time. Customer agrees to comply with the Information System's regulations, rules and policies as HSS may determine from time to time.

4. Notices. Except as otherwise specified herein, all notices, requests, demands or communications required hereunder shall be in writing, delivered personally or sent by first class U.S. mail or by a nationally reputable overnight courier service, postage and other fees prepaid, to Customer and HSS at the addresses first set forth above (or at such other addresses as shall be given in writing by either of the parties to the other in accordance with this Section). All notices, requests, demands or communications shall be deemed effective upon delivery or three (3) days following deposit in the U. S. mail or effective one (1) business day following delivery to a nationally reputable overnight courier service in accordance with this Section. Additional notices may be required by the Schedules attached hereto.

5. Termination of Agreement.

(a) HSS shall have the right, without limiting any of its other rights or remedies, to terminate this Agreement upon ten (10) days prior written notice to Customer in the event of a Customer default (as defined in Section 5(b) below) or in the event Customer ceases to be a licensed franchisee of Hilton Worldwide, Inc. ("HWI") or its affiliate or subsidiary through Customer's license agreement ("License Agreement") or otherwise entitled to operate a hotel, timeshare, steamboat or cruise line using the name "Hilton" or any other registered trademark or tradename of HWI or its affiliate or subsidiary pursuant to the terms of a written management agreement (the "Management Agreement") between Customer and HWI or any of HWI's affiliates or subsidiaries. The License Agreement and the Management Agreement are collectively referred to herein as the "Brand Agreements." The Master Agreements and the Brand Agreements are collectively referred to herein as the

“Other Agreements.” For purposes of this Agreement, an affiliate hotel operating pursuant to an affiliation agreement shall be included in the term “licensed franchisee” during conversion and rebranding.

(b) For purposes hereof, a default by Customer shall be deemed to occur if Customer shall fail to pay all or any portion of any amounts due and payable hereunder or shall breach any other material provision of this Agreement or the Schedules attached hereto and such breach shall continue uncured for a period of ten (10) days after receipt of written notice thereof from HSS.

(c) Upon any termination of this Agreement, Customer shall immediately cease all use of the Information System and promptly return any and all copies of Proprietary Software, Certified Third Party Software and any related documentation to HSS. Within five (5) business days following such termination, an officer of Customer shall certify in writing to HSS that all such copies and documentation have been returned to HSS. In the event of a termination before the expiration of twelve (12) full calendar months, Customer shall pay HSS's then current termination fee. HSS shall have no obligation to provide any maintenance or other services to Customer following any termination of this Agreement.

(d) All representations, promises, warranties and obligations of Customer shall survive the termination of this Agreement.

(e) In the event of a Customer default, as defined in Section 5(b), above, instead of immediately and completely terminating this Agreement pursuant to Section 5(a), above, HSS shall have the right to postpone complete termination for such period of time as HSS, in its sole discretion, may determine and HSS and/or its affiliates and subsidiaries shall have the right during such period of time to exercise one or more of the following interim remedies (each an “Interim Remedy”):

(i) Disable all or any part of the Information System available to Customer and/or suspend any one or more of the services provided or supported under this Agreement, or any Schedule hereto.

(ii) Charge Customer for the cost relating to any equipment, equipment maintenance, software, software maintenance, information technology, network and/or other services which were previously provided under this Agreement to Customer at no additional charge other than the fees Customer paid under this Agreement, or any Schedule hereto; charge Customer for all costs related to such suspending, disabling, and, if defaults are cured as required, re-enabling, together with the intervention or administration fees set forth in the Standards Manuals; and charge Customer for any equipment, equipment maintenance, software, software maintenance, information technology, network and/or other services HSS and/or its affiliates and subsidiaries, in their sole discretion, determine to provide Customer after complete termination and/or the imposition of any Interim Remedy (each, an “Information Technology Recapture Charge”). An Information Technology Recapture Charge may, at HSS's and/or its affiliate's or subsidiary's sole option, take the form of one or more specific dollar amounts and/or of a percentage increase to any of the fees which are based on a percentage of any of Customer's revenues under this Agreement, or any Schedule hereto (a “Percentage Fee”). If an Information Technology Recapture Charge consists of one or more specific dollar amounts, then Customer must pay each such amount immediately upon demand or as may be otherwise specified. If an Information Technology Recapture Charge consists of an increase to a Percentage Fee, Customer must pay the increased Percentage Fee when and as provided for the underlying applicable fee in each such agreement. Customer understands and agrees that such increases may be levied in any Percentage Fee notwithstanding any other provision of any such agreement.

(iii) Suspend and withhold performance of any one or more of its other obligations under this Agreement, or any Schedule hereto.

Customer shall not be entitled to any compensation, refund or reduction in charges by reason of the exercise of any Interim Remedy by HSS and/or its affiliates and subsidiaries.

Customer acknowledges and agrees that postponement of complete termination and/or the exercise of any Interim Remedy shall not constitute or result in actual or constructive termination or abandonment of this Agreement,

or any Schedule hereto, or a waiver or release of any right to terminate in accordance with Section 5(a) above. Any one or more of the Interim Remedies may be exercised at any time and from time to time, in such order and for such periods as HSS and/or its affiliates and subsidiaries may determine.

If, after any Interim Remedy is imposed but before HSS exercises its reserved right to terminate this Agreement (as provided above), Customer completely cures to HSS's satisfaction the subject default, then HSS may either elect to terminate this Agreement despite Customer's untimely cure, or, at HSS's sole option, elect not to terminate this Agreement; if the latter, HSS will withdraw the Interim Remedy on a going-forward basis.

(f) The remedies provided in this Section 5 are cumulative and in addition to all other rights and remedies available to HSS and/or its affiliates and subsidiaries by contract, at law or in equity, and no liability whatsoever shall accrue to any of them by reason of exercise of any such rights or remedies or the consequences thereof.

6. Price Change, Delivery Expense, Taxes and Payment in U.S. Dollars.

(a) All Authorized Equipment and Certified Third Party Software to be purchased, leased, or sublicensed is contingent upon availability, and the price is subject to change by the manufacturer, the licensor or the Preferred Retailer.

(b) Unless specified otherwise herein, Customer hereby assumes the expense of delivery and in-transit insurance for the Authorized Equipment.

(c) Unless otherwise provided in the Agreement, all fees, costs, charges and any other amounts payable by Customer to HSS or to any Preferred Retailer, Preferred Lessor or Preferred Services Provider pursuant to the terms of this Agreement shall be exclusive of any and all withholding, sales, use, property, excise, gross receipts, consumption, VAT and other similar country, federal, state, municipal or local taxes or duties, levies, fees and assessments of whatsoever nature (collectively, "Taxes"). Customer shall pay all Taxes resulting from this Agreement, including but not limited to, the provision of Authorized Equipment, the license or sublicense of Proprietary Software or Certified Third Party Software, or the provision of services. If Customer is required by any applicable law to make any deduction or withholding on account of Taxes or otherwise from any payment payable to HSS or any Preferred Retailer, Preferred Lessor or Preferred Services Provider under this Agreement, Customer shall, together with such payment, pay such additional amount as will ensure that HSS or any of such other entities receives a net amount (free from any deduction or withholding in respect of such additional amount itself) free and clear of any such Taxes or other deductions or withholdings and equal to the full amount which HSS or any such other entities would otherwise have received if no such Taxes or other deductions or withholdings had been required. HSS or the appropriate Preferred Retailer, Preferred Lessor or Preferred Services Provider may, where appropriate, provide an invoice to Customer for Taxes, deductions or withholdings that were deducted or withheld from any payment made to HSS or any other entities under this Agreement, which invoice Customer must promptly pay. Promptly after payment of Taxes, Customer shall forward the following to HSS: (1) copies of official receipts or other evidence reasonably satisfactory to HSS showing the full amount of Taxes and/or any other deduction or withholding that has been paid to the relevant tax authority; and (2) a statement in English (in a form HSS requires) listing the full amount of Taxes and/or any other deduction or withholding that has been paid in local currency and U.S. Dollars. Such tax receipts and statements should be sent to: Withholding Tax Coordinator, Corporate Tax Department, Hilton Worldwide, Inc., 755 Crossover Lane, Memphis, TN 38117, or at such other address that HSS may designate to Customer.

(d) Unless otherwise specified by HSS in writing, Customer shall make all payments in United States dollars to HSS or any other entity designated by HSS.

7. Precedence. The terms and conditions of Customer's use of the Information System shall be governed exclusively by this Agreement, notwithstanding the terms of any product order that may be submitted by Customer to HSS. In the event of any inconsistency between this Agreement and any product order or similar document submitted by or on behalf of Customer to HSS, or in the event of any additional terms contained in any such product order or similar document submitted by or on behalf of Customer to HSS, the terms of this Agreement shall control, and any additional or inconsistent terms contained in any such order or other document shall be deemed stricken from such

order unless specifically and expressly agreed to in writing by an authorized officer of HSS. To the extent of any inconsistent terms and conditions between the Schedules attached hereto and these terms and conditions, the terms and conditions of the attached Schedules shall control. In the event of any conflict between the terms of this Agreement and the terms of the Brand Agreements (including the Standards and/or Operating Manual(s) (the "Standards Manuals"), the terms of the Brand Agreements shall govern.

8. Software. HSS shall provide Customer with copies of certain Proprietary Software listed on Schedule A attached hereto and, in HSS's sole discretion, license or sublicense certain Certified Third Party Software described in this Agreement (collectively, the "Software") and install the Software on the Authorized Equipment on Schedule D. Installation shall be deemed complete upon certification by the installer that the Software has been properly installed. With respect to the Certified Third Party Software licensed or sublicensed hereunder, Customer's rights shall be governed by any terms and conditions attached to or specified on Schedule G and by any such third party software vendor's standard license agreement. Customer may be required to execute a separate license agreement directly with one or more of such third party software vendors. With respect to the Microsoft software, Customer's license shall also be governed by the Microsoft Participation Agreement attached hereto as Schedule F. With respect to the Proprietary Software licensed hereunder to Customer and with respect to any Certified Third Party Software licensed or sublicensed hereunder, for which there is no standard or separate third party vendor software license agreement attached to or specified herein, the terms of Customer's software license (the "Software License") shall be as follows:

(a) The Software License shall be personal, non-exclusive and non-transferable.

(b) The Proprietary Software and the Certified Third Party Software may be used by Customer solely on the Authorized Equipment and solely for Customer's own internal hotel operations relating to the management of its hotel and/or resort and for its guest and ancillary services at Customer's Site listed on page 1 hereof. Except for a single program copy of Certified Third Party Software which may be maintained by Customer solely for archival back-up purposes, Customer shall not reproduce the Proprietary Software, the Certified Third Party Software or any related documentation. Customer shall not reverse assemble, reverse compile or otherwise attempt to reverse engineer any of the Proprietary Software or any of the Certified Third Party Software.

(c) Customer shall not permit any of the Proprietary Software or Certified Third Party Software to be accessed by or used on any equipment other than the Authorized Equipment.

(d) Recognizing the confidential and proprietary nature of the Proprietary Software and the Certified Third Party Software, Customer agrees to maintain such software in confidence and not to disclose any of such software or related documentation to any third party nor permit such software and related documentation to be used or accessed by anyone other than Customer's employees. Customer shall not be provided machine readable object code or source code.

(e) No legal or equitable title to or ownership of any of the Proprietary Software or any of the Certified Third Party Software or any proprietary rights therein are transferred to Customer hereunder other than the limited Software License specified herein.

(f) Unless otherwise specified in this Agreement, the initial term of the Software License granted to Customer with respect to any of the Proprietary Software or the Certified Third Party Software shall be three (3) years from the Effective Date of this Agreement. Thereafter, this Software License shall be automatically extended by HSS for additional three (3) year terms, unless HSS notifies Customer to the contrary.

9. No Warranties/Limited Warranties.

(a) HSS MAKES NO WARRANTIES AS TO ANY CERTIFIED THIRD PARTY SOFTWARE, ANY AUTHORIZED EQUIPMENT OR TO ANY SERVICES PROVIDED BY THE PREFERRED SERVICES PROVIDERS. THE SOLE WARRANTIES PROVIDED TO CUSTOMER, IF ANY, WITH RESPECT TO THE CERTIFIED THIRD PARTY SOFTWARE, AUTHORIZED EQUIPMENT OR SERVICES PROVIDED BY THE PREFERRED SERVICES PROVIDERS ARE PROVIDED BY THE APPLICABLE THIRD PARTY VENDOR PURSUANT TO A WRITTEN WARRANTY, IF ANY, PROVIDED TO CUSTOMER BY SUCH THIRD PARTY



VENDOR. IN THE EVENT CUSTOMER NOTIFIES HSS OF ANY CONDITION WHICH CUSTOMER BELIEVES CONSTITUTES A BREACH OF ANY WARRANTY PROVIDED BY A THIRD PARTY VENDOR, HSS SHALL, UPON CUSTOMER'S REQUEST, PROVIDE REASONABLE COOPERATION AND ASSISTANCE IN NOTIFYING SUCH THIRD PARTY VENDOR OF SUCH CONDITION AND IN URGING SUCH THIRD PARTY VENDOR TO CORRECT SUCH CONDITION.

(b) PROVIDED THAT CUSTOMER NEITHER ATTACHES NOR USES THIRD PARTY EQUIPMENT AND/OR INTERFACES WITH THE AUTHORIZED EQUIPMENT WHICH HAVE NOT BEEN CERTIFIED BY HSS AS MEETING HSS's SPECIFICATIONS NOR INSTALLS OTHER THIRD PARTY SOFTWARE OR NON-HSS PROPRIETARY SOFTWARE ON THE EQUIPMENT, HSS REPRESENTS AND WARRANTS THAT THE AUTHORIZED EQUIPMENT LISTED ON SCHEDULE D WILL RUN THE PROPRIETARY SOFTWARE PURSUANT TO THE TERMS HEREOF. HSS's OBLIGATIONS HEREUNDER SHALL NOT APPLY TO ANY ERRORS, DEFECTS OR PROBLEMS CAUSED IN WHOLE OR IN PART BY (i) ANY MODIFICATIONS OR ENHANCEMENTS MADE TO ANY OF THE PROPRIETARY SOFTWARE OR THE CERTIFIED THIRD PARTY SOFTWARE BY CUSTOMER OR ANY THIRD PERSON OR ENTITY OTHER THAN HSS; (ii) ANY SOFTWARE PROGRAM, EQUIPMENT, FIRMWARE, PERIPHERAL OR COMMUNICATION DEVICE USED IN CONNECTION WITH THE AUTHORIZED EQUIPMENT OR THE PROPRIETARY SOFTWARE WHICH WAS NOT APPROVED IN ADVANCE IN WRITING BY HSS; (iii) THE FAILURE OF CUSTOMER TO FOLLOW THE MOST CURRENT INSTRUCTIONS PROMULGATED BY HSS OR ANY THIRD PARTY VENDOR FROM TIME TO TIME WITH RESPECT TO THE PROPER USE OF THE INFORMATION SYSTEM; (iv) ANY DEFECT OR FAILURE TO OPERATE IN ACCORDANCE WITH MANUFACTURER'S, DISTRIBUTOR'S OR PUBLISHER'S SPECIFICATIONS THEREFORE OF ANY AUTHORIZED EQUIPMENT OR CERTIFIED THIRD PARTY SOFTWARE; (v) THE FAILURE OF CUSTOMER TO SCHEDULE REGULAR PREVENTIVE MAINTENANCE IN ACCORDANCE WITH STANDARD HSS PROCEDURES; (vi) FORCES OR SUPPLIES EXTERNAL TO THE INFORMATION SYSTEM, INCLUDING WITHOUT LIMITATION THOSE REASONS SET FORTH IN THE FORCE MAJEURE SECTION BELOW; (vii) THE NEGLIGENCE OF CUSTOMER OR ANY OTHER THIRD PERSON OR ENTITY. ANY CORRECTIONS PERFORMED BY HSS FOR ANY SUCH ERRORS, DIFFICULTIES, OR DEFECTS SHALL BE FIXED, IN HSS's SOLE DISCRETION, AT HSS's THEN CURRENT TIME AND MATERIAL CHARGES. HSS SHALL BE UNDER NO OBLIGATION, HOWEVER, TO FIX ANY SUCH CUSTOMER OR EXTERNALLY CAUSED ERRORS, DEFECTS OR PROBLEMS.

(c) EXCEPT AS SPECIFICALLY PROVIDED IN THIS SECTION 9, HSS DISCLAIMS ALL EXPRESS OR IMPLIED WARRANTIES WITH RESPECT TO THE INFORMATION SYSTEM, INCLUDING, BUT NOT LIMITED TO, THE IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, TITLE, NONINFRINGEMENT, DESIGN, ACCURACY, CAPABILITY, SUFFICIENCY, SUITABILITY, CAPACITY, COMPLETENESS, AVAILABILITY, COMPATIBILITY, OR ARISING FROM COURSE OF DEALING OR COURSE OF PERFORMANCE. HSS DOES NOT WARRANT THAT THE INFORMATION SYSTEM OR THE SERVICES PROVIDED HEREUNDER WILL BE CONTINUOUSLY AVAILABLE, UNINTERRUPTED OR ERROR-FREE, THAT DEFECTS WILL BE CORRECTED, THAT THE INFORMATION SYSTEM WILL BE FREE OF VIRUSES OR OTHER HARMFUL COMPONENTS, OR WILL BE ACCURATE OR COMPLETE. HSS DOES NOT WARRANT OR MAKE ANY REPRESENTATIONS REGARDING THE USE OF, OR THE RESULTS OF, THE INFORMATION SYSTEM IN TERMS OF ITS CORRECTNESS, ACCURACY, RELIABILITY, OR OTHERWISE. THE PROVISIONS OF THIS SECTION 9 STATE THE ENTIRE LIABILITY OF HSS AND THE SOLE AND EXCLUSIVE REMEDIES OF CUSTOMER FOR ANY BREACH OF ANY WARRANTY FOR THE INFORMATION SYSTEM OR SERVICES PROVIDED PURSUANT TO THIS AGREEMENT.

10. Proprietary Rights Notices. Customer shall not remove or obscure any copyright, trademark or confidentiality notices or marks affixed to any Software.

11. Infringement Claims.

(a) HSS shall not be liable in connection with any claim of infringement of intellectual property rights, including, but not limited to, copyright, patent, trade secret, trademark, service marks, trade names, trade dress, logos, artist rights, droit moral, privacy, publicity or rights under other intellectual property laws (collectively,

"Intellectual Property Rights") if Customer has modified any of the Proprietary Software or the Certified Third Party Software, combined any such software or related material with or into any other programs, data, devices, components or applications and such infringement would not have occurred without such modification or combination. Further, HSS shall have no liability hereunder if such liability arose or was incurred in whole or in part because of any access, use, copying, distribution, modification or other exploitation of the Information System beyond the scope permitted under this Agreement.

(b) Pursuant to Title 17, United States Code, Section 512(c)(2), if Customer receives notice of a claimed copyright infringement (or other Intellectual Property Right infringement), Customer shall promptly submit a notification (in accordance with Title, 17, United States Code, Section 512(c)(3)) to the following Designated Agent (or any other individual hereinafter designated by HSS):

Service Provider(s): Hilton Worldwide, Inc.  
Name of Agent Designated to Receive Notification of Claimed Infringement: Barbara L. Arnold  
Full Address of Designated Agent to Which Notification Should be Sent: Hilton Worldwide, Inc., Legal Department, 755 Crossover Lane, Memphis, Tennessee 38117  
Telephone Number of Designated Agent: (901) 374-5099  
Email Address of Designated Agent: [Barbara.Arnold@Hilton.Com](mailto:Barbara.Arnold@Hilton.Com)

If Customer has not received a notice of an Intellectual Property Right infringement but believes that Customer's data or other files accessed, used, saved, stored or backed-up on the Information System infringes any Intellectual Property Rights, Customer shall promptly notify the Designated Agent listed above.

12. Additional Services. Any services provided by HSS to Customer at Customer's request in addition to the services which HSS is obligated to perform pursuant to the express terms of Schedule A (the "Additional Services") shall be billed to Customer by HSS at its standard rates then in effect or as otherwise agreed in writing by HSS and Customer and shall be due and payable by Customer within fifteen (15) days from the date of invoice.

13. Limitations of Liability and Exclusions of Damages.

(a) THE REMEDIES EXPRESSLY PROVIDED IN THIS AGREEMENT CONSTITUTE CUSTOMER'S SOLE AND EXCLUSIVE REMEDIES. IN NO EVENT SHALL HSS BE LIABLE FOR ANY SPECIAL, INCIDENTAL, CONSEQUENTIAL OR EXEMPLARY DAMAGES, INCLUDING WITHOUT LIMITATION DAMAGES FOR LOSS OF USE, LOST PROFITS OR LOSS OF DATA OR INFORMATION OF ANY KIND, ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT, WHETHER OR NOT HSS HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH LOSS OR DAMAGE. IN NO EVENT SHALL HSS'S LIABILITY TO CUSTOMER ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT, WHETHER IN CONTRACT, TORT OR OTHERWISE, EXCEED THE AMOUNTS ACTUALLY PAID BY CUSTOMER TO HSS UNDER THIS AGREEMENT DURING THE SIX (6) MONTH PERIOD IMMEDIATELY PRECEDING THE TIME THAT THE CAUSE OF ACTION GIVING RISE TO SUCH LIABILITY FIRST ACCRUES.

(b) CUSTOMER ACKNOWLEDGES THAT ITS USE OF THE INFORMATION SYSTEM, INCLUDING, BUT NOT LIMITED TO, THE USE, SAVING, STORING OR BACKUP OF CUSTOMER'S DATA AND OTHER FILES RELATING TO CUSTOMER'S OPERATION, AND/OR CERTAIN OTHER CUSTOMER DATA AND FILES AS MAY BE UTILIZED ON THE INFORMATION SYSTEM IS NOT WITHOUT RISK AS TO LIMITATIONS, FAILURE AND/OR INTERRUPTION. FOR INSTANCE, THERE COULD BE A FAILURE OR INTERRUPTION OF CUSTOMER'S ACCESS TO OR ANY USE OF THE INFORMATION SYSTEM FOR AN INDETERMINATE PERIOD OF TIME DEPENDING UPON THE NATURE AND SEVERITY OF THE EVENT CAUSING THE FAILURE OR INTERRUPTION. HSS IS NOT RESPONSIBLE FOR INCORRECT OR INACCURATE ENTRY INFORMATION, OR DESTROYED, IMPAIRED OR LOST DATA, WHETHER CAUSED BY CUSTOMER OR BY ANY OF THE EQUIPMENT OR PROGRAMMING ASSOCIATED WITH OR UTILIZED IN THE INFORMATION SYSTEM OR BY ANY TECHNICAL OR HUMAN ERROR WHICH MAY OCCUR IN THE PROCESSING OF ANY INFORMATION RELATED TO THE INFORMATION SYSTEM. CUSTOMER HEREBY ACKNOWLEDGES AND AGREES THAT NEITHER HSS NOR ANY SUCH THIRD PARTY PROVIDER SHALL BE RESPONSIBLE OR LIABLE TO CUSTOMER FOR ANY DELAYS, FAILURES, OR INTERRUPTIONS IN THE ACCESS TO OR ANY USE OF THE INFORMATION SYSTEM

DUE TO, BUT NOT LIMITED TO, THE REASONS SET FORTH IN THE FORCE MAJEURE SECTION BELOW.

(c) HSS RESERVES THE RIGHT FOR ANY REASON, INCLUDING, BUT NOT LIMITED TO, CUSTOMER'S FAILURE TO COMPLY WITH THE INFORMATION SYSTEM'S USE REGULATIONS, RULES AND POLICIES, TO TEMPORARILY BAR ACCESS OF CUSTOMER TO THE INFORMATION SYSTEM AND/OR TO TEMPORARILY OR PERMANENTLY REMOVE ANY OR ALL DATA OR OTHER FILES. IF HSS OR THE THIRD PARTY PROVIDER HEREUNDER DETERMINES or receives notice THAT CUSTOMER'S NETWORK CONNECTION, SOFTWARE, EQUIPMENT OR FILES MAY INFECT THE INFORMATION SYSTEM WITH A VIRUS, THAT INTERNET ACCESS BY THE CUSTOMER OR CUSTOMER'S ACCESS TO OR USE OF THE INFORMATION SYSTEM IS IN VIOLATION OF THE APPLICABLE ACCEPTABLE USE POLICY GOVERNING USE OF THE INTERNET SERVICE PROVIDER'S SERVICES ("aUP"), THE DIGITAL MILLENNIUM COPYRIGHT ACT (THE "dmca") OR OTHER GOVERNMENTAL LAW OR REGULATION OR THAT CUSTOMER'S NETWORK CONNECTION, SOFTWARE, EQUIPMENT OR FILES MAY CAUSE HARM TO or disrupt the INFORMATION SYSTEM. HSS AND THE THIRD PARTY PROVIDER SHALL NOT BE LIABLE FOR ANY INCONVENIENCE OR DISRUPTION TO THE CUSTOMER CAUSED BY SUCH MEASURES.

(d) ELECTRONIC COMMUNICATIONS PRIVACY ACT NOTICE (18 U.S.C. §§ 2701–2711): HSS MAKES NO GUARANTY OF CONFIDENTIALITY OR PRIVACY OF ANY DATA OR OTHER FILES TRANSMITTED ON OR THROUGH THE INFORMATION SYSTEM. HSS WILL NOT BE LIABLE FOR THE PRIVACY OF ANY DATA OR OTHER FILES TRANSMITTED ON OR THROUGH THE INFORMATION SYSTEM.

(e) HSS MAY INFORM GOVERNMENTAL AUTHORITIES OR INTERESTED THIRD PARTIES IF HSS SUSPECTS, BELIEVES OR RECEIVES NOTICE THAT CUSTOMER'S DATA OR OTHER FILES CONTAIN LEGALLY PROHIBITED INFORMATION OR ARE BEING USED FOR ILLEGAL PURPOSES. CUSTOMER ACKNOWLEDGES THAT HSS OR THE THIRD PARTY PROVIDER MAY MONITOR AND REVIEW STORED DATA AND OTHER FILES WITHOUT RESTRICTION AND CUSTOMER HEREBY ACKNOWLEDGES AND CONSENTS TO SUCH MONITORING. CUSTOMER ALSO ACKNOWLEDGES THAT HSS OR THE THIRD PARTY PROVIDER MAY NEED TO RELEASE CUSTOMER'S DATA OR OTHER FILES WHEN HSS OR THE THIRD PARTY PROVIDER BELIEVES IT MUST DO SO IN ORDER TO COMPLY WITH A LAW, SUBPOENA, WARRANT, ORDER OR REGULATION ARISING FROM LITIGANTS, LAW ENFORCEMENT, COURTS AND OTHER GOVERNMENTAL AGENCIES. NEITHER HSS NOR THE THIRD PARTY PROVIDER SHALL BE RESPONSIBLE OR LIABLE TO CUSTOMER FOR ANY SUCH ACTIONS TAKEN BY HSS OR THE THIRD PARTY PROVIDER.

14. Limitations on Actions. No action, regardless of form, arising out of the transactions under this Agreement, other than an action for nonpayment, or for billing errors may be brought by either party hereto more than one (1) year after the cause of action has occurred.

15. Third Party Claims. The Released Parties, as defined in Section 16, shall have no liability to third parties for any claims, losses or damages of any type whatsoever arising out of or in any way related to the access to or any use of the Information System, or, without limitation, any of the other products or services provided under this Agreement or the Schedules attached hereto. Customer shall be responsible for, and Customer agrees to indemnify the Released Parties and hold them harmless from and with respect to, any loss or damage (including without limitation attorneys' fees, costs and expenses) which arise out of Customer's access to or any use of the Information System or any of the other products or services provided under this Agreement or the Schedules attached hereto, including, but not limited to, infringement of any Intellectual Property Rights.

16. Estoppel and Release. Customer hereby (i) certifies to HSS and its subsidiaries and affiliates that this Agreement, the Master Agreements and all other agreements relating to Customer's Site listed on page 1, (collectively, the "Agreements") are each in full force and effect, and no default, claim, breach, offset, defense to full and strict enforcement, waiver or estoppel (collectively, a "Claim"), or condition that could with the passage of time, giving of notice or otherwise become a Claim, currently exists or has existed against HSS or its subsidiaries or affiliates under the Agreements; (ii) fully and forever releases, discharges, and agrees to indemnify, defend, and hold harmless HSS and its subsidiaries and affiliates and each of their respective former and present owners, and each of such entities'

officers, employees, directors, shareholders, alter egos, affiliates, partners, representatives, agents, attorneys, successors and assigns (collectively, the "Released Parties"), from any and all Claims, demands, liens, actions, suits, causes of action, obligations, controversies, debts, costs, attorneys' fees, expenses, damages, judgments, orders, and liabilities of whatever kind or nature in law, equity, or otherwise, whether now known or suspected which have existed or may have existed, or which do exist or which hereafter can, shall or may exist, based on any facts, events, or omissions occurring from any time on or prior to the execution of this Agreement which arise out of, concern, pertain, or relate in any way to the Agreements (the "Released Claims"). Customer acknowledges that there is a possibility that subsequent to the execution of this Agreement, Customer will discover facts or incur or suffer claims which were unknown or unsuspected at the time this Agreement was executed, and which if known by Customer at that time may have materially affected Customer's decision to execute this Agreement. Customer hereby acknowledges and agrees that by reason of this Agreement and the release contained in this Agreement, it is assuming any risk of such unknown facts and such unknown and unsuspected claims. Customer has been advised of the existence of Section 1542 of the California Civil Code ("Section 1542"), which provides:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR.

Notwithstanding such provision, this release shall constitute a full release in accordance with its terms. Customer knowingly and voluntarily waives the provisions of Section 1542, as well as any other statute, law, or rule of similar effect (or in any state having similar statutes governing releases). In connection with such waiver and relinquishment, Customer hereby acknowledges it is aware that it may hereafter discover claims presently unknown or unsuspected, or facts in addition to or different from those which it now knows or believes to be true with respect to the matters released herein. Nevertheless, it is the intention of Customer, through this Agreement, and with the advice of its counsel, to fully and finally settle and release all such matters, and all claims relative thereto, which do now exist, may exist or have existed between and among the parties hereto. Customer hereby acknowledges that it has been advised by its legal counsel and understands and acknowledges the significance and consequences of this release and of this specific waiver of Section 1542 and other such laws.

17. Entire Agreement/Prior Agreements. This Agreement and the Schedules attached hereto constitute the entire understanding and agreement between Customer and HSS with respect to the transactions contemplated herein and, except for the Brand Agreements as noted in Section 7, supersede any and all prior or contemporaneous oral or written communications with respect to the subject matter hereof. No other agreements, covenants, representations or warranties, express or implied, oral or written, have been made by either party to the other with respect to the subject matter hereunder. There being no expectations to the contrary between the parties hereto, no usage of trade or other regular practice or method of dealing between the parties hereto shall be used to modify, interpret, supplement or alter in any manner any express terms of this Agreement or the Schedules attached hereto. Neither this Agreement nor the Schedules attached hereto shall be modified, amended or in any way altered except by an instrument in writing signed by an authorized representative of HSS and by an authorized representative of Customer. Without limiting the generality of the foregoing, this Agreement supersedes and terminates any prior or existing HMS, HPMS1, HPMS2, System 21® and Hilton Information Technology System Agreements. Nothing in this Section 17 disclaims any representation made in the Franchise Disclosure Document provided to the Customer. The Customer and the person signing this Agreement on behalf of the Customer have the full legal power, authority and legal right to enter into, perform and observe this Agreement. This Agreement constitutes a legal, valid and binding obligation of Customer.

18. Cumulative Remedies. No remedy available to HSS hereunder or relating hereto shall be exclusive of any other remedy, and each and every such remedy shall be cumulative and shall be in addition to every other remedy hereunder or now or hereafter existing at law or in equity or by statute or otherwise. No waiver of any provision of this Agreement or any Schedule attached hereto or any rights or obligations of either party hereunder shall be effective, except pursuant to a written instrument signed by the party or parties waiving compliance, and any such waiver shall be effective only in the specific instance and for the specific purpose stated in such writing.

19. Force Majeure. Neither HSS, the Preferred Retailer, the Preferred Lessor nor the Preferred Services Provider shall be responsible for delays or failures in performance hereunder resulting from any act of God, fire, flood, lightning strikes, tornadoes, earthquakes or other disasters, riots, civil commotion, terrorism, acts of war, labor disputes, strikes,

lockouts, epidemics, governmental regulations imposed after the fact, network failure, communication line, power, air conditioning or humidity control failures, or any other occurrence beyond their reasonable control.

20. Severability. If any provision hereof is found invalid or unenforceable pursuant to judicial decree or decision, the remainder of this Agreement shall remain valid and enforceable according to its terms. Without limiting the foregoing, it is expressly understood and agreed that each and every provision of this Agreement and the Schedules attached hereto which provide for a limitation of liability, disclaimer of warranties, or exclusion or limitation of damages or other remedies is intended by the parties to be severable and independent of any other provision and to be enforced as such. Further, it is expressly understood and agreed that if any remedy hereunder is determined to have failed of its essential purpose, all limitations of liability and exclusions of damages or other remedies set forth herein shall remain in effect.

21. No Joint Venture. Nothing contained herein shall be deemed or construed as creating a joint venture or partnership between HSS and Customer. Neither party is, by virtue of this Agreement, authorized as an agent or legal representative of the other.

22. Assignment. This Agreement shall be binding upon and inure to the benefit of the parties' respective successors and assigns permitted hereunder. Customer understands and acknowledges that HSS anticipates that it may arrange for one or more third parties to provide certain services which HSS is obligated to provide to Customer hereunder. Customer further expressly agrees that HSS may assign or transfer this Agreement and/or any of its rights and duties hereunder to any parent, subsidiary or affiliated entity or any entity which acquires all or substantially all of HSS's operating assets, or into which HSS is merged or reorganized pursuant to any plan of merger or reorganization. Customer shall not have the right or power to assign or transfer this Agreement or any interest herein without HSS's prior written consent, which consent may be withheld in the sole and absolute exercise of HSS's discretion.

23. Counterparts. This Agreement may be executed in one or more counterparts each of which shall constitute one and the same instrument.

24. Applicable Law, Consent to Jurisdiction, Equitable Relief and Waiver of Jury Trial. This Agreement shall be governed by, and shall be construed, interpreted and enforced in accordance with, the laws of the State of New York, except for Section 16 which shall be governed by California Law. This Agreement will be enforced in accordance with the following:

The parties to this Agreement agree that any claim, suit, action or proceeding, brought by either party, arising out of or relating to this Agreement or the relationships created hereby, any breach of this Agreement, and any and all disputes between HSS and Customer, whether sounding in contract, tort or otherwise, shall be submitted for adjudication exclusively in the U.S. District Court for the Eastern District of Virginia, in Alexandria, Virginia or if that court lacks subject matter jurisdiction, then in a court of competent jurisdiction whose jurisdiction includes Fairfax County, Virginia. Each party: (i) waives any objection which it may have that such court is not a convenient forum for any such adjudication; (ii) agrees and consents to the personal jurisdiction of such court; and (iii) agrees that process issued out of such court or in accordance with the rules of practice of such court shall be properly served if served personally or served by certified mail or other form of substituted service as provided under the rules of practice of such court.

The parties hereto acknowledge and agree that any party's remedy at law for any breach or threatened breach of this Agreement which relates to requiring that the breaching party take any action or refrain from taking any action would be inadequate and such breach or threatened breach shall be per se deemed as causing irreparable harm to such party. Therefore, in the event of such breach or threatened breach, the parties hereto agree that in addition to any available remedy at law, including but not limited to monetary damages, an aggrieved party shall be entitled to obtain equitable relief in the form of specific enforcement, temporary restraining order, temporary or permanent injunction, or any other equitable remedy that may then be available to the aggrieved party.

Should venue be rejected by the U.S. District Court for the Eastern District of Virginia, in Alexandria, Virginia or a court of competent jurisdiction in Fairfax County, Virginia, then any litigation arising out of or related to this Agreement or the relationships created hereby, any breach of this Agreement, and any and all disputes between HSS and Customer, whether sounding in contract, tort, or otherwise, will instead be submitted to and resolved exclusively

by a court of competent jurisdiction located in the City and State of New York, New York. Customer agrees and consents to such personal jurisdiction and venue in this substitute jurisdiction and waives and agrees never to assert, move or otherwise claim that this substitute venue is for any reason improper, inconvenient, prejudicial or otherwise inappropriate (including asserting any claim under the judicial doctrine of forum non conveniens).

TO THE EXTENT EITHER PARTY INITIATES LITIGATION INVOLVING THIS AGREEMENT OR ANY ASPECT OF THE RELATIONSHIP BETWEEN THEM (EVEN IF OTHER PARTIES OR OTHER CLAIMS ARE INCLUDED IN SUCH LITIGATION), ALL THE PARTIES WAIVE THEIR RIGHT TO A TRIAL BY JURY. THIS WAIVER WILL APPLY TO ALL CAUSES OF ACTION THAT ARE OR MIGHT BE INCLUDED IN SUCH ACTION, INCLUDING CLAIMS RELATED TO THE ENFORCEMENT OR INTERPRETATION OF THIS AGREEMENT, ALLEGATIONS OF STATE OR FEDERAL STATUTORY VIOLATIONS, FRAUD, MISREPRESENTATION, OR SIMILAR CAUSES OF ACTION, AND IN CONNECTION WITH ANY LEGAL ACTION INITIATED FOR THE RECOVERY OF DAMAGES BETWEEN OR AMONG HSS AND CUSTOMER OR BETWEEN OR AMONG ANY OF THEIR OWNERS, AFFILIATES, OFFICERS, EMPLOYEES OR AGENTS.

25. Attorneys' Fees. In the event of any suit, action or proceeding arising out of or relating to this Agreement or the transactions contemplated hereby, the prevailing party thereunder shall be entitled to recover reasonable attorneys' and paralegals' fees (for negotiations, trials, appeals and collection efforts) and court costs incurred in connection therewith in addition to any other relief to which such party may be entitled. The prevailing party shall be the party that prevails on its claim whether or not an award or judgment is entered in its favor.

26. No Reproduction. Customer acknowledges that the Proprietary Software (excluding any third party software used in operating the Information System) comprising the Information System is subject to certain Intellectual Property Rights owned or held by HSS and/or its affiliates or subsidiaries and that the information contained therein is proprietary to HSS and/or its affiliates or subsidiaries. Customer agrees not to reproduce, nor duplicate, nor reuse, in whole or in part, any Software, documentation or materials comprising the Information System in any manner (whether directly or in creating a new use or otherwise) without the prior written consent of HSS. This prohibition against reproduction also applies to the duplication and/or transmission of any related materials supplied by HSS.

27. Confidentiality.

(a) Customer shall maintain the confidential nature of the information contained in the materials which are provided for its use at the Customer's Site (the "Site") also referred to herein as Customer's Hotel (the "Hotel") under this Agreement and the Schedules attached hereto. Customer agrees not to provide or otherwise make available the Software or documentation comprising the Information System to any person or entity other than Customer's employees at the Site without prior written consent of HSS. Customer further agrees to take all reasonable steps and precautions necessary to protect the Information System or any of the software or information contained therein from unauthorized use or disclosure by its agents, employees, or other third parties.

(b) Customer hereby represents and warrants that it will not share with nor enter into any agreement or understanding with any competitors including any other Hilton hotel (other than a Hilton hotel owned by the same owner) to share or exchange information concerning prices, bids, or terms or conditions of sale.

(c) Customer further agrees that it shall maintain the confidential nature of the information contained in the Proprietary Software and the Certified Third Party Software and related materials together with all of the information HSS and/or its affiliates and subsidiaries may obtain from Customer or about Customer or about the Customer's Site or its guests under this Agreement, or under any agreement ancillary to this Agreement, or otherwise related to this Agreement and agrees that such information is HSS's and/or its affiliates' and subsidiaries' proprietary and confidential information. All revenues related thereto will be HSS's and/or its affiliates' and subsidiaries' property. However, Customer may at any time during or after the term of this Agreement use to the extent lawful and at its sole risk and responsibility any information that Customer acquires from third parties in operating Customer's Site, such as guest data. The information will become HSS's and/or its affiliates' and subsidiaries' confidential and proprietary information which HSS and/or its affiliates and subsidiaries may use for any reason as it deems necessary or appropriate, in its sole discretion.

Customer agrees not to provide or otherwise make available any of the information to any person or entity other than Customer's employees at Customer's Site.

28. Surviving Obligations. All representations, promises, warranties, and obligations of Customer shall survive the termination of this Agreement. In the event that Customer makes improper use of the rights granted herein, the parties agree that HSS and/or its affiliates and subsidiaries would suffer irreparable damage and HSS shall have the right to obtain an injunction to prevent such misuses and to protect its rights in the Information System, including, but not limited to, the Software and the documentation or information contained therein or any use thereof. Such right to injunctive relief shall be cumulative and in addition to any other right or remedy at law to which HSS may be entitled. In the event HSS shall employ legal counsel to enforce its rights hereunder, HSS shall be entitled, in addition to any other damages, to recover reasonable attorneys' fees and costs.

## SCHEDULE A

### INFORMATION SYSTEM SOFTWARE LICENSED / SERVICES PROVIDED

#### Software Item:

##### Proprietary Software

OnQ® Interface Software:	%Sys21InterfaceSW%
Call Accounting	%CallAccounting%
PBX	%PBX%
Voice Messaging	%VoiceMail%
Point Of Sale	%POS%
Movie Only Billing	%MovieSystem%
TV Services (Express Checkout, Movies, etc.)	%VideoCheckOut%
Mini-Bar Posting	%MiniBarPosting%
Credit Card Authorization & Settlement	%CreditCard%
High Speed Internet	%INetCallAccounting%
PPIC	%PPIC%
Electronic Key	%ElectronicKey%
Energy Management	%EnergyMgmt%

“X” – Denotes requested interfaces

#### Documentation Item:

##### Implementation

- Site Survey Recap
- OnQ® Proposal
- OnQ® Implementation Guide
- OnQ® Installation Guide

##### Training Manuals

- Pre-Conversion Training Material
- Proprietary Software CBT
- Proprietary Software On-line Coach

#### Training Item:

As described below, Customer's personnel must demonstrate an acceptable level of proficiency in the operation of the Information System before Customer will be permitted to implement or use the Information System. These are summaries of some current requirements; however, more exact requirements may be set forth in the applicable Brand and/or Standards Manual(s) and subject to change by HSS from time to time as set forth in the License Agreement and such Manuals.

#### Information System Planning Workshop

In order to assist Customer with acquiring necessary planning information regarding implementation of the Information System, HSS periodically conducts implementation training either by telephone or during sessions conducted in Memphis. This implementation training is designed to equip the Hotel's personnel with the skills necessary to operate, train employees and plan for implementation of the Information System. Customer's general manager (or HSS approved designee) is required to participate in this training along with other management staff (designated by HSS) to begin execution of the plan for implementation of the Information System.

#### Hotel Employee Training



The Information System currently contains a complete self-paced computer based training ("CBT") function which each employee of the Hotel will use to become proficient in the Information System's functionality. The management of the Hotel is responsible for ensuring that all employees who have responsibilities related to the front desk will be certified in the appropriate CBT modules prior to the implementation of the Information System, or within ten (10) days of employment, as the case may be.

#### Proficiency to be Demonstrated

Customer's General Manager ("GM") shall be certified in the Information System's operations procedures, or a new GM shall become certified within sixty (60) days of assuming the general manager's position, as the case may be. All Hotel staff must successfully complete certification training as a prerequisite to receiving permission from HSS's installation team to complete the implementation of the Information System. A minimum passing score for the General Manager or General Manager designee (for hotels over 300 rooms) is eighty percent (80%) with eighty percent (80%) for the combined average of the management team and eighty percent (80%) for the combined average of the team members who are principal users of the Information System.

#### Installation Services Item:

#### HSS May Use Third Party Designee to Provide Services Hereunder

From time to time during the term of the Agreement, HSS may elect to enter into a business relationship with one or more third party vendors to provide some or all of the goods and services to be delivered to Customer under the provisions of the Agreement. Such services may include, but not be limited to, the procurement and configuration of the Authorized Equipment and Certified Third Party Software, the installation of same at the Hotel, and the maintenance of the Authorized Equipment and Certified Third Party Software at the Hotel on an ongoing basis following installation. Customer agrees to pay invoices rendered by the third party vendors in accordance with the terms thereof as if they were rendered directly by HSS, and if Customer fails to do so, it shall be considered a default hereunder. At the present time, HSS has entered into an agreement in such capacity to use the Preferred Retailer, Preferred Lessor and/or the Preferred Services Provider whose joinder(s) is (are) attached to the Agreement and made a part hereof.

#### Implementation:

As set forth in this Schedule A below, HSS (or its designee) will provide certain services for Customer's Authorized Equipment listed on Schedule D and related Certified Third Party Software. These are summaries of some current requirements; however, more exact requirements may be set forth in the applicable Brand and/or Standards Manual(s) and are subject to change by HSS or HWI or their affiliate or subsidiary from time to time as set forth in the License Agreement and such Manuals.

HSS will provide the services (the "On-Site Services") of Systems Implementation consultants. The number of consultants is to be determined by HSS based upon size and type of the Hotel. The number of consultants on-site at the Hotel and the person-days on-site for these consultants are listed on Schedule B – Cost of the Installation Services. The number of days will be determined by HSS in its sole discretion. These consultants will:

- (i) work with the Hotel's management to build the Hotel's database, including the verification of the proper functioning of the Software;
- (ii) provide procedural support for the property management system to the Hotel's management;
- (iii) work with the Hotel's management to adapt their use of the Information System to meet the Hotel's requirements;
- (iv) support the Hotel's staff in their use of the Information System through the Hotel's management;
- (v) work with the Hotel's management to assure that the Hotel has all necessary tools for the implementation of the Information System (i.e., Authorized Equipment, Certified Third Party Software, documentation, etc.);
- (vi) install or approve the installation of equipment to meet the requirements of the Hotel, HSS and the manufacturer of the Authorized Equipment;
- (vii) work with third party vendors to meet the technical criteria for interface communications; i.e., central reservations, call accounting, energy management, pay movies, high speed internet access, etc.;

- (viii) administer a trial run of the Information System to verify that the front desk staff and audit staff have been trained properly (the minimum passing score for the General Manager or General Manager designee (if applicable) is 80%, and 80% for the combined average of the management group and primary employee user group);
- (ix) verify that all front desk staff and Hotel's management have successfully completed the Information System Guided Tour & Training;
- (x) identify and address operational problems that involve the Information System; and
- (xi) formulate and present recommendations that maximize efficient use of the Information System.

#### Installation

Whether Customer elects to purchase the Authorized Equipment listed on Schedule D from the Preferred Retailer or lease such Authorized Equipment from the Preferred Lessor, HSS (or its designee as the case may be) will coordinate the installation of such Authorized Equipment at the Hotel.

(i) Customer or HSS, in HSS's discretion, will obtain and maintain throughout the term hereof, at Customer's cost, the necessary communication vehicles (e.g., two dedicated telephone lines, one for direct communication between HSS and the Hotel for the purpose of dialing up Customer's Authorized Equipment to diagnose Information System problems and the other to diagnose wide area network trouble), together with such other equipment as is reasonably necessary for the operation of the Authorized Equipment, including without limitation, network access including wide area network connections to the Central Reservation System and Internet via frame relay and/or dial-up connections, routers, and CSU/DSU equipment. Customer shall maintain for the term of this Agreement, at Customer's cost, all necessary communication links, including a modem and dial-up telephone line and a facsimile machine or other electronic communications capability mutually acceptable to Customer and HSS.

(ii) Customer shall make available, at its own expense, prior to the agreed upon installation date a location that, in HSS's opinion, is suitable for installation of such Authorized Equipment. Customer shall furnish any electrical connections and dedicated phone lines which may be required by HSS and shall perform and pay for all work, including alterations, which in the sole discretion of HSS is necessary to prepare the Hotel for the installation and proper operation of the Authorized Equipment.

(iii) Any delay in shipment and installation of such Authorized Equipment or Certified Third Party Software, including delays by communications vendors, Preferred Retailers, Preferred Lessors, Preferred Services Providers or any other retailers or lessors, will, for the duration of such delay, excuse any failure of HSS to install the Authorized Equipment on or before the agreed upon installation date. However, HSS shall use commercially reasonable efforts to require such approved vendors to comply with their service level agreements as to installation and shipment timing for Customer's installation, in accordance with such approved vendor agreements.

(iv) If Customer elects to purchase such Authorized Equipment from another retailer or lessor, it shall be installed at the Hotel on a date mutually agreed to by HSS and Customer following HSS's (or its designee's) determination that it conforms to HSS's specifications and testing procedures and can be configured with the Software.

#### Software Installation

If Customer purchases the Authorized Equipment listed on Schedule D from HSS or the Preferred Retailer, the Preferred Retailer or HSS will install the Software and any related software as described in this Agreement on the Authorized Equipment and HSS (or its designees) will complete the installation at the Hotel, as applicable, on the agreed upon installation date. If Customer does not purchase such Authorized Equipment from the Preferred Retailer, HSS or its designee will install the Software and any related software at such time as HSS designates in writing to Customer. The Software may be installed in phases such that one or more Software Modules may be installed and/or operational prior to other Software Modules. The Software Modules to be installed shall be as set out above and in this Agreement, and Customer hereby agrees to permit the Preferred Retailer or HSS (or their designees) to install any and all other Software Modules on the Authorized Equipment in or at the Hotel, as provided for herein.

If Customer purchases such Authorized Equipment from a retailer other than the Preferred Retailer, Customer shall pay for configuring the Authorized Equipment purchased from such retailer, with the Software. The additional cost for such configuration shall be as shown on Schedule B. Customer shall also be responsible for shipping and shipping related costs to and from HSS or its designee for such configuration.

#### Cost of On-Site Services/Travel Expenses

The cost of all On-Site Services (including the cost of the Systems Implementation Consultants) are shown on Schedule B. In addition to paying the cost of all On-Site Services, Customer shall reimburse HSS for any travel expenses incurred by HSS (or its designee), including without limitation, those shown on Schedule B.

#### Third Party Interface Testing and Connectivity

If Customer requires the implementation of any OnQ® Interface software for connectivity to third party systems, Customer shall be responsible for any fees assessed by the third party vendors to test and implement the necessary connectivity. In addition, Customer will be required to make arrangements with any such third party vendor to provide the necessary assistance required to test and to implement the interface connectivity. This assistance requires the vendor to be on-site at the time of testing and implementation, unless the third party vendor can perform all necessary tasks (as defined by HSS) through a remote connection to the Customer's third party system.

## SCHEDULE B

### SYSTEM COST AND PAYMENT TERMS

#### Cost of the Software License Fees

Customer shall pay HSS, Preferred Retailer, Preferred Services Provider or another retailer approved by HSS, a fee for the license of each copy of the Proprietary Software and the Certified Third Party Software, licensed or sublicensed to Customer by third parties or installed on the Authorized Equipment listed on Schedule D at the Hotel (the "License Fee"). The License Fee may be prorated to reflect the installation of some, but not all of the Proprietary Software Modules; however, Customer agrees to pay for the License Fees according to the schedule set forth below.

Proprietary OnQ® Software License	\$\$System21SWFee%
Proprietary OnQ® Interface Software Licenses	\$\$System21LicenseFee%
OnQ® Virus and CAL Licenses	\$\$System21VirusSW%

If additional Hotel guest rooms (or suites) are added or constructed by Customer for Customer's Hotel at any time after the Effective Date of the Agreement, Customer will pay the cost of additional License Fees based upon the increase in such rooms. Currently, the cost of the License Fees per additional room is \$120.00.

#### Cost of the Authorized Equipment, Certified Third Party Software and Other Fees

The cost of the Authorized Equipment, Certified Third Party Software and other fees are shown below. The costs will be invoiced to Customer by HSS or by the Preferred Retailer.

Authorized Equipment (as described in Schedule D) and Certified Third Party Software (as listed in Schedule D and described in Schedule G, as applicable)	\$\$System21HWFee%
Kiosk Hardware and Installation Fee	\$\$Kiosk%
Standard Upgrade Fee	\$\$StandardUpgradeFee%
Standard Plus Software License Fees	\$\$StandardPlusSoftwareFee%

\*Note: The cost to configure equipment obtained by Customer from a non-preferred retailer, to be included here, when applicable.

#### Cost of Training and Training Manual

The cost of the Training is shown below. This cost will be invoiced to Customer by HSS or the Preferred Services Provider at the same time as it renders its invoice to Customer for the License Fees. Additional costs for training replacement general managers or other hotel personnel will be invoiced to Customer prior to such training dates.

Customer will be responsible for charges incurred for use of Virtual Private Network ("VPN") to access the OnQ® training hotel. These costs include fees from HSS's current VPN access provider, for up to 5,000 minutes of network access as well as HSS internal costs for configuration services. VPN access will be terminated for each property at the time of hotel opening or live utilization of the Information System.

Training System Access Fee	\$\$TrainSysAccessFee%
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There is currently no additional charge for the CBT training modules which are included within the software.

Information System Planning Workshop	\$\$System21PlanningWS%
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Sales Skills Training: For the Hampton and Homewood brands (N/A for other brands), attendance is required by general manager, assistant general manager, or full-time sales manager within ninety (90) days of employment.  
\$%SalesTrainingFee%

General Manager Leadership Program: \$%GMTrainingFee%  
For ES/HH/HIS/HW/DT/DC (N/A for other brands):

Pre-Opening Materials \$%PreOpeningFee%  
For ES/HH/HIS/HW/DT/DC (N/A for other brands):

#### Cost of the Installation Services

The cost of the Services (including the cost of the Systems Implementation Specialists but excluding the cost of any services described in any other schedules) is shown below. This cost will be invoiced to Customer by HSS or the Preferred Services Provider at the same time as it renders its invoice to Customer for the Proprietary Software.

Preferred Service Provider Fee: \$%ServicesPreferred%  
(Training Room Network Installation, as applicable)  
(Includes travel expenses)

Project Management, Contracting and Sales fee ("PMCS Fee") \$%ServicesPMCS%

Site Survey (includes travel expenses) \$%HHCSiteSurvey%

Installation Support Fee \$%InstallSupport%

Implementation on-site services: (inclusive of travel for US and PR - \$%ImplementationFee%  
Travel expenses to be billed at actual per guidelines below for others)

Executive Briefing and Change Management \$%DevRecovery%

Email Setup Fee: \$%Email%

Hi Tech Fee: \$%HiTechFee1%

Firewall Equipment and Configuration and/or Converged Network Install \$%Firewall%

#### Cost of Travel Expenses/Per Diem/Rescheduling

Customer shall pay for or promptly reimburse any out-of-pocket travel expenses actually incurred by HSS or any vendor hereunder (or their designees), including without limitation:

round-trip airfare (due to frequent scheduling changes, HSS is often unable to book airline tickets more than one week in advance of travel);

single room accommodations (if the Hotel cannot provide accommodations, comparable accommodations will be utilized);

meals;

ground transportation (all ground transportation required to get to and from the Hotel as well as transportation used during HSS's representatives' stay at the Hotel);

tips;

taxes; and

miscellaneous expenses (including phone, internet, laundry, etc.).

Promptly following HSS's providing of the Services, an invoice will be submitted to Customer for HSS's representatives' out-of-pocket expenses, any additional per diem charges for its representatives (as described in the Notes below), any re-scheduling fee, and any additional travel expenses as set forth above, which invoice shall be payable within fifteen days of Customer's receipt of same.

**TOTAL PRICE**

**\$%TotalPrice%**

**\*TOTAL PRICE EXCLUDES TAXES, SHIPPING & ANY MONTHLY FEE ITEMS NOTED HEREIN**

Notes: HSS requires that its representatives be on-site for the Hotel's implementation of the Information System. Once HSS's representatives are on-site, any delays in the Hotel's implementation will result in additional expense to Customer. If HSS's representatives stay at the Hotel beyond the number of person-days to be provided as set forth above, whether on account of a delayed opening caused by Hotel or at Customer's request, Customer will be required to pay HSS (or its designee) currently \$700 per representative per day for each such additional day, plus such representatives' additional travel expenses. If a delay in implementation of the Information System caused solely by the Hotel necessitates the departure and re-scheduling of HSS's representatives, in addition to the fee set forth above, Customer will be required to pay a re-scheduling fee, currently \$2000.00, plus such representatives' additional travel expenses. The re-scheduled date will be determined based on the needs of the Hotel as well as the availability of HSS's representatives.

If Customer attaches or uses third party equipment and/or interfaces with the Authorized Equipment listed on Schedule D which have not been certified or approved by HSS as meeting HSS's specifications or installs other third party non-HSS proprietary software which has not been certified or approved by HSS as meeting HSS's specifications on the equipment, the Information System may need to be reconfigured, and the entire cost of the reconfiguration shall be borne by Customer.

Promptly following HSS's providing of the Services, if applicable, due to implementation delays or requested incremental days on-site, an invoice will be submitted to Customer for HSS's representatives' out-of-pocket expenses, any additional per diem charges for its representatives, any re-scheduling fee, and any additional travel expenses as set forth above, which invoice shall be payable within fifteen days of Customer's receipt of same.

Notes: All fees indicated are exclusive of applicable taxes (see Agreement section entitled "Taxes"). Unless otherwise specified by HSS in writing, Customer shall make all payments in United States dollars to HSS or any other party designated by HSS in its sole discretion.

Customer shall pay according to the terms of any invoice(s) submitted to Customer, including any provision for late charges, the fee for the installation of any telephone line(s) or wide area network connection(s) necessary for connection of the Authorized Equipment

Customer shall purchase and replace, from any source, paper, ribbons and such other operating supplies as shall be required for the operation of the Authorized Equipment.

## SCHEDULE C

### SOFTWARE MAINTENANCE / COST AND PAYMENT TERMS

1. General. HSS shall provide Customer with maintenance and support for a term of one (1) year (with annual renewals at the option of HSS) commencing upon execution hereof, for the Proprietary Software, specifically excluding any maintenance and support of any Certified Third Party Software (as described in the Agreement section designated "Software").
2. Certified Third Party Software Only. Customer understands that the use of any software other than that provided by HSS pursuant to this Agreement, unless such additional third party software has been approved in writing by the HSS Information Technology Department (collectively "Certified Software"), is not warranted for use on the Authorized Equipment, as set forth in Schedule D. In the event Customer uses or installs any third party software other than Certified Software on the Authorized Equipment or uses equipment that is not Authorized Equipment, HSS shall have no further obligations to provide any software maintenance services to Customer hereunder.
3. Software Maintenance.
  - (a) Customer acknowledges and understands that HSS is unable to modify the Certified Third Party Software. With respect to the Certified Third Party Software, HSS does not provide support. In the event Customer notifies HSS of any condition which Customer believes constitutes a breach of any warranty provided by a third party vendor or a defect in Certified Third Party Software, HSS shall, upon Customer's request, provide reasonable cooperation and assistance in notifying such third party vendor of such condition and in urging such third party vendor to correct such condition.
  - (b) With respect to the Proprietary Software, provided Customer has paid all software maintenance and other fees and satisfied all other obligations under this Agreement and under the License Agreement with HWI or its affiliate or subsidiary, HSS shall supply Customer with access to any standard enhancements, improvements, updates, and/or modifications to the Proprietary Software generally made available by HSS as options or new releases to its Customers which are not charged for separately by HSS as options or new releases. Such enhancements, improvements, updates, additions, and/or modifications which are supplied by HSS to Customer, and all Intellectual Property Rights therein, shall be HSS's sole and exclusive property and shall be deemed part of the Proprietary Software hereunder and shall be subject to all of the terms and conditions of the Agreement. Customer acknowledges and agrees that Customer may be required to purchase some enhancements, improvements, updates, and/or modifications to the Proprietary Software which Customer will be charged for separately by HSS, as well as additional hardware and/or software in order to utilize certain major upgrades or enhancements.
4. Cooperation. Customer shall provide HSS with all information, data and other required materials necessary for HSS to reproduce any problem identified by Customer. Customer shall maintain for the term of this Agreement a modem and dial-up telephone line and a facsimile machine or other electronic communication capability mutually acceptable to both parties to facilitate HSS's ability to perform its maintenance services remotely.
5. Expenses. If service personnel incur travel, lodging, meal, or any other out of pocket expenses in furnishing the maintenance services hereunder, Customer shall pay for or promptly reimburse HSS for same, subject to reasonable documentation of such expenses. Customer shall also pay for all telephone toll charges incurred in providing maintenance and support hereunder.
6. Exclusions. HSS's obligations hereunder shall not apply to any errors, defects or problems caused in whole or in part by (i) any modifications or enhancements made to any Proprietary Software or Certified Third Party Software by Customer or any third person or entity other than HSS; (ii) any software program, hardware, firmware, peripheral or communication device used in connection with the Information System which was not approved in advance in writing by HSS; (iii) the failure of Customer to follow the most current instructions promulgated by HSS or any third party vendor from time to time with respect to the proper use of the Information System; (iv) the failure of Customer to schedule regular preventive maintenance in accordance with standard HSS procedures; (v) forces or supplies external to the Authorized Equipment, including, without limitation, the reasons set forth in the Force Majeure section of the

HITS Agreement; and/or (vi) the negligence of Customer or any other third person or entity. Any corrections performed by HSS for any such errors, difficulties, or defects shall be fixed, in HSS's sole discretion, at HSS's then current time and material charges. HSS shall be under no obligation, however, to fix any such Customer or externally caused errors, defects or problems.

7. Proprietary Rights. Any changes, improvements, additions, and/or modifications to any of the Proprietary Software which are licensed by HSS to Customer, and all proprietary rights therein, including without limitation, all Intellectual Property Rights, shall be HSS's sole and exclusive property, and all such software shall be subject to the terms and conditions of the Agreement.

8. Hotline. HSS will provide, in accordance with its customary business practices and procedures, telephone customer service support as reflected in this Schedule, for the purposes of receiving reports from Customer regarding software malfunctions subject to maintenance hereunder. HSS may attempt, to the extent practical, to resolve any reported problems by telephone or by accessing Customer's equipment remotely.

9. On-Site Services. In the event HSS is unable to resolve any reported problem by telephone or modem, HSS will dispatch service personnel to Customer's Site for the purpose of providing maintenance services hereunder at HSS's standard rates and charges.

10. Customer Responsibilities. Customer shall maintain on its staff at all times sufficient personnel that have been trained in and are knowledgeable about the use of the Information System in a professional, efficient and competent manner. Customer is responsible for maintaining duplicate or back-up copies of its software, data files and documentation. HSS shall have no liability for any damages resulting from Customer's failure to maintain such duplicate or back-up copies nor for any costs or expenses of reconstructing any such data or information that may be destroyed, impaired or lost. HSS has no obligation to maintain or repair any software other than the Proprietary Software, nor to repair or replace any expendable or consumable components such as ribbons, paper, toner cartridges, print wheels, drums, batteries, or diskettes.

11. Cost and Payment Terms. Annual Cost of Software Maintenance  $\%AnnualSWMaint\%$ . Payments will be calculated from the Start Date ("Start Date"), which shall be the shipment date of the Authorized Equipment listed on Schedule D to Customer's Hotel. Payable in monthly installments of  $\%MonthlySWMaint\%$ . The monthly payment amount will be due in advance and will be billed by HSS or its designee. Interest at the then current highest rate allowed by applicable state law will be charged for any payments made by Customer after the payment due date (thirty (30) days after billing).

Travel expenses, per diem fees and related costs for any on-site maintenance will be billed separately.

HSS reserves the right to increase or decrease the Software Maintenance cost on an annual basis to reflect increases or decreases in such cost internally and from the Preferred Retailers of such services and to reflect the addition or construction of additional guest rooms (or suites) by Customer for Customer's Hotel.



## SCHEDULE D

### AUTHORIZED EQUIPMENT DESCRIPTION / PURCHASE TERMS AND CONDITIONS

The term Authorized Equipment includes (i) the equipment needed by Customer at Customer's hotel, as determined solely by HSS, for the Customer's use of the Proprietary Software (the "Network Authorized Equipment") (ii) and any additional equipment authorized by HSS for use at Customer's hotel, over and above the Network Authorized Equipment (the "Standard Plus Equipment"). All Authorized Equipment is listed on this Schedule D.

#### Authorized Equipment Purchase

Except as provided otherwise in this Schedule D, Customer may purchase the Authorized Equipment listed on this Schedule D from the Preferred Retailer who may provide a joinder agreement with Customer or from another retailer; however, if such Authorized Equipment is obtained from another retailer, it must conform to HSS's specifications. Furthermore, if Customer elects to purchase such Authorized Equipment from a third party other than the Preferred Retailer, the file server and work stations must be shipped to HSS or its designee for certification that these components comply with HSS's specifications and testing procedures. The additional cost for such certification will be shown on Schedule B. Customer shall also be responsible for the shipping and shipping related costs to and from HSS or its designee for such certifications, including without limitation those shown on Schedule B.

#### Authorized Equipment As Personal Property/Insurance Requirements

In addition to any other specific purchase terms required by the Preferred Retailer, the following purchase terms and conditions shall apply to any Authorized Equipment obtained from a Preferred Retailer or HSS. The Authorized Equipment will be at all times, personal property which shall not, by reason of connection to the Hotel, become a fixture or appurtenance to the Hotel, and until such time as Customer or its designated third party pays to the Preferred Retailer the total sum for the Authorized Equipment as required hereunder, the Authorized Equipment shall remain the property of the Preferred Retailer, and title shall remain with the Preferred Retailer, free from any claims of Customer or the holder of any lien or encumbrance on the Hotel and/or any other property of Customer. Customer shall maintain fire, extended coverage, vandalism, and malicious mischief insurance on the Authorized Equipment in an amount not less than the purchase price of the Authorized Equipment. Said insurance shall name HSS as an additional insured. For so long as this obligation remains in effect, Customer shall furnish to HSS a certificate of the insurance carrier describing the terms and coverage of the insurance in force, the persons insured, and the fact that the coverage may not be canceled, altered or permitted to lapse or expire without thirty (30) days advance written notice to HSS. Upon payment in full, title to the Authorized Equipment will vest in the Customer and will be free and clear of the above requirements relating to insurance and of all of the Preferred Retailer's liens, claims and encumbrances and the Authorized Equipment will become the sole property of Customer. Customer assumes the expense of delivery and in-transit insurance for the Authorized Equipment.

#### AUTHORIZED EQUIPMENT

##### **NETWORK AUTHORIZED (PROGRAM FUNDED) EQUIPMENT:**

%NetAuthEquip1%

##### **STANDARD PLUS (HOTEL FUNDED) EQUIPMENT:**

%StdPlusEquip1%

#### PURCHASE TERMS AND CONDITIONS

For Purchase Terms and Conditions, see Schedule I, Preferred Retailer Joinder Agreement, and any attachments to Schedule I, all of which are incorporated herein by reference.

## SCHEDULE E

### AUTHORIZED EQUIPMENT MAINTENANCE / COST AND PAYMENT TERMS

1. Maintenance for the Authorized Equipment. Customer must take all steps necessary to provide all necessary maintenance services for the Authorized Equipment listed on Schedule D so that it will receive such maintenance services for all such Authorized Equipment throughout the term of this Agreement. Customer may elect to use the maintenance company (the Preferred Services Provider or the PSP) with whom HSS has arranged to provide maintenance services ("Equipment Maintenance") for the Authorized Equipment listed on Schedule D provided that such Authorized Equipment, if not purchased from the Preferred Retailer, is first certified as being suitable for Equipment Maintenance, at the expense of Customer, by either HSS (or its designee) or the PSP. For such services, the Customer shall pay as set forth in this Schedule E (the "Maintenance Fees") and according to the terms of any invoice(s) submitted to Customer therefor, including any provision for late charges. If Customer elects to use the PSP and Equipment Maintenance is necessary, Customer will notify HSS, which in turn will notify the PSP to dispatch a PSP representative. Notwithstanding the foregoing, Customer may elect, subject to HSS's approval in advance in writing, to not provide maintenance services through this Agreement for certain pieces of such Authorized Equipment allowed to be used in conjunction with the Information System ("Non-maintained Equipment"). Neither HSS nor the Preferred Services Provider shall be responsible for any maintenance or support of Non-maintained Equipment.

The following Authorized Equipment shall be designated Non-maintained Equipment:

%OptOutMaint%

2. Maintenance Fees. The Maintenance Fees are subject to increase or decrease by HSS, in its sole discretion, on January 1 of each year during the term of this Agreement or any extension thereof; however, HSS shall not charge Customer any Maintenance Fees that are greater than the Maintenance Fees charged to any similarly situated Customer (based upon factors determined by HSS in its sole judgment) utilizing equipment substantially similar to the Authorized Equipment and pursuant to an agreement which has terms and conditions substantially similar to this Agreement. No maintenance fees shall be charged to Customer for any Non-maintained Equipment as described in Section 1 above.

3. Refresh of Authorized Equipment. Under HSS's Refreshment Program (the "Refreshment Program"), Customer will be responsible for and will pay for all fees and costs for the replacement or refreshment of the Authorized Equipment listed on Schedule D in HSS's sole discretion ("Refresh") on an approximate three (3) year cycle, starting approximately three (3) years after the initial shipment of such Authorized Equipment and for the provision of maintenance services by the PSP on such refreshed equipment. The terms and conditions of the Authorized Equipment maintenance services for such equipment (included in such initial Refresh and included in any additional Refresh or Refreshes of Customer's Authorized Equipment) shall be the same as the terms and conditions of this Schedule E, including, but not limited to, the imposition of termination fees as described hereinafter. Customer's Refresh will be timed to occur prior to the end of the three (3) year cycle. If Customer fails to meet HSS's timeline for such Refresh, including order dates for equipment and software, Customer will be responsible for all fees and costs incident to such delay, including, but not limited to, any rent extension costs on Network Authorized Equipment and higher fees and costs for equipment maintenance and software maintenance.

4. Termination. If this Agreement is terminated (or if Customer's use of the PSP is terminated) prior to the third anniversary of the Start Date, which shall be the shipment date of the Authorized Equipment listed on Schedule D to Customer's Hotel, Customer shall pay to HSS a termination fee which is designed to reimburse the PSP and/or HSS in part for any one or more of the following: reconfiguration costs, the unamortized fees and costs in the start up and provision of maintenance services by the PSP under this Agreement. If such termination occurs during the first year following the Start Date, the termination fee shall be in the amount of \$3600.00. If such termination occurs during subsequent years following such Start Date, the termination fee shall be as follows:

During second year - \$2,600

During third year - \$1,300

Thereafter - \$1,200

Provided, however, if this Agreement is terminated, or if the Customer's use of the PSP is terminated after a Customer Refresh of Authorized Equipment listed on Schedule D, the termination fee shall depend upon the period elapsed after the Start Date applicable to shipment of such Authorized Equipment for each successive Customer Refresh as follows:

During first year - \$3,800

During second year - \$2,800

During third year - \$1,400

Thereafter - \$1,200

5. Use of Certified Software Only. Customer understands that use of any software other than the Proprietary Software and Certified Third Party Software provided by HSS pursuant to this Agreement, unless such additional third party software has been approved in writing by the HSS Information Technology Department, is not warranted for use on the Authorized Equipment. In the event Customer uses or installs any third party software other than Certified Third Party Software or such approved software on the Authorized Equipment, HSS shall have no further obligations to provide any equipment maintenance services to Customer hereunder.

6. Equipment Maintenance will be provided for Customer's Hotel located at %PropertyAddress1%, %PropertyAddress2%, %PropertyCity%, %PropertyState%, %PropertyZip%.

7. Cost and Payment Terms. Annual Cost of Equipment Maintenance for Authorized Equipment listed on Schedule D \$%AnnualHWMaint%. Payable in monthly installments of \$%MonthlyHWMaint% per month. Payments will be calculated from the Start Date. The monthly payment amount will be due in advance and will be billed by HSS or its designee. The first invoice will be issued upon the Start Date. Interest at the then current highest rate allowed by applicable state law will be charged for any payments made by Customer after the payment due date (thirty (30) days after billing).

Travel expenses, per diem fees and related costs for any on-site maintenance will be billed separately.

HSS reserves the right to increase or decrease the Equipment Maintenance cost on an annual basis as provided in Section 2 above. When certain Authorized Equipment or parts for certain Authorized Equipment are no longer being manufactured or reasonably obtainable, HSS or the PSP shall notify Customer of such circumstance and maintenance on such Authorized Equipment will no longer be available. After such notice, Customer will no longer be charged for maintenance on such Authorized Equipment.

8. Customer Responsibilities as to Equipment Maintenance. Customer shall maintain on its staff at all times sufficient personnel that have been trained in and are knowledgeable about the use of the Information System in a professional, efficient and competent manner. Customer is responsible for maintaining duplicate or back-up copies of its software, data files and documentation and Certified Third Party Software. Neither HSS nor PSP shall have any liability for any damages resulting from Customer's failure to maintain such copies nor for any costs or expenses of reconstructing any data or information that may be destroyed, impaired or lost. Neither HSS nor PSP has any obligation to maintain or repair any equipment other than the Authorized Equipment listed on Schedule D, nor to repair or replace any cables, cords, expendable or consumable components such as ribbons, paper, toner cartridges, print wheels, drums, batteries, or diskettes, whether or not defined as Authorized Equipment. Customer shall not move or perform maintenance services on any of such Authorized Equipment without HSS's or PSP's prior written consent.

9. Cooperation. Customer shall provide HSS or PSP with all information, data and other required materials necessary to reproduce any problem identified by Customer. Customer shall maintain for the term of this Agreement a modem and dial-up telephone line and a facsimile machine or other electronic communication capability mutually acceptable to both parties to facilitate the ability to perform the Equipment Maintenance services remotely.

In some instances, Equipment Maintenance will be provided using a depot program, where Customer ships failed Authorized Equipment listed on Schedule D to the depot when Customer receives replacement of such Authorized Equipment. If Customer does not ship such failed equipment, Customer will be responsible for any unreturned equipment charges billed by HSS, the PSP or the depot program provider.

10. Expenses. If Equipment Maintenance personnel incur travel, lodging, meal, or any other out of pocket expenses in furnishing the services hereunder, Customer shall pay for or promptly reimburse HSS for same, subject to reasonable documentation of such expenses. Customer shall also pay for all telephone toll charges incurred in providing maintenance and support hereunder. Typical travel expenses include, without limitation, the following:

round-trip airfare (due to frequent scheduling changes HSS may not be able to purchase airfare more than one week in advance of travel);

single room accommodations (if the Hotel cannot provide accommodations, comparable accommodations will be utilized);

meals;

ground transportation (all ground transportation required to get to and from the Hotel as well as transportation used during PSP's representatives' stay at the Hotel);

tips;

taxes; and

miscellaneous expenses (including phone, laundry, etc.).

11. Exclusions. The obligation of HSS or the PSP to provide Equipment Maintenance hereunder shall not apply to any Non-maintained Equipment nor to any errors, defects or problems caused in whole or in part by (i) any modifications or enhancements made to any Proprietary Software or Certified Third Party Software by Customer or any third person or entity other than HSS or its designee; (ii) any software program, hardware, cables, cords, firmware, peripheral or communication device used in connection with the Information System which was not approved in advance in writing by HSS; (iii) the failure of Customer to follow the most current instructions promulgated by HSS or any third party vendor from time to time with respect to the proper access to or any use of the Information System; (iv) the failure of Customer to schedule regular preventive maintenance in accordance with standard HSS procedures; (v) any such Authorized Equipment that is non-repairable, taken out of service or for which any such Authorized Equipment or parts for same are no longer manufactured or reasonably available; (vi) forces or supplies external to such Authorized Equipment, including, without limitation, the reasons set forth in the Force Majeure section of the HITS Agreement; and/or (vi) the negligence of Customer or any other third person or entity. Any corrections performed by HSS for any such errors, difficulties, or defects shall be fixed, in HSS's or PSP's discretion, at the then applicable current time and material charges. Neither HSS nor the PSP shall be under any obligation, however, to fix any such Customer or externally caused errors, defects or problems.

SCHEDULE E TO SYSTEM 21® AGREEMENT  
(REVISED FOR USE WITH TOTAL SOLUTION PROGRAM)

%TodaysDate%

%LegalEntity%, %PrimaryContactCompany%

%PrimaryContact%

%PropertyAddress1%

%PropertyAddress2%

%PropertyCity%, %PropertyState% %PropertyZip%

Re: %HotelCompanyName%, %BrandCodeDesc%, %InnCode%

Dear: %PrimaryContact%

This letter Agreement ("Letter Agreement") confirms your request to purchase the following (collectively called "the Additions"):

- 1) additional equipment ("Standard Plus Equipment") authorized by Hilton Systems Solutions, LLC ("HSS") for use at applicable hotel properties ("Hotels") which is over and above the authorized equipment needed for the network operation of System 21® ("Network Authorized Equipment") and such Network Authorized Equipment being made available to and licensed to Licensee or customer ("Customer") under the Total Solution Program License Addendum to System 21® Agreement ("TSP Agreement") previously or contemporaneously executed by Customer and HSS or Hilton Hotels Corporation;
- 2) equipment maintenance relating to Standard Plus Equipment and/or Network Authorized Equipment ("Maintenance");
- 3) additional proprietary software or certified third party software ("Software")

This Letter Agreement shall constitute an amendment to the existing System 21® Agreement or such other named information technology license agreement ("Agreement") previously entered into between %LegalEntity% and HSS or Hilton (or Promus Hotels, Inc. ("Promus"), a wholly owned subsidiary of Hilton or Promus or a related company). It is agreed that you will purchase and/or lease the Additions and that you will be billed by the applicable vendor for the Additions as listed below. The effective date of billing on the new items shall be the date the new items are shipped.

%StdPlusEquip5%

Total: %StdPlusTotal%  
Total Maintenance:  
%StdPlusMaintTotal%

The prices shown above exclude taxes and shipping.

Upon HSS' receipt of a copy of this Letter Agreement signed by a duly authorized representative of Customer, the Agreement shall be deemed to have been automatically amended to incorporate the terms of this Letter Agreement. Customer agrees that Customer's delivery by executed facsimile transmission of this Letter Agreement shall be deemed to be as effective for all purposes as delivery of the manually executed Letter Agreement and that the terms of this Letter Agreement shall be binding upon Customer without the necessity of any further action by HSS or Hilton. This Letter Agreement shall be effective as of the date inserted by Customer below.

NEITHER THE STANDARD PLUS EQUIPMENT, THE PROPRIETARY SOFTWARE NOR THE CERTIFIED THIRD PARTY SOFTWARE WILL BE SHIPPED UNTIL HSS RECEIVES A COPY OF THIS LETTER AGREEMENT SIGNED BY CUSTOMER.

Licensee may be required to sign additional license agreements with the vendors or Licensors of Certified Third Party Software.

Certain Standard Plus Equipment (for orders of \$5,000 or greater) may be leased by Customer. Any such leases shall be entered into between Customer and the applicable lessor. Neither HSS nor Hilton shall be a party to such leases.

In addition to any other specific purchase terms required by the a retailer of the Additions, the following purchase terms and conditions shall apply to any Standard Plus Equipment obtained from a Preferred Retailer (as that term is defined in the Agreement. The Standard Plus Equipment will be at all times, personal property which shall not, by reason of connection to the Hotel, become a fixture or appurtenance to the Hotel, and until such time as Customer or its designated third party pays to the Preferred Retailer the total sum for the Standard Plus Equipment as required hereunder, the Standard Plus Equipment shall remain the property of the Preferred Retailer, and title shall remain with the Preferred Retailer, free from any claims of Customer or the holder of any lien or encumbrance on the Hotel and/or any other property of Customer. Customer shall maintain fire, extended coverage, vandalism, and malicious mischief insurance on the Standard Plus Equipment. Said insurance shall name HSS as an additional insured. For so long as this obligation remains in effect, Customer shall furnish to HSS a certificate of the insurance carrier describing the terms and coverage of the insurance in force, the persons insured, and the fact that the coverage may not be canceled, altered or permitted to lapse or expire without thirty (30) days advance written notice to HSS. Upon payment in full, title to the Standard Plus Equipment will vest in the Customer and will be free and clear of the above requirements relating to insurance and of all of the Preferred Retailer's liens, claims and encumbrances and the Standard Plus Equipment will become the sole property of Customer.

To indicate Customer's acceptance of this Letter Agreement, please have it signed by an authorized representative of Customer and return it to me. Upon HSS' receipt of the executed Letter Agreement, you will be advised of the shipment and installation dates.

If you have any questions, please contact me at %PSAConsultantPhone%

Sincerely,

By: %PSAConsultantName%

Hilton Systems Solutions, LLC

Accepted and Agreed:

Customer Name:: %LegalEntity%

By: %HiltonApproverSignature%  
Authorized Signature

By: %HotelApproverSignature%  
Signature

Print Name: Randy Kanaya

Print Name and Title: %HotelApproverName%,  
%HotelApproverTitle%

Effective Date: %HotelApprovedDay%,  
%HotelApprovedMonth%,  
%HotelApprovedYear%

ATTACHMENT A  
TO  
TOTAL SOLUTION PROGRAM LICENSE  
ADDENDUM TO SYSTEM 21® AGREEMENT

The following equipment is requested by Customer to be designated as Network Authorized Equipment and licensed to Customer under the terms and conditions of the above described addendum:

%NetAuthEquip3%

Total Maintenance: %NetAuthMaintTotal%

Hilton Systems Solutions, LLC and the undersigned Customer agree that this Attachment A forms a part of and may be attached to the above described Addendum heretofore entered into between these parties.

CUSTOMER: %LegalEntity%

HILTON SYSTEMS SOLUTIONS, LLC

By: %HotelApproverSignature%  
Authorized Signature

By: %HiltonApproverSignature%  
Authorized Signature

Print Name: %HotelApproverName%

Print Name: Randy Kanaya

Title: %HotelApproverTitle%

Title: Director – OnQ™ Deployment Planning

Date: %HotelApprovedDate%

Date: %HiltonApprovedDate%

SCHEDULE E TO SYSTEM 21® AGREEMENT  
(REVISED FOR USE WITH TOTAL SOLUTION PROGRAM)

%TodaysDate%  
%LegalEntity%, %PrimaryContactCompany%  
%PrimaryContact%  
%PropertyAddress1%  
%PropertyAddress2%  
%PropertyCity%, %PropertyState% %PropertyZip%

Re: %HotelCompanyName%, %BrandCodeDesc%, %InnCode%

Dear: %PrimaryContact%

This letter Agreement ("Letter Agreement") confirms your request to purchase the following (collectively called "the Additions"):

- 1) additional equipment ("Standard Plus Equipment") authorized by Hilton Systems Solutions, LLC ("HSS") for use at applicable hotel properties ("Hotels") which is over and above the authorized equipment needed for the network operation of System 21® ("Network Authorized Equipment") and such Network Authorized Equipment being made available to and licensed to Licensee or customer ("Customer") under the Total Solution Program License Addendum to System 21® Agreement ("TSP Agreement") previously or contemporaneously executed by Customer and HSS or Hilton Hotels Corporation;
- 2) equipment maintenance relating to Standard Plus Equipment and/or Network Authorized Equipment ("Maintenance");
- 3) additional proprietary software or certified third party software ("Software").

This Letter Agreement shall constitute an amendment to the existing System 21® Agreement or such other named information technology license agreement ("Agreement") previously entered into between %LegalEntity% and HSS or Hilton (or Promus Hotels, Inc. ("Promus"), a wholly owned subsidiary of Hilton or Promus or a related company).

It is agreed that you will purchase and/or lease the Additions and that you will be billed by the applicable vendor for the Additions as listed below. The effective date of billing on the new items shall be the date the new items are shipped.

%StdPlusEquip5%

Total: %StdPlusTotal%  
Total Maintenance:  
%StdPlusMaintTotal%

The prices shown above exclude taxes and shipping.

Upon HSS' receipt of a copy of this Letter Agreement signed by a duly authorized representative of Customer, the Agreement shall be deemed to have been automatically amended to incorporate the terms of this Letter Agreement. Customer agrees that Customer's delivery by executed facsimile transmission of this Letter Agreement shall be deemed to be as effective for all purposes as delivery of the manually executed Letter Agreement and that the terms of this Letter Agreement shall be binding upon Customer without the necessity of any further action by HSS or Hilton. This Letter Agreement shall be effective as of the date inserted by Customer below.

NEITHER THE STANDARD PLUS EQUIPMENT, THE PROPRIETARY SOFTWARE NOR THE CERTIFIED THIRD PARTY SOFTWARE WILL BE SHIPPED UNTIL HSS RECEIVES A COPY OF THIS LETTER AGREEMENT SIGNED BY CUSTOMER.



Licensee may be required to sign additional license agreements with the vendors or Licensors of Certified Third Party Software.

Certain Standard Plus Equipment (for orders of \$5,000 or greater) may be leased by Customer. Any such leases shall be entered into between Customer and the applicable lessor. Neither HSS nor Hilton shall be a party to such leases.

In addition to any other specific purchase terms required by the a retailer of the Additions, the following purchase terms and conditions shall apply to any Standard Plus Equipment obtained from a Preferred Retailer (as that term is defined in the Agreement. The Standard Plus Equipment will be at all times, personal property which shall not, by reason of connection to the Hotel, become a fixture or appurtenance to the Hotel, and until such time as Customer or its designated third party pays to the Preferred Retailer the total sum for the Standard Plus Equipment as required hereunder, the Standard Plus Equipment shall remain the property of the Preferred Retailer, and title shall remain with the Preferred Retailer, free from any claims of Customer or the holder of any lien or encumbrance on the Hotel and/or any other property of Customer. Customer shall maintain fire, extended coverage, vandalism, and malicious mischief insurance on the Standard Plus Equipment. Said insurance shall name HSS as an additional insured. For so long as this obligation remains in effect, Customer shall furnish to HSS a certificate of the insurance carrier describing the terms and coverage of the insurance in force, the persons insured, and the fact that the coverage may not be canceled, altered or permitted to lapse or expire without thirty (30) days advance written notice to HSS. Upon payment in full, title to the Standard Plus Equipment will vest in the Customer and will be free and clear of the above requirements relating to insurance and of all of the Preferred Retailer's liens, claims and encumbrances and the Standard Plus Equipment will become the sole property of Customer.

To indicate Customer's acceptance of this Letter Agreement, please have it signed by an authorized representative of Customer and return it to me. Upon HSS' receipt of the executed Letter Agreement, you will be advised of the shipment and installation dates.

If you have any questions, please contact me at %PSAConsultantPhone%

Sincerely,

By: %PSAConsultantName%

Hilton Systems Solutions, LLC

Accepted and Agreed:

Customer Name:: %LegalEntity%

By: %HiltonApproverSignature%  
Authorized Signature

By: %HotelApproverSignature%  
Signature

Print Name: Randy Kanaya

Print Name and Title: %HotelApproverName%,  
%HotelApproverTitle%

Effective Date: %HotelApprovedDay%,  
%HotelApprovedMonth%,  
%HotelApprovedYear%

ATTACHMENT A  
TO  
TOTAL SOLUTION PROGRAM LICENSE  
ADDENDUM TO SYSTEM 21® AGREEMENT

The following equipment is requested by Customer to be designated as Network Authorized Equipment and licensed to Customer under the terms and conditions of the above described addendum:

%NetAuthEquip2%

Total: %NetAuthTotal%

Total Maintenance:

%NetAuthMaintTotal%

Hilton Systems Solutions, LLC and the undersigned Customer agree that this Attachment A forms a part of and may be attached to the above described Addendum heretofore entered into between these parties.

CUSTOMER: %LegalEntity%

HILTON SYSTEMS SOLUTIONS, LLC

By: %HotelApproverSignature%  
Authorized Signature

By: %HiltonApproverSignature%  
Authorized Signature

Print Name: %HotelApproverName%

Print Name: Randy Kanaya

Title: %HotelApproverTitle%

Title: Director – OnQ™ Deployment Planning

Date: %HotelApprovedDate%

Date: %HiltonApprovedDate%

Microsoft Enterprise Agreement Number: 8416402

Microsoft Select Enrollment Number: 62932896

## SCHEDULE F

### PARTICIPATION AGREEMENT

This Participation Agreement ("Participation Agreement") is entered into by the party signing below ("you") for the benefit of the Microsoft affiliate ("Microsoft") and HSS ("HSS" defined as the customer in the agreements with Microsoft) and shall be enforceable against you (as the "Customer Affiliate" of HSS) by Microsoft or HSS in accordance with its terms. You acknowledge that Microsoft and HSS have entered into the Microsoft Enterprise Agreement and/or Microsoft Select Enrollment Agreement referenced above (the "agreements"), under which you desire to sublicense certain Microsoft products. As used in this Participation Agreement, the term to "run" a product means to copy, install, use, access, display, run or otherwise interact with it. You acknowledge that your right to run a copy of any version of any product sublicensed under the agreement is governed by the applicable product use rights for the product and version licensed as of the date you first run that copy. Such product use rights will be made available to you by HSS or Microsoft, or by publication at a designated site on the World Wide Web, or by some other means. Microsoft does not transfer any ownership rights in any licensed product and it reserves all rights not expressly granted.

**I. Acknowledgment and Agreement.** You hereby acknowledge that you have obtained a copy of the product use rights located at <http://microsoft.com/licensing/resources/> applicable to the products acquired under the above-referenced agreements; you have read and understood the terms and conditions as they relate to your obligations; and you agree to be bound by such terms and conditions, as well as to the following provisions:

**a. Restrictions on use.** You may not:

- Separate the components of a product made up of multiple components by running them on different computers, by upgrading or downgrading them at different times, or by transferring them separately, except as otherwise provided in the product use rights;
- Rent, lease, lend or host products, except where Microsoft agrees by separate agreement;
- Reverse engineer, de-compile or disassemble products or fixes, except to the extent expressly permitted by applicable law despite this limitation;

Products, fixes and service deliverables licensed under this agreement (including any license or services agreement incorporating these terms) are subject to U.S. export jurisdiction. You must comply with all domestic and international export laws and regulations that apply to the products, fixes and service deliverables. Such laws include restrictions on destinations, end-user, and end-use for additional information, see <http://www.microsoft.com/exporting/>.

**b. Limited product warranty.** Microsoft warrants that each version of a commercial product will perform substantially in accordance with its user documentation. This warranty is valid for a period of one year from the date you first run a copy of the version. To the maximum extent permitted by law, any warranties imposed by law concerning the products are limited to the same extent and the same one year period. This warranty does not apply to components of products which you are permitted to redistribute under applicable product use rights, or if failure of the product has resulted from accident, abuse or misapplication. If you notify Microsoft within the warranty period that a product does not meet this warranty, then Microsoft will, at its option, either (1) return the price paid for the product or (2) repair or replace the product. To the maximum extent permitted by law, this is your exclusive remedy for any failure of any commercial product to function as described in this paragraph.

**c. Free and beta products.** To the maximum extent permitted by law, free and beta products, if any, are provided "as-is," without any warranties. You acknowledge that the provisions of this paragraph with regard to pre-release and beta products are reasonable having regard to, among other things, the fact that they are provided prior to

commercial release so as to give you the opportunity (earlier than you would otherwise have) to assess their suitability for your business, and without full and complete testing by Microsoft.

- d. **NO OTHER WARRANTIES.** TO THE EXTENT PERMITTED BY APPLICABLE LAW, MICROSOFT DISCLAIMS AND EXCLUDES ALL REPRESENTATIONS, WARRANTIES AND CONDITIONS, WHETHER EXPRESS, IMPLIED OR STATUTORY, OTHER THAN THOSE IDENTIFIED EXPRESSLY IN THIS AGREEMENT, INCLUDING BUT NOT LIMITED TO WARRANTIES OR CONDITIONS OF TITLE, NON-INFRINGEMENT, SATISFACTORY QUALITY, MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE, WITH RESPECT TO THE PRODUCTS AND RELATED MATERIALS. MICROSOFT WILL NOT BE LIABLE FOR ANY PRODUCTS PROVIDED BY THIRD PARTY VENDORS, DEVELOPERS OR CONSULTANTS IDENTIFIED OR REFERRED TO YOU BY MICROSOFT UNLESS SUCH THIRD PARTY PRODUCTS ARE PROVIDED UNDER WRITTEN AGREEMENT BETWEEN YOU AND MICROSOFT, AND THEN ONLY TO THE EXTENT EXPRESSLY PROVIDED IN SUCH AGREEMENT.
- e. **Limitation of liability.** There may be situations in which you have a right to claim damages or payment from Microsoft. Except as otherwise specifically provided in this paragraph, whatever the legal basis for your claim, Microsoft's liability will be limited, to the maximum extent permitted by applicable law, to direct damages up to the amount you have paid for the product giving rise to the claim. In the case of Microsoft's responsibilities with respect to third party patent or copyright infringement claims, Microsoft's obligation to defend such claims will not be subject to the preceding limitation, but Microsoft's liability to pay damages awarded in any final adjudication (or settlement to which it consents) will be. In the case of free product, or code you are authorized to redistribute to third parties without separate payment to Microsoft, Microsoft's total liability to you will not exceed US \$5000, or its equivalent in local currency.
- f. **NO LIABILITY FOR CERTAIN DAMAGES.** TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, NEITHER YOU, YOUR AFFILIATES OR SUPPLIERS, NOR MICROSOFT, ITS AFFILIATES OR SUPPLIERS WILL BE LIABLE FOR ANY INDIRECT DAMAGES (INCLUDING, WITHOUT LIMITATION, CONSEQUENTIAL, SPECIAL OR INCIDENTAL DAMAGES, DAMAGES FOR LOSS OF PROFITS OR REVENUES, BUSINESS INTERRUPTION, OR LOSS OF BUSINESS INFORMATION) ARISING IN CONNECTION WITH ANY AGREEMENT, PRODUCT OR FIX, EVEN IF ADVISED OF THE POSSIBILITY OF SUCH DAMAGES OR IF SUCH POSSIBILITY WAS REASONABLY FORESEEABLE. THIS EXCLUSION OF LIABILITY DOES NOT APPLY TO EITHER PARTY'S LIABILITY TO THE OTHER FOR VIOLATION OF THE OTHER PARTY'S INTELLECTUAL PROPERTY RIGHTS.
- g. **Application.** The limitations on and exclusions of liability for damages set forth herein apply regardless of whether the liability is based on breach of contract, tort (including negligence), strict liability, breach of warranties, or any other legal theory.
- h. **Verifying compliance.** You must keep records relating to the products you run. Microsoft has the right to verify compliance with these terms and any applicable product use rights, at its expense, during the term of the enrollment and for a period of one year thereafter. To do so, Microsoft will engage an independent accountant from a nationally recognized public accounting firm, which will be subject to a confidentiality obligation. Verification will take place upon not fewer than 15 days notice, during normal business hours and in a manner that does not interfere unreasonably with your operations. As an alternative, Microsoft may require you to accurately complete its self-audit questionnaire relating to the products you use. If verification or self-audit reveals unlicensed use of products, you must promptly order sufficient licenses to permit all product usage disclosed. If material unlicensed use is found (license shortage of 5% or more), you must reimburse Microsoft for the costs it has incurred in verification and acquire the necessary additional licenses as single retail licenses within 30 days. If Microsoft undertakes such verification and does not find material unlicensed use of products, it will not undertake another such verification for at least one year. Microsoft and its auditors will use the information obtained in compliance verification only to enforce its rights and to determine whether you are in compliance with these terms and the product use rights. By invoking the rights and procedures described above, Microsoft does not waive its rights to enforce these terms or the product use rights, or to protect its intellectual property by any other means permitted by law.

- i. **Dispute Resolution; Applicable Law.** This Participation Agreement will be governed and construed in accordance with the laws of the jurisdiction whose law governs the agreement. You consent to the exclusive jurisdiction and venue of the state and federal courts located in such jurisdiction. This choice of jurisdiction does not prevent either party from seeking injunctive relief with respect to a violation of intellectual property rights in any appropriate jurisdiction. The 1980 United Nations Convention on Contracts for the International Sale of Goods and its related instruments will not apply to this agreement or any license entered into with Microsoft or its affiliates under this agreement.

Your violation of the above-referenced terms and conditions shall be deemed to be a breach of this Participation Agreement and shall be grounds for immediate termination of all rights granted hereunder.

Dated as of the     %DayName%     day of     %MonthName%    ,     %YearName%    .

CUSTOMER AFFILIATE:

    %LegalEntity%    

By:     %HotelApproverSignature%    

Name:     %HotelApproverName%    

Title:     %HotelApproverTitle%    

Date:     %HotelApprovedDate%

## SCHEDULE G

### CERTIFIED THIRD PARTY SOFTWARE / ADDITIONAL TERMS AND CONDITIONS

Attached to this Schedule, when applicable, are License or Sublicense Agreements from providers of certain Certified Third Party Software. The terms and conditions of those agreements are incorporated herein by reference. Some of these agreements are required to be signed by Customer.

Separate License or Sublicense Agreements for Certified Third Party Software (attached)\*:

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\* Those to be signed by Customer are marked ("Please Sign").

## SCHEDULE H

### SUBSEQUENT PURCHASE, LEASE, USE, LICENSE OR SUBLICENSE OF EQUIPMENT, SOFTWARE AND/OR SERVICE

Date: %CreationDate%

INNCODE: %InnCode%

Name of Customer: %PrimaryContactCompany%

Address of Customer: %PrimaryContactContractAddress1%, %PrimaryContactCity%, %PrimaryContactState%,  
%PrimaryContactZip%

Dear: %Salutation%

This Letter Agreement ("Letter Agreement") confirms your request to purchase, lease, use license or sublicense additional equipment, software and/or services in order to add options, features and/or systems ("Additions") to the Information System, and shall constitute an amendment to the existing Hilton Information Technology System Agreement previously entered into between %LegalEntity% ("Customer") and Hilton Systems Solutions, LLC ("HSS") dated %ExecuteDayName%, %ExecuteMonthName%, %ExecuteYearName% (the "Agreement").

It is agreed that you will purchase and/or lease the Additions and that you will be billed by the applicable vendor for the Additions as listed below. The effective date of billing on the new items shall be the date the new equipment is shipped, the date upon which you obtain use of the software, and/or the date upon which you request additional services, whichever is earliest.

%StdPlusEquip6%

Total: %StdPlusTotal%

Total Maintenance:

%StdPlusMaintTotal%

The prices shown above exclude taxes, travel expenses, per diem fees, related costs, insurance and shipping.

#### Travel Expenses/Per Diem Fees/Rescheduling

If the Additions require travel by HSS and/or the applicable vendor, you will pay for or promptly reimburse any travel expenses, per diem fees and related costs of HWI, HSS, any vendor hereunder or their designees, including without limitation: round-trip airfare (due to frequent scheduling changes, HSS is often unable to book airline tickets more than one week in advance of travel); single room accommodations (if the Hotel cannot provide accommodations, comparable accommodations will be utilized); meals; ground transportation (all ground transportation required to get to and from the Hotel as well as transportation used during HSS' representatives' stay at the Hotel); tips; taxes; and miscellaneous expenses (including phone, internet, laundry, etc.)

Promptly following HSS's providing of the services described in this schedule where not previously paid for or reimbursed by hotel, an invoice will be submitted to Customer for HSS's representatives' out-of-pocket expenses, any additional per diem charges for its representatives, any re-scheduling fee, and any additional travel expenses as described herein, which invoice shall be payable within fifteen days of Customer's receipt of same.

#### Notes:

If Customer attaches or uses third party equipment and/or interfaces with the Authorized Equipment which have not been certified or approved by HSS as meeting HSS's specifications and/or does not conform to the standards provided by the supplier of the Third Party PMS or if Customer installs other third party non-HSS proprietary software which has not been certified or approved by HSS as meeting HSS's specifications on the equipment or that does not conform to the standards provided by the supplier of the Third Party PMS, the software may need to be reconfigured and the entire cost of the reconfiguration shall be borne by Customer.

All fees indicated are exclusive of applicable taxes (see Agreement sections on taxes). Unless otherwise specified by HSS in writing, Customer shall make all payments in United States dollars to HSS or any other party designated by HSS in its sole discretion.

Customer shall pay according to the terms of any invoice(s) submitted to Customer therefore, including any provision for late charges, the fee for the installation of any telephone line(s) or wide area network connection(s) necessary for connection of the Authorized Equipment.

Customer shall purchase and replace, from any source, paper, ribbons, printer maintenance kits, toner and such other operating supplies as shall be required for the operation of the Authorized Equipment, but Customer shall utilize only such brands as are approved by HSS or the Authorized Equipment manufacturer.

Upon HSS's receipt of a copy of this Letter Agreement signed by a duly authorized representative of Customer, the Agreement shall be deemed to have been automatically amended to incorporate the items of this Letter Agreement. Customer agrees that Customer's delivery to HSS by facsimile transmission of this Letter Agreement shall be deemed to be as effective for all purposes as hand delivery of the manually executed Letter Agreement and that the terms of this Letter Agreement shall be binding upon Customer without the necessity of any further action by HSS. This Letter Agreement shall be effective as of the date inserted by Customer below.

Licensee may be required to sign additional license agreements with the vendors or Licensors of Certified Third Party Software.

Certain Other Equipment (for orders of \$5,000 or greater) may be leased by Customer. Any such leases shall be entered into between Customer and the applicable lessor. Neither HSS nor Hilton shall be a party to such leases.

In addition to any other specific purchase terms required by a retailer of the Additions, the following purchase terms and conditions shall apply to any Other Equipment obtained from a Preferred Retailer (as that term is defined in the Agreement. The Other Equipment will be at all times, personal property which shall not, by reason of connection to the Hotel, become a fixture or appurtenance to the Hotel, and until such time as Customer or its designated third party pays to the Preferred Retailer the total sum for the Other Equipment as required hereunder, the Other Equipment shall remain the property of the Preferred Retailer, and title shall remain with the Preferred Retailer, free from any claims of Customer or the holder of any lien or encumbrance on the Hotel and/or any other property of Customer. Customer shall maintain fire, extended coverage, vandalism, and malicious mischief insurance on the Other Equipment. Said insurance shall name HSS as an additional insured. For so long as this obligation remains in effect, Customer shall furnish to HSS a certificate of the insurance carrier describing the terms and coverage of the insurance in force, the persons insured, and the fact that the coverage may not be canceled, altered or permitted to lapse or expire without thirty (30) days advance written notice to HSS. Upon payment in full, title to the Other Equipment will vest in the Customer and will be free and clear of the above requirements relating to insurance and of all of the Preferred Retailer's liens, claims and encumbrances and the Other Equipment will become the sole property of Customer.

NEITHER THE AUTHORIZED EQUIPMENT NOR THE PROPRIETARY SOFTWARE OR CERTIFIED THIRD PARTY SOFTWARE WILL BE SHIPPED, NOR WILL CUSTOMER HAVE USE OF THE PROPRIETARY SOFTWARE MODULE OR ANY EQUIPMENT LISTED IN THIS LETTER AGREEMENT UNTIL HSS RECEIVES A COPY OF THIS LETTER AGREEMENT SIGNED BY CUSTOMER.

To indicate Customer's acceptance of this Letter Agreement, please have it signed by an authorized representative of Customer and return it to me. Upon HSS's receipt of the executed Letter Agreement, you will be advised of the shipment and installation dates.

If you have any questions, please contact me at %PSAConsultantPhone%.

Sincerely,  
%PSAConsultantName%



Hilton Systems Solutions, LLC

Accepted and Agreed:

Customer Name:: %LegalEntity%

By: %HiltonApproverSignature%  
Authorized Signature

By: %HotelApproverSignature%  
Signature

Print Name: Randy Kanaya

Print Name and Title: %HotelApproverName%,  
%HotelApproverTitle%

%HotelApprovedDay%,  
%HotelApprovedMonth%,  
Effective Date: %HotelApprovedYear%

ATTACHMENT A  
TO  
SCHEDULE H

The following equipment is requested by Customer to be designated as Program Funded Equipment and licensed to Customer under the terms and conditions of the above described addendum:

%NetAuthEquip2%  
Total: %NetAuthTotal%  
Total Maintenance: %NetAuthMaintTotal%

Hilton Systems Solutions, LLC and the undersigned Customer agree that this Attachment A forms a part of and may be attached to the above described Addendum heretofore entered into between these parties.

CUSTOMER: %LegalEntity%

HILTON SYSTEMS SOLUTIONS, LLC

By %HotelApproverSignature%  
:  
\_\_\_\_\_  
Authorized Signature

By: %HiltonApproverSignature%  
\_\_\_\_\_  
Authorized Signature

Print Name: %HotelApproverName%  
\_\_\_\_\_

Print Name: Randy Kanaya  
\_\_\_\_\_

Title: %HotelApproverTitle%  
\_\_\_\_\_

Title: Director – OnQ™ Deployment Planning  
\_\_\_\_\_

Date: %HotelApprovedDate%  
\_\_\_\_\_

Date: %HiltonApprovedDate%  
\_\_\_\_\_

## SCHEDULE H - EXAMPLE

### SUBSEQUENT PURCHASE, LEASE, USE, LICENSE OR SUBLICENSE OF EQUIPMENT, SOFTWARE AND/OR SERVICE

Date:

INNCODE:

Name of Customer:

Address of Customer:

Dear:

This Letter Agreement ("Letter Agreement") confirms your request to purchase, lease, use license or sublicense additional equipment, software and/or services in order to add options, features and/or systems ("Additions") to the Information System, and shall constitute an amendment to the existing Hilton Information Technology System Agreement previously entered into between ("Customer") and Hilton Systems Solutions, LLC ("HSS") dated, , (the "Agreement").

It is agreed that you will purchase and/or lease the Additions and that you will be billed by the applicable vendor for the Additions as listed below. The effective date of billing on the new items shall be the date the new equipment is shipped, the date upon which you obtain use of the software, and/or the date upon which you request additional services, whichever is earliest.

Total:

Total Maintenance:

The prices shown above exclude taxes, travel expenses, per diem fees, related costs, insurance and shipping.

#### Travel Expenses/Per Diem Fees/Rescheduling

If the Additions require travel by HSS and/or the applicable vendor, you will pay for or promptly reimburse any travel expenses, per diem fees and related costs of HWI, HSS, any vendor hereunder or their designees, including without limitation: round-trip airfare (due to frequent scheduling changes, HSS is often unable to book airline tickets more than one week in advance of travel); single room accommodations (if the Hotel cannot provide accommodations, comparable accommodations will be utilized); meals; ground transportation (all ground transportation required to get to and from the Hotel as well as transportation used during HSS' representatives' stay at the Hotel); tips; taxes; and miscellaneous expenses (including phone, internet, laundry, etc.)

Promptly following HSS's providing of the services described in this schedule where not previously paid for or reimbursed by hotel, an invoice will be submitted to Customer for HSS's representatives' out-of-pocket expenses, any additional per diem charges for its representatives, any re-scheduling fee, and any additional travel expenses as described herein, which invoice shall be payable within fifteen days of Customer's receipt of same.

#### Notes:

If Customer attaches or uses third party equipment and/or interfaces with the Authorized Equipment which have not been certified or approved by HSS as meeting HSS's specifications and/or does not conform to the standards provided by the supplier of the Third Party PMS or if Customer installs other third party non-HSS proprietary software which has not been certified or approved by HSS as meeting HSS's specifications on the equipment or that does not conform to the standards provided by the supplier of the Third Party PMS, the software may need to be reconfigured and the entire cost of the reconfiguration shall be borne by Customer.

All fees indicated are exclusive of applicable taxes (see Agreement sections on taxes). Unless otherwise specified by HSS in writing, Customer shall make all payments in United States dollars to HSS or any other party designated by HSS in its sole discretion.

Customer shall pay according to the terms of any invoice(s) submitted to Customer therefore, including any provision for late charges, the fee for the installation of any telephone line(s) or wide area network connection(s) necessary for connection of the Authorized Equipment.

Customer shall purchase and replace, from any source, paper, ribbons, printer maintenance kits, toner and such other operating supplies as shall be required for the operation of the Authorized Equipment, but Customer shall utilize only such brands as are approved by HSS or the Authorized Equipment manufacturer.

Upon HSS's receipt of a copy of this Letter Agreement signed by a duly authorized representative of Customer, the Agreement shall be deemed to have been automatically amended to incorporate the items of this Letter Agreement. Customer agrees that Customer's delivery to HSS by facsimile transmission of this Letter Agreement shall be deemed to be as effective for all purposes as hand delivery of the manually executed Letter Agreement and that the terms of this Letter Agreement shall be binding upon Customer without the necessity of any further action by HSS. This Letter Agreement shall be effective as of the date inserted by Customer below.

Licensee may be required to sign additional license agreements with the vendors or Licensors of Certified Third Party Software.

Certain Other Equipment (for orders of \$5,000 or greater) may be leased by Customer. Any such leases shall be entered into between Customer and the applicable lessor. Neither HSS nor Hilton shall be a party to such leases.

In addition to any other specific purchase terms required by a retailer of the Additions, the following purchase terms and conditions shall apply to any Other Equipment obtained from a Preferred Retailer (as that term is defined in the Agreement. The Other Equipment will be at all times, personal property which shall not, by reason of connection to the Hotel, become a fixture or appurtenance to the Hotel, and until such time as Customer or its designated third party pays to the Preferred Retailer the total sum for the Other Equipment as required hereunder, the Other Equipment shall remain the property of the Preferred Retailer, and title shall remain with the Preferred Retailer, free from any claims of Customer or the holder of any lien or encumbrance on the Hotel and/or any other property of Customer. Customer shall maintain fire, extended coverage, vandalism, and malicious mischief insurance on the Other Equipment. Said insurance shall name HSS as an additional insured. For so long as this obligation remains in effect, Customer shall furnish to HSS a certificate of the insurance carrier describing the terms and coverage of the insurance in force, the persons insured, and the fact that the coverage may not be canceled, altered or permitted to lapse or expire without thirty (30) days advance written notice to HSS. Upon payment in full, title to the Other Equipment will vest in the Customer and will be free and clear of the above requirements relating to insurance and of all of the Preferred Retailer's liens, claims and encumbrances and the Other Equipment will become the sole property of Customer.

**NEITHER THE AUTHORIZED EQUIPMENT NOR THE PROPRIETARY SOFTWARE OR CERTIFIED THIRD PARTY SOFTWARE WILL BE SHIPPED, NOR WILL CUSTOMER HAVE USE OF THE PROPRIETARY SOFTWARE MODULE OR ANY EQUIPMENT LISTED IN THIS LETTER AGREEMENT UNTIL HSS RECEIVES A COPY OF THIS LETTER AGREEMENT SIGNED BY CUSTOMER.**

To indicate Customer's acceptance of this Letter Agreement, please have it signed by an authorized representative of Customer and return it to me. Upon HSS's receipt of the executed Letter Agreement, you will be advised of the shipment and installation dates.

If you have any questions, please contact me at.

Sincerely,

Hilton Systems Solutions, LLC

Accepted and Agreed:

Customer Name::

By: \_\_\_\_\_  
Authorized Signature

By: \_\_\_\_\_  
Signature

Print Name: Randy Kanaya

Print Name and Title: \_\_\_\_\_

Effective Date: \_\_\_\_\_

ATTACHMENT A  
TO  
SCHEDULE H

The following equipment is requested by Customer to be designated as Program Funded Equipment and licensed to Customer under the terms and conditions of the above described addendum:

Total:  
Total Maintenance:

Hilton Systems Solutions, LLC and the undersigned Customer agree that this Attachment A forms a part of and may be attached to the above described Addendum heretofore entered into between these parties.

CUSTOMER:

HILTON SYSTEMS SOLUTIONS, LLC

By  
:

By:

\_\_\_\_\_  
Authorized Signature

\_\_\_\_\_  
Authorized Signature

Print Name: \_\_\_\_\_

Print Name: Randy Kanaya

Title: \_\_\_\_\_

Title: Director – OnQ™ Deployment Planning

Date: \_\_\_\_\_

Date: \_\_\_\_\_

SCHEDULE I  
JOINDER TO PREFERRED RETAILER

The undersigned HSS Customer is acting as an HSS Affiliate ("HSS Affiliate") to acquire products under the terms of the HSS OnQ® Technology Deployment Program Statement of Work, including the Master Products and Services Agreement (the "Agreement") between HWI and International Business Machines Corporation ("Preferred Retailer"). As such HSS Affiliate, the undersigned joins in the Agreement for the limited purpose of acknowledging and agreeing to be bound by and receive the benefits of the terms of the Agreement to the extent of the rights, duties and responsibilities of an HSS Affiliate provided therein.

IN WITNESS WHEREOF, the HSS Affiliate, acting through its duly authorized officer or representative, has executed his Joinder, this %HotelApprovedDay% day of %HotelApprovedMonth%, %HotelApprovedYear%.

HSS AFFILIATE:

%LegalEntity%

By: %HotelApproverName%

Its: %HotelApproverTitle%

Address for Notices to HSS Affiliate under the Agreement

%PropertyAddress1%,  
%PropertyAddress2%,  
%PropertyCity%, %PropertyState% %PropertyZip%

ATTACHMENT I (1)

PREFERRED RETAILER'S ADDITIONAL TERMS AND CONDITIONS

[INTENTIONALLY LEFT BLANK]



## SCHEDULE J

### JOINDER TO PREFERRED LESSOR

The terms of the Agreement to the extent of the rights, duties and responsibilities of the HSS Affiliate as provided undersigned HSS Customer is acting as an HSS Affiliate ("HSS Affiliate") to lease products under the terms of the HSS OnQ® Technology Deployment Program Statement of Work, including the Master Products and Services Agreement (the "Agreement") between HWI and International Business Machines Corporation (the "Preferred Lessor"). As such HSS Affiliate, the undersigned joins in the Agreement for the limited purpose of acknowledging and agreeing to be bound by and receive the benefits of the therein.

IN WITNESS WHEREOF, the HSS Affiliate, acting through its duly authorized officer or representative, has executed his Joinder, this %HotelApprovedDay% day of %HotelApprovedMonth%, %HotelApprovedYear%.

HSS AFFILIATE:

%LegalEntity%

By: %HotelApproverName%

Its: %HotelApproverTitle%

Address for Notices to HSS Affiliate under the Agreement:

%PropertyAddress1%  
%PropertyAddress2%  
%PropertyCity%, %PropertyState% %PropertyZip%

SCHEDULE J  
JOINDER TO PREFERRED LESSOR

[INTENTIONALLY LEFT BLANK]

## SCHEDULE K

### JOINDER TO PREFERRED SERVICES PROVIDER

The undersigned HSS Customer is acting as an HSS Affiliate ("HSS Affiliate") to acquire services under the terms of the HSS OnQ® Technology Deployment Program Statement of Work, including the Master Products and Services Agreement (the "Agreement") between HWI and International Business Machines Corporation (the "Preferred Services Provider"). As such HSS Affiliate, the undersigned joins in the Agreement for the limited purpose of acknowledging and agreeing to be bound by and receive the benefits of the terms of the Agreement to the extent of the rights, duties and responsibilities of the HSS Affiliate as provided therein.

IN WITNESS WHEREOF, the HSS Affiliate, acting through its duly authorized officer or representative, has executed his Joinder, this %HotelApprovedDay% day of %HotelApprovedMonth%, %HotelApprovedYear%.

HSS AFFILIATE:

%LegalEntity%

By: %HotelApproverName%

Its: %HotelApproverTitle%

Address for Notices to HSS Affiliate under the Agreement:

%PropertyAddress1%

%PropertyAddress2%

%PropertyCity%, %PropertyState% %PropertyZip%

## SCHEDULE L

### TOTAL SOLUTION PROGRAM AGREEMENT

This Total Solution Program Agreement (this "TSP Agreement") is entered into as of the %HotelApprovedDay% day of %HotelApprovedMonth%, %HotelApprovedYear% between Hilton Systems Solutions, LLC a Delaware limited liability company ("HSS") and %LegalEntity% (the "Customer") for Customer's Hotel (the "Hotel") known as %HotelName% ( %InnCode% ) and located at %PropertyAddress1%, %PropertyAddress2%, %PropertyCity%, %PropertyState%.

In connection with the new Hilton Information Technology Systems Agreement (the "HITS Agreement") entered into between HSS and Customer (and if applicable, in anticipation of the Hotel's conversion and rebranding as a HWI Brand division hotel), HSS is willing to make certain benefits available to Customer for the above Hotel under HSS's Total Solution Program ("TSP") on the terms, conditions and limitations hereinafter set forth.

For good, valuable and sufficient consideration, Customer hereby enters into this TSP Agreement, and HSS and Customer agree as follows:

#### 1. Customer's Benefits.

(a) Equipment License. HSS shall provide for use by Customer at Customer's Hotel that portion of the Authorized Equipment (as described in Schedule D of the HITS Agreement) needed, as determined solely by HSS, for the network operation of the Proprietary Software, such equipment more specifically described on Attachment (1) attached to and forming part of this TSP Agreement being hereinafter called the "Network Authorized Equipment," together with shipping and transportation costs on such equipment. HSS hereby licenses to Customer the use of such Network Authorized Equipment (the "Equipment License"), subject to the terms, conditions and limitations set forth in this TSP Agreement. The Equipment License and any installation fees (for which HSS is responsible under 1(b)) are provided in consideration of Customer's performance of the HITS Agreement and the other obligations of the Customer pursuant to this TSP Agreement, without additional fees except as may be provided herein.

(b) Equipment Installation. Customer will be responsible for the fees and costs for installation services relative to Network Authorized Equipment as well as any Standard Plus Equipment (as described in Schedule D of the HITS Agreement). Under the terms and conditions of the Total Solution Program's Refreshment Program (the "Refreshment Program") of Network Authorized Equipment, HSS anticipates that Network Authorized Equipment will be replaced or refreshed in HSS's sole discretion (the "Refresh"), on an approximate three (3) year cycle, starting approximately three (3) years after the initial shipment of Network Authorized Equipment. HSS will be responsible for the fees and costs for installation services of Network Authorized Equipment on the date that such equipment is refreshed under the Refreshment Program. Customer's Refresh will be timed to occur prior to the end of the three (3) year cycle. If Customer fails to meet HSS's timeline for such Refresh, including order dates for equipment and software, Customer will be responsible for all fees and costs incident to such delay, including, but not limited to, rent extension costs on Network Authorized Equipment and higher fees and costs for equipment maintenance and software maintenance.

#### 2. Customer's Obligations. Customer shall:

(a) Perform all of its obligations under the HITS Agreement, including, but not limited to, the maintenance of the Network Authorized Equipment using the designated Preferred Services Provider for HSS's TSP.

(b) Obtain and keep current insurance on the Network Authorized Equipment against all risks for the approximate value of the Network Authorized Equipment.

(c) Pay any and all state or local sales, use, gross receipts, excise or similar taxes incident to the payments under this TSP Agreement. Customer agrees to pay all personal property taxes associated with software licensed and equipment provided under the TSP Agreement.

(d) Prevent any liens from attaching to the Network Authorized Equipment.

(e) Pay for any and all transportation and disposal costs of any Network Authorized Equipment currently being used by Customer's Hotel on its Network at the time of installation by HSS or HSS's designee of the Network Authorized Equipment under the Refreshment program. HSS or HSS's designee, at HSS's expense, will provide for de-installation of any such Network Authorized Equipment then being used by Customer's Hotel at the time of the installation of Network Authorized Equipment under the Refreshment Program, but it is Customer's responsibility to handle the return to Customer's lessor of all such de-installed equipment in accordance with Customer's current lease terms. Customer shall be solely responsible for any missing, bad or damaged equipment.

(f) Preserve and protect the Network Authorized Equipment from loss, damage or theft.

(g) Not use any unauthorized backup unit tape cartridge in connection with the Information System.

(h) Make no unapproved repairs nor perform any unauthorized service to the Network Authorized Equipment.

(i) Not allow any other equipment or software to be added to the Information System without prior specific written permission of HSS.

3. Customer's Conditions. All benefits provided Customer herein and all obligations of HSS under this TSP Agreement are expressly subject to and conditioned upon the following:

(a) Customer is not, and continues not to be, in default of any agreement with HWI, HSS or any of their affiliates and subsidiaries, or any Brand division, including but not limited to this TSP Agreement, the HITS Agreement and Customer's License Agreement with HWI or its affiliate or subsidiary.

(b) Customer continues to make all other payments to HSS's Preferred Lessors, Preferred Retailers or Preferred Services Providers under any applicable agreements and does not become in default under such agreements.

(c) Customer's Hotel remains (after conversion and rebranding if applicable) one of the following HWI Brand divisions: Hampton Inn, Hampton Inn & Suites, Embassy Suites and Homewood Suites by Hilton.

(d) Customer executes the HITS Agreement contemporaneously with this TSP Agreement.

(e) Customer's participation and continued cooperation with HSS in HSS's Total Solution Program, including, but not limited to, the refreshment of Network Authorized Equipment.

(f) Customer allows the removal and future replacement or refreshment of Network Authorized Equipment at such time and in such manner as may be determined by HSS in its sole discretion.

(g) If applicable, Customer must complete the Hotel's conversion and rebranding as a HWI Brand division hotel.

4. Termination. HSS may terminate the above Equipment License on the Network Authorized Equipment and all other obligations of HSS under this TSP Agreement at HSS's option: (a) Immediately without notice in event of breach of Customer's obligations or conditions set forth in Sections 2 and 3 above, or (b) at any time, with or without cause, upon not less than ninety (90) days advance written notice to Customer. Any default by Customer under this TSP Agreement shall constitute a default by Customer under the HITS Agreement, and, in such event, HSS may exercise any of its rights provided under Section 5 of the HITS Agreement. Any default by Customer under the HITS Agreement shall constitute a default and breach of condition by Customer under this TSP Agreement. Termination of the HITS Agreement will result in termination of this TSP Agreement. HSS may terminate this TSP Agreement without terminating the HITS Agreement, whereupon the HITS Agreement shall be construed and enforced as if this TSP Agreement had never been entered into (subject to accrued rights and obligations).

Upon termination of this TSP Agreement, Customer will be required to assume any remaining lease payments of HSS as to the Network Authorized Equipment that is provided Customer pursuant to this TSP Agreement or to purchase such equipment from HSS's lessor. The costs (which will vary depending upon the equipment involved and the timing of the termination) and the various options available will be sent to Customer at the time of the notification of the upcoming termination. Upon termination of this TSP Agreement, HSS shall pass on to Customer, and Customer shall be responsible for, all subsequent fees and costs of Equipment Maintenance and Software Maintenance. If a termination occurs before the expiration of three (3) years since HSS incurred installation and/or service fees and costs in performing a refreshment of Network Authorized Equipment ("Refresh Costs"), then Customer shall also reimburse HSS for the unamortized value (on a monthly basis over a thirty-six (36) month period) of such Refresh costs.

If this TSP Agreement is terminated (or if Customer's use of the Preferred Services Provider is terminated), Customer shall pay to HSS a termination fee which is designed to reimburse the Preferred Services Provider and/or HSS in part for unamortized costs in the start up and provision of maintenance services by the Preferred Services Provider under the HITS Agreement. If such termination occurs during the first year following the shipment date of the Network Authorized Equipment to Customer's Hotel ("Start Date"), the termination fee shall be in the amount of \$3,600.00. If such termination occurs during subsequent years following such Start Date, the termination fee shall be as follows:

During second year -	\$2,600
During third year -	\$1,300
Thereafter -	\$1,200

Provided, however, if this TSP Agreement is terminated, or if the Customer's use of the Preferred Services Provider is terminated after a Customer Refresh of Network Authorized Equipment, the termination fee shall depend upon the period elapsed after the Start Date applicable to shipment of the Network Authorized Equipment for each successive Customer Refresh as follows:

During first year -	\$3,800
During second year -	\$2,800
During third year -	\$1,400
Thereafter -	\$1,200

5. Property of HSS. The Network Authorized Equipment shall be and remain the property of HSS, subject only to the conditional Equipment License granted to Customer in this TSP Agreement.

6. Additional Equipment/Software. Any and all additional Authorized Equipment ("Standard Plus Equipment") may be purchased by Customer from a Preferred Retailer or leased from a Preferred Lessor under the Standard Plus Leasing Program Lease (the "Standard Plus Lease"). Any and all additional Certified Third Party Software authorized by HSS but not included in the Brand standard applicable to Customer ("Standard Plus Software") may be licensed or sublicensed from HSS or a Preferred Services Provider.

7. Defined Terms. All capitalized terms used in this TSP Agreement which are not specially defined in this TSP Agreement shall have the meaning ascribed to such terms in the HITS Agreement.

8. Other Important Provisions. The parties mutually acknowledge and agree that the Network Authorized Equipment is part of the Authorized Equipment referred to in the HITS Agreement, that this TSP Agreement is a schedule to the HITS Agreement and that this TSP Agreement and its performance by the parties are a part of the transactions contemplated by the HITS Agreement. Upon HSS's Refresh of Network Authorized Equipment, the terms and conditions applicable to any equipment, software or services provided for or pursuant to the Refresh shall be the same as the terms and conditions of this TSP Agreement; and, except for such termination fees (if any, as specified

above), all terms and provisions hereof (including those incorporated by reference below) shall apply as if this TSP Agreement was executed on the Start Date for each such Refresh. In the event of conflict between the provisions of this TSP Agreement and the provisions of the HITS Agreement, the provisions of this TSP Agreement shall prevail. Except as modified herein, all provisions of the HITS Agreement applicable to the Authorized Equipment, Proprietary Software or Certified Third Party Software shall be applicable to the Network Authorized Equipment, and services described herein or provided hereunder, including, but not limited to, Sections 8 (Software), 9 (No Warranties/Limited Warranties), 10 (Proprietary Rights Notices), 11 (Infringement Claims) and 15 (Third Party Claims) and (except as herein modified) the Schedules pertaining to the Authorized Equipment, the Software and the Services. Where HSS is providing equipment instead of such items being provided by a Preferred Retailer, Preferred Lessor, Preferred Services Provider, or other third party vendor, HSS shall be entitled to all of the protections and the limitations of warranties, liabilities and damages as if HSS were such Preferred Retailer, Preferred Lessor, Preferred Services Provider or other third party vendor. The following additional Sections of the HITS Agreement are hereby made applicable to this TSP Agreement and incorporated herein by reference, as fully as if repeated herein verbatim: Sections 13 (Limitations of Liability and Exclusions of Damages); 14 (Limitations on Actions); 16 (Estoppel and Release); 17 (Entire Agreement/Prior Agreements); 18 (Cumulative Remedies); 19 (Force Majeure); 20 (Severability); 21 (No Joint Venture); 22 (Assignment); 23 (Counterparts); 24 (Applicable Law, Consent to Jurisdiction and Equitable Relief); 25 (Attorneys' Fees); 26 (No Reproduction); 27 (Confidentiality); and 28 (Surviving Obligations). Except as the context may otherwise require, all references in these incorporated provisions to "this Agreement" shall, for purposes of this TSP Agreement, be construed to include this TSP Agreement, and where applicable, such provisions are hereby reasserted, re-applied and re-acknowledged as of the effective date hereof.

9. Notices. The provisions of Section 4 of the HITS Agreement shall apply to all notices, requests, demands and other communications under this TSP Agreement.

10. Counterparts. This TSP Agreement may be executed in one or more counterparts, each of which shall constitute one and the same instrument.

Effective Date: The effective date ("Effective Date") shall be the date signed by HSS.

CUSTOMER: %LegalEntity%

HILTON SYSTEMS SOLUTIONS, LLC

By: %HotelApproverSignature%  
Authorized Signature

By: %HiltonApproverSignature%  
Authorized Signature

Print Name: %HotelApproverName%

Print Name: Randy Kanaya

Title: %HotelApproverTitle%

Title: Director – OnQ® Deployment Planning

Date: %HotelApprovedDate%

Date: %HiltonApprovedDate%

ATTACHMENT L (1)

NETWORK AUTHORIZED (PROGRAM FUNDED) EQUIPMENT

%NetAuthEquip1%



SCHEDULE L

TOTAL SOLUTION PROGRAM AGREEMENT

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## SCHEDULE M

### HILTON BRAND FEE BASED PRICING PROGRAM AGREEMENT: 0.75% PROGRAM

This Fee Based Pricing Program Agreement (this "FBPP Agreement") is entered into as of the %HotelApprovedDay% day of %HotelApprovedMonth%, %HotelApprovedYear% between Hilton Systems Solutions, LLC a Delaware limited liability company ("HSS") and %LegalEntity% (the "Customer") for Customer's Hotel (the "Hotel") known as %HotelName% (%InnCode%) and located at %PropertyAddress1%, %PropertyAddress2%, %PropertyCity% , %PropertyState%.

In connection with the new Hilton Information Technology Systems Agreement (the "HITS Agreement") entered into between HSS and Customer (and if applicable, in anticipation of the Hotel's conversion and rebranding as a Hilton Hotels and Resorts brand division hotel), HSS is willing to make certain benefits available to Customer for the above Hotel under HSS's Fee Based Pricing Program ("FBPP") on the terms, conditions and limitations hereinafter set forth.

For good, valuable and sufficient consideration, Customer hereby enters into this FBPP Agreement, and HSS and Customer agree as follows:

#### 1. Customer's Benefits.

a) Equipment License. HSS shall provide for use by Customer at Customer's Hotel that portion of the Authorized Equipment (as described in Schedule D of the HITS Agreement) needed, as determined solely by HSS, for the network operation of the Proprietary Software, such equipment more specifically described on Attachment (1) attached to and forming part of this FBPP Agreement being hereinafter called the "Network Authorized Equipment," together with shipping and transportation costs on such equipment. HSS hereby licenses to Customer the use of such Network Authorized Equipment (the "Equipment License"), subject to the terms, conditions and limitations set forth in this FBPP Agreement. The Equipment License and any installation fees for which HSS is responsible under 1(b) are provided in consideration of the payment ("FBPP Payment") provided in section 2(a) of this FBPP Agreement and the other obligations of the Customer, without an additional license fee.

b) Equipment Installation. Customer will be responsible for the fees and costs for installation services relative to Network Authorized Equipment as well as any Standard Plus Equipment (as described in Schedule D of the HITS Agreement). Under the Refreshment Program (the "Refreshment Program") of Network Authorized Equipment, HSS anticipates that Network Authorized Equipment will be replaced or refreshed in HSS's sole discretion (the "Refresh") on an approximate three (3) year cycle, starting approximately three (3) years after the initial installation of Network Authorized Equipment. HSS will be responsible for the fees and costs for installation services of Network Authorized Equipment on the date that such equipment is refreshed under the Refreshment Program. Customer's Refresh will be timed to occur prior to the end of the three (3) year cycle. If Customer fails to meet HSS's timeline for such Refresh, including order dates for equipment and software, Customer will be responsible for all fees and costs incident to such delay, including, but not limited to, rent extension costs on Network Authorized Equipment and higher fees and costs for equipment maintenance and software maintenance.

c) Certain Software and Services. Use of certain software and service items listed in this section 1(c) is provided pursuant to the terms, conditions and limitations contained in the HITS Agreement of which this Schedule is a part. In lieu of the separate fees and costs and methods of payment provided for such items in the HITS Agreement, the FBPP Payment shall cover the fees and costs for the following items, except as noted:

i) OnQ® Core Modules Software License Fees. The FBPP Payment covers the software license fees for software licenses for certain OnQ® Core Modules. The license fees for OnQ® Core Modules covered by the FBPP Payment are as follows:

- 1) Revenue Management System
- 2) Electronic Mail (limited to that necessary to enable seven (7) accounts)
- 3) Customer Relationship Management

Customer shall provide, at Customer's cost, for use by Customer's Hotel, the balance of the OnQ® modules required by HSS

ii) Certified Third Party Software License Fees. The FBPP Payment covers the software license fees for software licenses for the use of the following Certified Third Party Software:

- 1) Microsoft Windows XX Server and SQL License
- 2) Microsoft Windows XX and SQL Client Access License
- 3) Inoculan Virus Protection

Customer shall provide, at Customer's cost, the license fees for any additional Certified Third Party Software for use by Customer's Hotel as required by HSS.

iii) Equipment Maintenance Fees. Customer's maintenance fees, during the term of this FBPP Agreement relative to the equipment maintenance on Network Authorized Equipment, will be covered by the FBPP Payment unless Customer has indicated in Schedule E that it has declined to use a PSP for such maintenance and such equipment has been designated as Non-maintained Equipment in Schedule E. Customer will pay separately for all maintenance fees relative to the equipment maintenance on Standard Plus Equipment. Travel expenses, per diem fees and related costs for any on-site equipment maintenance will be billed separately to and payable by Customer.

iv) Software Maintenance Fees. Customer's software maintenance fees relative to six (6) Proprietary Software interfaces, and OnQ® Core Modules (listed in this schedule) are covered by the FBPP Payment. All other Software maintenance fees will be payable by Customer as provided in the HITS Agreement. Travel expenses, per diem fees and related costs for any on-site software maintenance shall be billed separately to and payable by Customer.

## 2. Customer's Obligations. Customer shall:

(a) Pay the FBPP Payment to HSS. The FBPP Payment shall be a monthly program fee amount equal to 0.75% of the gross room revenue of Customer's Hotel to which this FBPP Agreement applies. For example, if the monthly gross room revenues are \$100,000, the monthly program fee amount due to HSS would be \$750 for that month. The monthly program fee shall be paid by Customer to HSS in the same manner and method as the monthly royalty fee is paid by Customer to HWI or its affiliate or subsidiary under Customer's License Agreement. However, the start date ("Start Date") for the commencement of payment of the monthly program fee shall be determined by the shipment date of the Network Authorized Equipment to Customer's Hotel. If the Start Date is on or before the 15th of the month, the monthly program fee will be invoiced for that full month. Each month's program fee will be invoiced the following month.

(b) Perform all of its obligations under the HITS Agreement, including but not limited to the maintenance of the Network Authorized Equipment (but at HSS's cost as above described) using the designated Preferred Services Provider for HSS's Fee Based Pricing Program (International Business Machines Corporation).

(c) Obtain and keep current insurance on the Network Authorized Equipment against all risks for the approximate value of the Network Authorized Equipment.

(d) Pay any and all state or local sales, use, gross receipts, excise or similar taxes incident to the payments under this FBPP Agreement. The monthly program fee will be billed inclusive of all state or local sales, use,

gross receipts, excise or similar taxes; however, HSS reserves the right to separately list and bill any or all such taxes on the monthly billing. Customer agrees to pay all personal property taxes associated with software licensed and equipment provided under this FBPP Agreement.

(e) Prevent any liens from attaching to the Network Authorized Equipment.

(f) Pay for any and all de-installation, transportation and disposal costs of any and all Standard Plus Equipment being used by Customer's Hotel on its Network at the time of installation by HSS or HSS's designee of the Network Authorized Equipment under the Refreshment Program. The return to Customer's lessor of all such de-installed equipment in accordance with Customer's current lease terms is the sole responsibility of Customer. Customer shall be responsible for any missing, bad or damaged equipment.

(g) Preserve and protect the Network Authorized Equipment from loss, damage or theft.

(h) Not use any unauthorized backup unit tape cartridge in connection with the Information System.

(i) Make no unapproved repairs nor perform any unauthorized service to the Network Authorized Equipment.

(j) Not allow any other equipment or software to be added to the Information System without prior specific written permission of HSS.

3. Customer's Conditions. All benefits provided Customer herein and all obligations of HSS under this FBPP Agreement are expressly subject to and conditioned upon the following:

(a) Customer is not, and continues not to be, in default of any agreement with HSS, HWI or any of their affiliates or subsidiaries, or any HWI Brand division, including, but not limited to, this FBPP Agreement, the HITS Agreement and Customer's License Agreement with HWI or its affiliate or subsidiary.

(b) Customer continues to make all other payments to HSS's Preferred Lessors, Preferred Retailers or Preferred Services Providers under any applicable agreements and does not become in default under such agreements.

(c) Customer's Hotel remains a Hilton Hotels and Resorts brand division hotel (after conversion and rebranding if applicable).

(d) Customer executes the HITS Agreement contemporaneously with this FBPP Agreement.

(e) Customer's participation and continued cooperation with HSS in HSS's Fee Based Pricing Program, including, but not limited to, the refreshment of Network Authorized Equipment.

(f) Customer allows the removal and future replacement or refreshment of Network Authorized Equipment at such time and in such manner as may be determined by HSS in its sole discretion.

(g) If applicable, Customer must complete the Hotel's conversion and rebranding as a Hilton Hotels and Resorts brand division hotel.

4. Termination. HSS may terminate the above Equipment License on the Network Authorized Equipment and all other obligations of HSS under this FBPP Agreement at HSS's option: (a) Immediately without notice in event of breach of Customer's obligations or conditions set forth in Sections 2 and 3 above, or (b) at any time, with or without cause, upon not less than ninety (90) days advance written notice to Customer. Any default by Customer under this FBPP Agreement shall constitute a default by Customer under the HITS Agreement, and, in such event, HSS may exercise any of its rights provided under Section 5 of the HITS Agreement. Any default by Customer under the HITS Agreement shall constitute a default and breach of condition by Customer under this FBPP Agreement. Termination of the HITS Agreement will result in termination of this FBPP Agreement. HSS may terminate this FBPP Agreement without terminating the HITS Agreement, whereupon the HITS Agreement shall be construed and enforced as if this FBPP Agreement had never been entered into (subject to accrued rights and obligations).

Upon termination of this FBPP Agreement, Customer will be required to assume any remaining lease payments of HSS as to the Network Authorized Equipment that is provided Customer pursuant to this FBPP Agreement or to purchase such equipment from HSS's lessor. The costs (which will vary depending upon the equipment involved and the timing of the termination) and the various options available will be sent to Customer at the time of the notification of the upcoming termination. Upon termination of this FBPP Agreement, HSS shall pass on to Customer, and Customer shall be responsible for, all subsequent fees and costs of Equipment Maintenance and Software Maintenance. If a termination occurs before the expiration of three (3) years since HSS incurred installation and/or service fees and costs in performing a refreshment of Network Authorized Equipment ("Refresh Costs"), then Customer shall also reimburse HSS for the unamortized value (on a monthly basis over a thirty-six (36) month period) of such Refresh costs.

In addition, Customer shall pay to HSS a termination fee which is designed to reimburse HSS in part for unamortized costs of the Certified Third Party Software and Vendor Equipment Maintenance Fees under this FBPP Agreement. If such termination occurs during the first year following the Start Date, the termination fee shall be in the amount of \$5,000. If such termination occurs during subsequent years following such Start Date, the termination fee shall be as follows:

During second year -	\$4,000
During third year -	\$3,000
Thereafter -	\$1,000

Provided, however, if this FBPP Agreement is terminated after a HSS Refresh of Network Authorized Equipment, the termination fee shall depend upon the period elapsed after the Start Date applicable to shipment of the Network Authorized Equipment for each successive HSS Refresh as follows:

During first year -	\$4,000
During second year -	\$3,000
During third year -	\$2,000
Thereafter -	\$1,000

5. Property of HSS. The Network Authorized Equipment shall be and remain the property of HSS, subject only to the conditional Equipment License granted to Customer in this FBPP Agreement.

6. Additional Equipment/Software. Any and all additional Authorized Equipment ("Standard Plus Equipment") may be purchased by Customer from a Preferred Retailer or leased from a Preferred Lessor under the Standard Plus Leasing Program Lease (the "Standard Plus Lease"). Any and all additional Certified Third Party Software authorized by HSS but not included in the Brand standard applicable to Customer ("Standard Plus Software") may be licensed or sublicensed from HSS or a Preferred Services Provider.

7. Defined Terms. All capitalized terms used in this FBPP Agreement which are not specially defined in this FBPP Agreement shall have the meaning ascribed to such terms in the HITS Agreement.

8. Other Important Provisions. The parties mutually acknowledge and agree that the Network Authorized Equipment is part of the Authorized Equipment referred to in the HITS Agreement, that this FBPP Agreement is a schedule to the HITS Agreement and that this FBPP Agreement and its performance by the parties are a part of the transactions contemplated by the HITS Agreement. Upon HSS's Refresh of Network Authorized Equipment, the terms and conditions applicable to any equipment, software or services provided for or pursuant to the Refresh shall be the same as the terms and conditions of this FBPP Agreement, including, but not limited to, the termination fees described herein; and, except for such termination fees (as specified above), all terms and provisions hereof (including those incorporated by reference below) shall apply as if this FBPP Agreement was executed on the Start Date for each such

Refresh. In the event of conflict between the provisions of this FBPP Agreement and the provisions of the HITS Agreement, the provisions of this FBPP Agreement shall prevail. Except as modified herein, all provisions of the HITS Agreement applicable to the Authorized Equipment, Proprietary Software or Certified Third Party Software and to Services are applicable to the equipment, software, and services described herein or provided hereunder, including, but not limited to, Sections 8 (Software), 9 (No Warranties/Limited Warranties), 10 (Proprietary Rights Notices), 11 (Infringement Claims) and 15 (Third Party Claims) and (except as herein modified) the Schedules pertaining to the Authorized Equipment, the Software and the Services. Where HSS is providing equipment, software or services instead of such items being provided by a Preferred Retailer or Preferred Services Provider, HSS shall be entitled to all of the protections and the limitations of warranties, liabilities and damages as if HSS were such Preferred Retailer or Preferred Services Provider. The following additional Sections of the HITS Agreement are hereby made applicable to this FBPP Agreement and incorporated herein by reference, as fully as if repeated herein verbatim: Sections 13 (Limitations of Liability and Exclusions of Damages); 14 (Limitations on Actions); 16 (Estoppel and Release); 17 (Entire Agreement/Prior Agreements); 18 (Cumulative Remedies); 19 (Force Majeure); 20 (Severability); 21 (No Joint Venture); 22 (Assignment); 23 (Counterparts); 24 (Applicable Law, Consent to Jurisdiction and Equitable Relief); 25 (Attorneys' Fees); 26 (No Reproduction); 27 (Confidentiality); and 28 (Surviving Obligations). Except as the context may otherwise require, all references to "this Agreement" in these incorporated provisions shall, for purposes of this FBPP Agreement, be construed to include this FBPP Agreement, and where applicable, such provisions are hereby reasserted, re-applied and re-acknowledged as of the effective date hereof.

9. Notices. The provisions of Section 4 of the HITS Agreement shall apply to all notices, requests, demands and other communications under this FBPP Agreement.

10. Counterparts. This FBPP Agreement may be executed in one or more counterparts, each of which shall constitute one and the same instrument.

Effective Date: The effective date ("Effective Date") shall be the date signed by HSS.

CUSTOMER: %LegalEntity%

HILTON SYSTEMS SOLUTIONS, LLC

By: %HotelApproverSignature%  
Authorized Signature

By: %HiltonApproverSignature%  
Authorized Signature

Print Name: %HotelApproverName%

Print Name: Randy Kanaya

Title: %HotelApproverTitle%

Title: Director – OnQ® Deployment Planning

Date: %HotelApprovedDate%

Date: %HiltonApprovedDate%

ATTACHMENT M (1)

NETWORK AUTHORIZED (PROGRAM FUNDED) EQUIPMENT

%NetAuthEquip1%

SCHEDULE M

HILTON BRAND FEE BASED PRICING PROGRAM AGREEMENT: 0.75% PROGRAM

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## SCHEDULE N

### HILTON BRAND FEE BASED PRICING PROGRAM AGREEMENT: 1% PROGRAM

This Fee Based Pricing Program Agreement (this "FBPP Agreement") is entered into as of the %HotelApprovedDay% day of %HotelApprovedMonth%, %HotelApprovedYear% between Hilton Systems Solutions, LLC a Delaware limited liability company ("HSS") and %LegalEntity% (the "Customer") for Customer's Hotel (the "Hotel") known as %HotelName% (%InnCode%) and located at %PropertyAddress1%, %PropertyAddress2%, %PropertyCity%, %PropertyState%.

In connection with the new Hilton Information Technology Systems Agreement (the "HITS Agreement") entered into between HSS and Customer (and if applicable, in anticipation of the Hotel's conversion and rebranding as a Hilton Hotels and Resorts brand division hotel), HSS is willing to make certain benefits available to Customer for the above Hotel under HSS's Fee Based Pricing Program ("FBPP") on the terms, conditions and limitations hereinafter set forth.

For good, valuable and sufficient consideration, Customer hereby enters into this FBPP Agreement, and HSS and Customer agree as follows:

#### 1. Customer's Benefits.

a) Equipment License. HSS shall provide for use by Customer at Customer's Hotel that portion of the Authorized Equipment (as described in Schedule D of the HITS Agreement) needed, as determined solely by HSS, for the network operation of the Proprietary Software, such equipment more specifically described on Attachment (1) attached to and forming part of this FBPP Agreement being hereinafter called the "Network Authorized Equipment," together with shipping and transportation costs on such equipment. HSS hereby licenses to Customer the use of such Network Authorized Equipment (the "Equipment License"), subject to the terms, conditions and limitations set forth in this FBPP Agreement. The Equipment License and any installation fees (for which HSS is responsible under 1(b)) are provided in consideration of the payment ("FBPP Payment") provided in section 2 (a) of this FBPP Agreement and the other obligations of the Customer, without an additional license fee.

b) Equipment Installation. HSS will be responsible for the fees and costs for installation services relative to Network Authorized Equipment. Customer will be responsible for the fees for installation services relative to any Standard Plus Equipment (as described in Schedule D of the HITS Agreement). Under the Refreshment Program (the "Refreshment Program") of Network Authorized Equipment, HSS anticipates that Network Authorized Equipment will be replaced or refreshed in HSS's sole discretion (the "Refresh"), on an approximate three (3) year cycle, starting approximately three (3) years after the initial shipment of Network Authorized Equipment. HSS will be responsible for the fees and costs for installation services of Network Authorized Equipment on the date that such equipment is refreshed under the Refreshment Program. Customer's Refresh will be timed to occur prior to the end of the three (3) year cycle. If Customer fails to meet HSS's timeline for such Refresh, including order dates for equipment and software, Customer will be responsible for all fees and costs incident to such delay, including, but not limited to, rent extension costs on Network Authorized Equipment and higher fees and costs for equipment maintenance and software maintenance.

c) Certain Software and Services. Use of certain software and service items listed in this section 1(c) is provided pursuant to the terms, conditions and limitations contained in the HITS Agreement of which this Schedule is a part. In lieu of the separate fees and costs and methods of payment provided for such items in the HITS Agreement, the FBPP Payment shall cover the fees and costs for the following items, except as noted:

i) OnQ® Core Modules Software License Fees. The FBPP Payment covers the software license fees for software licenses for certain OnQ® Core Modules. The license fees for OnQ® Core Modules covered by the FBPP Payment are as follows:

- 1) Proprietary Software
- 2) Proprietary Software Interfaces (six (6) interfaces)
- 3) Revenue Management System
- 4) Electronic Mail (limited to that necessary to enable seven (7) accounts)
- 5) Customer Relationship Management

Customer shall provide, at Customer's cost, the license fees for the balance of the OnQ® modules for use by Customer's Hotel as required by HSS.

ii) Certified Third Party Software License Fees. The FBPP Payment covers the software license fees for software licenses for the use of the following Certified Third Party Software:

- 1) Microsoft Windows XX Server and SQL License
- 2) Microsoft Windows XX and SQL Client Access License
- 3) Inoculan Virus Protection

Customer shall provide, at Customer's cost, the license fees for any additional Certified Third Party Software for use by Customer's Hotel as required by HSS.

iii) Equipment Maintenance Fees. Customer's maintenance fees, during the term of this FBPP Agreement relative to the equipment maintenance on Network Authorized Equipment, will be covered by the FBPP Payment unless Customer has indicated in Schedule E that it has declined to use a PSP for such maintenance and such equipment has been designated as Non-maintained Equipment in Schedule E. Customer will pay separately for all maintenance fees relative to the equipment maintenance on Standard Plus Equipment. Travel expenses, per diem fees and related costs for any on-site equipment maintenance will be billed separately to and payable by Customer.

Customer shall provide, at Customer's cost, the license fees for any additional Certified Third Party Software for use by Customer's Hotel as required by HSS.

iv) Software Maintenance Fees. Customer's software maintenance fees relative to six (6) Proprietary Software interfaces and OnQ® Core Modules (listed in this schedule) are covered by the FBPP Payment. All other Software maintenance fees will be payable by Customer as provided in the HITS Agreement. Travel expenses, per diem fees and related costs for any on-site software maintenance shall be billed separately to and payable by Customer.

v) Miscellaneous Services. The FBPP Payment also covers fees for the following services:

- 1) Site Survey Services (including standard travel costs)
- 2) Training Room Set Up Services (including standard travel costs)
- 3) Project Management & Contracting Services (does not include travel costs)
- 4) Planning Workshop Attendance for Two Participants (does not include travel costs)
- 5) Implementation Cut-Over Support Services (does not include travel costs)

## 2. Customer's Obligations. Customer shall:

(a) Pay the FBPP Payment to HSS. The FBPP Payment shall be a monthly program fee amount equal to 1.00% of the gross room revenue of Customer's Hotel to which this FBPP Agreement applies. For example, if the monthly gross room revenues are \$100,000, the monthly program fee amount due to HSS would be \$1,000 for that month. Beginning with the first month after the fifth anniversary of the

Effective Date (hereinafter defined) of this FBPP Agreement, the Customer's monthly program fee amount shall be reduced to equal 0.75% of the gross room revenue of that Hotel. The monthly program fee shall be paid by Customer to HSS in the same manner and method as the monthly royalty fee is paid by Customer to HWI or its affiliate or subsidiary under Customer's License Agreement. However, the start date ("Start Date") for commencement of payment of the monthly program fee shall be the shipment date of the Network Authorized Equipment to Customer's Hotel. If the Start Date is on or before the 15<sup>th</sup> of the month, the monthly program fee will be invoiced for that full month. Each month's program fee will be invoiced the following month.

(b) Perform all of its obligations under the HITS Agreement, including, but not limited to, the maintenance of the Network Authorized Equipment (but at HSS's cost as above described) using the designated Preferred Services Provider for HSS's Fee Based Pricing Program.

(c) Obtain and keep current insurance on the Network Authorized Equipment against all risks for the approximate value of the Network Authorized Equipment.

(d) Pay any and all state or local sales, use, gross receipts, excise or similar taxes incident to the payments under this FBPP Agreement. The monthly program fee will be billed inclusive of all state or local sales, use, gross receipts, excise or similar taxes; however, HSS reserves the right to separately list and bill any or all such taxes on the monthly billing. Customer agrees to pay all personal property taxes associated with software licensed or sublicensed and equipment provided under this FBPP Agreement.

(e) Prevent any liens from attaching to the Network Authorized Equipment.

(f) Pay for any and all de-installation, transportation and disposal costs of any and all Standard Plus Equipment being used by Customer's Hotel on its Network at the time of installation by HSS or HSS's designee of the Network Authorized Equipment under the Refreshment Program. The return to Customer's lessor of all such de-installed equipment in accordance with Customer's current lease terms is the sole responsibility of Customer. Customer shall be solely responsible for any missing, bad or damaged equipment

(g) Preserve and protect the Network Authorized Equipment from loss, damage or theft.

(h) Not use any unauthorized backup unit tape cartridge in connection with the Information System.

(i) Make no unapproved repairs nor perform any unauthorized service to the Network Authorized Equipment.

(j) Not allow any other equipment or software to be added to the Information System without prior specific written permission of HSS.

3. Customer's Conditions. All benefits provided Customer herein and all obligations of HSS under this FBPP Agreement are expressly subject to and conditioned upon the following:

(a) Customer is not, and continues not to be, in default of any agreement with HSS, HWI or any of their affiliates or subsidiaries or any Brand division, including, but not limited to, this FBPP Agreement, the HITS Agreement and Customer's License Agreement with HWI or its affiliate or subsidiary.

(b) Customer continues to make all other payments to HSS's Preferred Lessors, Preferred Retailers or Preferred Services Providers under any applicable agreements and does not become in default under such agreements.

(c) Customer's Hotel remains a Hilton Hotels and Resorts brand division hotel (after conversion and rebranding if applicable).

(d) Customer executes the HITS Agreement contemporaneously with this FBPP Agreement.

(e) Customer's participation and continued cooperation with HSS in HSS's Fee Based Pricing Program, including, but not limited to, the refreshment of Network Authorized Equipment.

(f) Customer allows the removal and future replacement or refreshment of Network Authorized Equipment at such time and in such manner as may be determined by HSS in its sole discretion.

(g) If applicable, Customer must complete the Hotel's conversion and rebranding as a Hilton Hotels and Resorts brand division hotel.

4. Termination. HSS may terminate the above Equipment License on the Network Authorized Equipment and all other obligations of HSS under this FBPP Agreement at HSS's option: (a) Immediately without notice in event of breach of Customer's obligations or conditions set forth in Sections 2 and 3 above, or (b) at any time, with or without cause, upon not less than ninety (90) days advance written notice to Customer. Any default by Customer under this FBPP Agreement shall constitute a default by Customer under the HITS Agreement, and, in such event, HSS may exercise any of its rights provided under Section 5 of the HITS Agreement. Any default by Customer under the HITS Agreement shall constitute a default and breach of condition by Customer under this FBPP Agreement. Termination of the HITS Agreement will result in termination of this FBPP Agreement. HSS may terminate this FBPP Agreement without terminating the HITS Agreement, whereupon the HITS Agreement shall be construed and enforced as if this FBPP Agreement had never been entered into (subject to accrued rights and obligations).

Upon termination of this FBPP Agreement, Customer will be required to assume any remaining lease payments of HSS as to the Network Authorized Equipment that is provided Customer pursuant to this FBPP Agreement or to purchase such equipment from HSS's lessor. The costs (which will vary depending upon the equipment involved and the timing of the termination) and the various options available will be sent to Customer at the time of the notification of the upcoming termination. Upon termination of this FBPP Agreement, HSS shall pass on to Customer, and Customer shall be responsible for, all subsequent fees and costs of Equipment Maintenance and Software Maintenance. If a termination occurs before the expiration of three (3) years since HSS incurred installation and/or service fees and costs in performing a refreshment of Network Authorized Equipment ("Refresh Costs"), then Customer shall also reimburse HSS for the unamortized value (on a monthly basis over a thirty-six (36) month period) of such Refresh costs.

In addition, Customer shall pay to HSS a termination fee which is designed to reimburse HSS in part for unamortized costs of the software license fees for OnQ® Core Modules and Certified Third Party Software and for miscellaneous services provided to Customer under this FBPP Agreement. If such termination occurs during the first year following the Start Date, the termination fee shall be in the amount of \$38,000. If such termination occurs during subsequent years following such Start Date, the termination fee shall be as follows:

During second year -       \$30,500

During third year -         \$22,800

During fourth year - \$18,800

During fifth year - \$10,200

Thereafter - \$ 1,200

Provided, however, if this FBPP Agreement is terminated after any HSS Refresh of Network Authorized Equipment, the termination fee shall depend upon the period elapsed after the Start Date applicable to shipment of the Network Authorized Equipment for each such successive HSS Refresh, as follows: The termination fee shall be the greater of (a) the fee determined under the table above, based on the period elapsed since the original Start Date or (b) the fee determined under the table below, based on the period elapsed since the new Start Date.

During first year - \$4,000

During second year - \$2,600

During third year - \$1,300

Thereafter - \$1,000

5. Property of HSS. The Network Authorized Equipment shall be and remain the property of HSS, subject only to the conditional Equipment License granted to Customer in this FBPP Agreement.

6. Additional Equipment/Software. Any and all additional Authorized Equipment ("Standard Plus Equipment") may be purchased by Customer from a Preferred Retailer or leased from a Preferred Lessor under the Standard Plus Leasing Program Lease (the "Standard Plus Lease"). Any and all additional Certified Third Party Software authorized by HSS but not included in the Brand standard applicable to Customer ("Standard Plus Software") may be licensed or sublicensed from HSS or a Preferred Services Provider.

7. Defined Terms. All capitalized terms used in this FBPP Agreement which are not specially defined in this FBPP Agreement shall have the meaning ascribed to such terms in the HITS Agreement.

8. Other Important Provisions. The parties mutually acknowledge and agree that the Network Authorized Equipment is part of the Authorized Equipment referred to in the HITS Agreement, that this FBPP Agreement is a schedule to the HITS Agreement and that this FBPP Agreement and its performance by the parties are a part of the transactions contemplated by the HITS Agreement. Upon HSS's Refresh of Network Authorized Equipment, the terms and conditions applicable to any equipment, software or services provided for the Refresh shall be the same as the terms and conditions of this FBPP Agreement, including, but not limited to, the termination fees described herein; and, except for such termination fees (as specified above), all terms and provisions hereof (including those incorporated by reference below) shall apply as if this FBPP Agreement was executed on the Start Date for each such Refresh. In the event of conflict between the provisions of this FBPP Agreement and the provisions of the HITS Agreement, the provisions of this FBPP Agreement shall prevail. Except as modified herein, all provisions of the HITS Agreement applicable to the Authorized Equipment, Proprietary Software, Certified Third Party Software and Services are applicable to the equipment, software, and services described herein or provided hereunder, including, but not limited to, Sections 8 (Software), 9 (No Warranties/Limited Warranties), 10 (Proprietary Rights Notices), 11 (Infringement Claims) and 15 (Third Party Claims), and (except as herein modified) the Schedules pertaining to the Authorized Equipment, the Software and the Services. Where HSS is providing equipment, software or services instead of such items being provided by a Preferred Retailer or Preferred Services Provider, HSS shall be entitled to all of the protections and the limitations of warranties, liabilities and damages as if HSS were such Preferred Retailer or Preferred Services Provider. The following additional Sections of the HITS Agreement are hereby made applicable to

this FBPP Agreement and incorporated herein by reference, as fully as if repeated herein verbatim: Sections 13 (Limitations of Liability and Exclusions of Damages); 14 (Limitations on Actions); 16 (Estoppel and Release); 17 (Entire Agreement/Prior Agreements); 18 (Cumulative Remedies); 19 (Force Majeure); 20 (Severability); 21 (No Joint Venture); 22 (Assignment); 23 (Counterparts); 24 (Applicable Law, Consent to Jurisdiction and Equitable Relief); 25 (Attorneys' Fees); 26 (No Reproduction); 27 (Confidentiality); and 28 (Surviving Obligations). Except as the context may otherwise require, all references to "this Agreement" in these incorporated provisions shall, for purposes of this FBPP Agreement, be construed to include this FBPP Agreement, and where applicable, such provisions are hereby reasserted, re-applied and re-acknowledged as of the effective date hereof.

9. Notices. The provisions of Section 4 of the HITS Agreement shall apply to all notices, requests, demands and other communications under this FBPP Agreement.

10. Counterparts. This FBPP Agreement may be executed in one or more counterparts, each of which shall constitute one and the same instrument.

Effective Date: The effective date ("Effective Date") shall be the date signed by HSS.

CUSTOMER: %LegalEntity%

HILTON SYSTEMS SOLUTIONS, LLC

By: %HotelApproverSignature%  
Authorized Signature

By: %HiltonApproverSignature%  
Authorized Signature

Print Name: %HotelApproverName%

Print Name: Randy Kanaya

Title: %HotelApproverTitle%

Title: Director – OnQ® Deployment Planning

Date: %HotelApprovedDate%

Date: %HiltonApprovedDate%

ATTACHMENT N (1)

NETWORK AUTHORIZED (PROGRAM FUNDED) EQUIPMENT

%NetAuthEquip1%

SCHEDULE N

HILTON BRAND FEE BASED PRICING PROGRAM AGREEMENT: 1% PROGRAM

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## SCHEDULE O

### HSS BRAND FEE BASED PRICING PROGRAM AGREEMENT: REIT HOTEL

This Fee Based Pricing Program Agreement (this "FBPP Agreement") is entered into as of the %HotelApprovedDay% day of %HotelApprovedMonth%, %HotelApprovedYear% between Hilton Systems Solutions, LLC a Delaware limited liability company ("HSS") and %LegalEntity% (the "Customer") for Customer's Hotel (the "Hotel") known as %HotelName% (%InnCode%) and located at %PropertyAddress1%, %PropertyAddress2%, %PropertyCity%, %PropertyState%.

In connection with the new Hilton Information Technology Systems Agreement (the "HITS Agreement") entered into between HSS and Customer (and if applicable, in anticipation of the Hotel's conversion and rebranding as a Hilton Hotels and Resorts brand division hotel), HSS is willing to make certain benefits available to Customer for the above Hotel under HSS's Fee Based Pricing Program ("FBPP") on the terms, conditions and limitations hereinafter set forth.

For good, valuable and sufficient consideration, Customer hereby enters into this FBPP Agreement, and HSS and Customer agree as follows:

#### 1. Customer's Benefits.

a) Certain Software and Services. Certain software and service items listed in this Section 1(a) are provided pursuant to the terms, conditions and limitations contained in the HITS Agreement of which this Schedule is a part. In lieu of the separate fees and methods of payment provided for such items in the HITS Agreement, the FBPP Payment shall cover the fees for the following items, except as noted:

i) OnQ® Core Modules Software License Fees. The FBPP Payment covers the software license fees for software licenses for certain of OnQ® Core Modules (together with the cost of installation services for such modules). The license fees for OnQ® Core Modules covered by the FBPP Payment are as follows:

- 1) Revenue Management System
- 2) Electronic Mail (limited to that necessary to enable seven (7) accounts)
- 3) Customer Relationship Management

Customer shall provide, at Customer's cost, the license fees for the balance of the OnQ® modules for use by Customer's Hotel as required by HSS.

ii) Equipment Maintenance Fees. Customer's maintenance fees and costs, during the term of this FBPP Agreement relative to the equipment maintenance on that part of Hotel's equipment hereinafter described in Section 2(a) as the Listed Equipment, will be covered by the FBPP Payment unless Customer has indicated in Schedule E that it has declined to use a PSP for such maintenance and such equipment has been designated as Non-maintained Equipment in Schedule E. Customer will pay separately for all maintenance fees and costs relative to the equipment maintenance on any other Authorized Equipment, as that term is described in Schedule D. Travel expenses, per diem fees and related costs for any on-site equipment maintenance will be billed separately to and payable by Customer.

iii) Software Maintenance Fees. Customer's software maintenance fees relative to the following will be covered by the FBPP Payment:

Seven (7) Proprietary Software interfaces; and

Three (3) OnQ® Core Modules (listed in this schedule).

All other Software maintenance fees will be payable by Customer as provided in the HITS Agreement. Travel expenses, per diem fees and related costs for any on-site software maintenance shall be billed separately to and payable by Customer.

2. Customer's Obligations. Customer shall:

(a) Provide at Customer's cost for use by Customer's Hotel, the balance of the OnQ® Modules required by HSS, the Certified Third Party Software and the equipment needed, as determined solely by HSS, for the network operation of the OnQ® System, such equipment more specifically described on Attachment (1) attached to and forming part of the FBPP Agreement, being hereinafter called the "Listed Equipment." Customer shall pay all shipping and transportation costs on such equipment. Customer shall, at HSS's sole discretion and instruction: (i) replace any Listed Equipment with a purchase price exceeding \$1,000.00 within Customer's next annual budget cycle, following HSS's instructions to acquire same; (ii) acquire any additional equipment with a purchase price exceeding \$1,000.00 within Customer's next annual budget cycle; (iii) acquire any equipment with a purchase price less than \$1,000.00 within ninety (90) days following HSS's instructions to acquire same.

(b) Be responsible for the fees and costs for all installation services relative to any Listed Equipment as well as any other equipment acquired by Customer through Schedule H.

(c) Pay the FBPP Payment to HSS. The FBPP Payment shall be a monthly program fee amount equal to 0.45% of the gross room revenue of Customer's Hotel to which this FBPP Agreement applies. For example, if the monthly gross room revenues are \$100,000, the monthly program fee amount due to HSS would be \$450 for that month. The monthly program fee shall be paid by Customer to HSS in the same manner and method as the monthly royalty fee is paid by Customer to HWI or its affiliate or subsidiary under Customer's License Agreement. However, the start date ("Start Date") for the commencement of payment of the monthly program fee shall be determined by the shipment date of the Listed Equipment. If the Start Date is on or before the 15<sup>th</sup> of the month, the monthly program fee will be invoiced for the full month. Each month's program fee will be invoiced the following month.

(d) Perform all of its obligations under the HITS Agreement, including, but not limited to, the maintenance of the Listed Equipment using the designated Preferred Services Provider for HSS's Fee Based Pricing Program.

(e) Obtain and keep current insurance on the Listed Equipment against all risks for the approximate value of the Listed Equipment.

(f) Pay any and all state or local sales, use, gross receipts and excise or similar taxes incident to the payments under this FBPP Agreement. The monthly program fee will be billed inclusive of all state or local sales, use, gross receipts, excise or similar taxes; however, HSS reserves the right to separately list and bill any or all such taxes on the monthly billing. Customer agrees to pay all personal property taxes associated with software licensed under this FBPP Agreement.

(g) Prevent any liens from attaching to the Listed Equipment.

(h) Pay for any and all transportation and disposal costs of any equipment being used by Customer's Hotel on its current network at the time of installation of the Listed Equipment. De-installation of any network equipment and the return to Customer's lessor of all such de-installed equipment in accordance with Customer's current lease terms is the sole responsibility of Customer. Customer shall be responsible for any missing, bad or damaged equipment

(i) Preserve and protect the Listed Equipment from loss, damage or theft.

(j) Not use any unauthorized backup unit tape cartridge in connection with the OnQ® System.

(k) Make no unapproved repairs nor perform any unauthorized service to the Listed Equipment.

(l) Not allow any other equipment or software to be added to the OnQ® System without prior specific written permission of HSS.

(m) Be responsible for the fees for installation services for Listed Equipment on the date that such equipment is refreshed under the Refreshment Program (the "Refreshment Program"). Under the Refreshment Program, HSS anticipates that Customer's Listed Equipment will be replaced or refreshed in HSS's sole discretion (the "Refresh") on an approximate three (3) year cycle, starting approximately three (3) years after the initial shipment of Listed Equipment. Customer's Refresh will be timed to occur prior to the end of the three (3) year cycle. If Customer fails to meet HSS's timeline for such Refresh, including order dates for equipment and software, Customer will be responsible for all fees and costs incident to such delay, including, but not limited to, higher fees and costs for equipment maintenance and software maintenance.

3. Customer's Conditions. All benefits provided Customer herein and all obligations of HSS under this FBPP Agreement are expressly subject to and conditioned upon the following:

(a) Customer is not, and continues not to be, in default of any agreement with HSS, HWI or any of their affiliates or subsidiaries or any Brand division, including, but not limited to, this FBPP Agreement, the HITS Agreement and Customer's License Agreement with HWI or its affiliate or subsidiary.

(b) Customer continues to make all other payments to HSS's Preferred Lessors, Preferred Retailers or Preferred Services Providers under any applicable agreements and does not become in default under such agreements.

(c) Customer's Hotel remains a Hilton Hotels and Resorts brand division hotel (after conversion and rebranding if applicable).

(d) Customer executes the HITS Agreement contemporaneously with this FBPP Agreement.

(e) Customer's participation and continued cooperation with HSS in HSS's Fee Based Pricing Program, including, but not limited to, the refreshment of Listed Equipment.

(f) If applicable, Customer must complete the Hotel's conversion and rebranding as a Hilton Hotels and Resorts brand division hotel.

4. Termination. HSS may terminate all obligations of HSS under this FBPP Agreement at HSS's option: (a) Immediately without notice in event of breach of Customer's obligations or conditions set forth in Sections 2 and 3 above, or (b) at any time, with or without cause, upon not less than ninety (90) days advance written notice to Customer. Any default by Customer under this FBPP Agreement shall constitute a default by Customer under the HITS Agreement and in such event, HSS may exercise any of its rights provided under Section 5 of the HITS Agreement. Any default by Customer under the HITS Agreement shall constitute a default and breach of condition by Customer under this FBPP Agreement. Termination of the HITS Agreement will result in termination of this FBPP Agreement. HSS may terminate this FBPP Agreement without terminating the HITS Agreement, whereupon the HITS Agreement shall be construed and enforced as if this FBPP Agreement had never been entered into (subject to accrued rights and obligations).

Upon termination of this FBPP Agreement, HSS shall pass onto Customer, and Customer shall be responsible for, all subsequent fees and costs of Equipment Maintenance and Software Maintenance.

In addition, Customer shall pay to HSS a termination fee which is designed to reimburse HSS in part for unamortized costs of the software maintenance and equipment maintenance fees. If such termination occurs during the first year following the Start Date, the termination fee shall be in the amount of \$4,000. If such termination occurs during subsequent years following such Start Date, the termination fee shall be as follows:

During second year - \$2,500

During third year - \$1,000

Thereafter - \$1,000

Provided, however, if this FBPP Agreement is terminated after any Customer Refresh of Listed Equipment, the termination fee shall depend upon the period elapsed after the Start Date applicable to shipment of the Listed Equipment for each such successive Customer Refresh as follows:

During first year - \$4,000

During second year - \$2,500

During third year - \$1,000

Thereafter - \$1,000

5. Additional Equipment/Software. Any and all additional Authorized Equipment ("Standard Plus Equipment") may be purchased by Customer from a Preferred Retailer or leased from a Preferred Lessor under the Standard Plus Leasing Program Lease (the "Standard Plus Lease"). Any and all additional Certified Third Party Software authorized by HSS but not included in the Brand standard applicable to Customer ("Standard Plus Software") may be licensed or sublicensed from HSS or a Preferred Services Provider.

6. Defined Terms. All capitalized terms used in this FBPP Agreement which are not specially defined in this FBPP Agreement shall have the meaning ascribed to such terms in the HITS Agreement.

7. Other Important Provisions. The parties mutually acknowledge and agree that the Listed Equipment is part of the Authorized Equipment referred to in the HITS Agreement, that this FBPP Agreement is a schedule to the HITS Agreement and that this FBPP Agreement and its performance by the parties are a part of the transactions contemplated by the HITS Agreement. Upon Customer's Refresh of Listed Equipment, the terms and conditions applicable to any equipment, software or services provided for the Refresh shall be the same as the terms and conditions of this FBPP Agreement, including, but not limited to, the termination fees described herein; and, except for such termination fees (as specified above), all terms and provisions hereof (including those incorporated by reference below) shall apply as if this FBPP Agreement was executed on the Start Date for each such Refresh. In the event of conflict between the provisions of this FBPP Agreement and the provisions of the HITS Agreement, the provisions of this FBPP Agreement shall prevail. Except as modified herein, all provisions of the HITS Agreement applicable to the Authorized Equipment, Proprietary Software, Certified Third Party Software and Services are applicable to the equipment, software, and services described herein or provided hereunder, including, but not limited to, Sections 8 (Software), 9 (No Warranties/Limited Warranties), 10 (Proprietary Rights Notices), 11 (Infringement Claims) and 15 (Third Party Claims) and (except as herein modified) the Schedules pertaining to the Authorized Equipment, the Software and the Services. Where HSS is providing equipment, software or services instead of such items being provided by a Preferred Retailer or Preferred Services Provider, HSS shall be entitled to all of the protections and the limitations of warranties, liabilities and damages as if HSS were such Preferred Retailer or Preferred Services Provider. The following additional Sections of the HITS Agreement are hereby made applicable to this FBPP

Agreement and incorporated herein by reference, as fully as if repeated herein verbatim: Sections 13 (Limitations of Liability and Exclusions of Damages); 14 (Limitations on Actions); 16 (Estoppel and Release); 17 (Entire Agreement/Prior Agreements); 18 (Cumulative Remedies); 19 (Force Majeure); 20 (Severability); 21 (No Joint Venture); 22 (Assignment); 23 (Counterparts); 24 (Applicable Law, Consent to Jurisdiction and Equitable Relief); 25 (Attorneys' Fees); 26 (No Reproduction); 27 (Confidentiality); and 28 (Surviving Obligations). Except as the context may otherwise require, all references to "this Agreement" in these incorporated provisions shall, for purposes of this FBPP Agreement, be construed to include this FBPP Agreement, and where applicable, such provisions are hereby reasserted, re-applied and re-acknowledged as of the effective date hereof.

8. Notices. The provisions of Section 4 of the HITS Agreement shall apply to all notices, requests, demands and other communications under this FBPP Agreement.

9. Counterparts. This FBPP Agreement may be executed in one or more counterparts, each of which shall constitute one and the same instrument.

Effective Date: The effective date ("Effective Date") shall be the date signed by HSS.

CUSTOMER: %LegalEntity%

HILTON SYSTEMS SOLUTIONS, LLC

By: %HotelApproverSignature%  
Authorized Signature

By: %HiltonApproverSignature%  
Authorized Signature

Print Name: %HotelApproverName%

Print Name: Randy Kanaya

Title: %HotelApproverTitle%

Title: Director – OnQ® Deployment Planning

Date: %HotelApprovedDate%

Date: %HiltonApprovedDate%

ATTACHMENT O (1)

LISTED EQUIPMENT

%NetAuthEquip1%

SCHEDULE O

HSS BRAND FEE BASED PRICING PROGRAM AGREEMENT: REIT HOTEL

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## SCHEDULE P

### DOUBLETREE AUTHORIZED EQUIPMENT REFRESH

Pursuant to the HITS Agreement entered into between HSS and Customer for Customer's Hotel (and if applicable, in anticipation of the Hotel's conversion and rebranding as a Doubletree Brand Hotel), Customer provided the Authorized Equipment as defined in the HITS Agreement needed, as determined solely by HSS, for the network operation of the Proprietary Software licensed by HSS, all as described in the HITS Agreement, for the internal operation of Customer's Hotel.

In order that Customer's Authorized Equipment will maintain compatibility with the Proprietary Software and with updates to such software and in an effort to minimize Customer's expenditures for maintenance and repair associated with older, out of warranty equipment, HSS plans for Customer's Authorized Equipment to be replaced or refreshed by Customer on an approximate three (3) year cycle, commencing approximately three (3) years following Customer's initial shipment of Authorized Equipment ("the Refresh"). Customer's Refresh will be timed to occur prior to the end of the three (3) year cycle. If Customer fails to meet HSS's timeline for such Refresh, including order dates for equipment and software, Customer will be responsible for all fees and costs incident to such delay, including, but not limited to, rent extension costs on Network Authorized Equipment and higher fees and costs for equipment maintenance and software maintenance.

Accordingly, in conjunction with any Refresh, Customer commits to the following:

1. Equipment Acquisition and Installation. Customer shall provide by purchase or lease the Authorized Equipment for use by Customer's Hotel, including, but not limited to, that required for any Refresh, together with shipping and transportation costs for such equipment. Customer is responsible for the fees and costs for installation services relative to all such Authorized Equipment as well as any other equipment (as described in the HITS Agreement) used by Customer.
2. Customer's Additional Obligations. Customer shall:
  - (a) Perform all of its obligations under the HITS Agreement (including any amendments thereto), including, but not limited to, being fully responsible for maintenance of the Authorized Equipment using the designated Preferred Services Provider as defined in the HITS Agreement.
  - (b) Obtain and keep current insurance on the Authorized Equipment against all risks for the approximate value of the Authorized Equipment
  - (c) Pay any and all taxes (such as personal property and sales taxes) incident to the Authorized Equipment.
  - (d) Pay for any and all de-installation, transportation and disposal costs of any Authorized Equipment currently being used by Customer's Hotel at the time of installation by Customer of any new Authorized Equipment. It is also Customer's responsibility to handle the return to Customer's lessor of all such de-installed equipment in accordance with Customer's current lease terms. Customer shall be solely responsible for any missing, bad or damaged equipment.
  - (e) Preserve and protect the Authorized Equipment from loss, damage or theft.
  - (f) Not use any unauthorized backup unit tape cartridge in connection with the Authorized Equipment.
  - (g) Make no unapproved repairs nor perform any unauthorized service to the Authorized Equipment.



(h) Not allow any other equipment or software to be added to the Proprietary Software and/or Authorized Equipment without prior specific written permission of HSS.

3. Customer's Conditions. Any Refresh is conditioned on the following:

(a) Customer's Hotel remains in the Doubletree Brand division of HWI or its affiliate or subsidiary (after conversion and rebranding if applicable).

(b) Customer remains bound by the HITS Agreement and any amendments in force at the time of a Refresh.

(c) If applicable, Customer must complete the Hotel's conversion and rebranding as a Doubletree Brand Hotel.

4. Additional Equipment/Software. Any and all additional Authorized Equipment ("Standard Plus Equipment") may be purchased by Customer from a Preferred Retailer or leased from a Preferred Lessor under the Standard Plus Leasing Program Lease (the "Standard Plus Lease"). Any and all additional Certified Third Party Software authorized by HSS but not included in the Brand standard applicable to Customer ("Standard Plus Software"), may be licensed or sublicensed from HSS or a Preferred Services Provider.

5. Defined Terms. All capitalized terms used herein which are not specially defined shall have the meaning ascribed to such terms in the HITS Agreement.

6. Other Important Provisions. This Schedule P is a schedule to the HITS Agreement. The Refresh and its performance by the parties are a part of the transactions contemplated by the HITS Agreement. Upon Customer's Refresh of Authorized Equipment, the terms and conditions applicable to any equipment, software or services provided for the Refresh shall be the same as the terms and conditions of the HITS Agreement and this Schedule P. All terms and provisions hereof shall apply as if the provisions of this Refresh were implemented on the Start Date (the shipment date of the Authorized Equipment to Customer's Hotel) for each such Refresh. Customer's participation in a Refresh shall constitute acceptance of the terms and conditions of the Refresh. In the event of conflict between the provisions of this Schedule P and the provisions of the HITS Agreement, the provisions of this Schedule P shall prevail.

SCHEDULE P

DOUBLETREE AUTHORIZED EQUIPMENT REFRESH

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## SCHEDULE Q

### HILTON GARDEN INN REFRESH PROGRAM AGREEMENT

This Hilton Garden Inn refresh Program Agreement (this "Refresh Program Agreement") is entered into as of the %HotelApprovedDay% day of %HotelApprovedMonth%, %HotelApprovedYear% between HSS Systems Solutions, LLC a Delaware limited liability company ("HSS") and %LegalEntity% (the "Customer") for Customer's Hotel (the "Hotel") known as %HotelName% (%InnCode%) and located at %PropertyAddress2%, %PropertyCity%, %PropertyState%.

In connection with the new Hilton Information Technology Systems Agreement (the "HITS Agreement") entered into between HSS and Customer (and if applicable, in anticipation of the Hotel's conversion and rebranding as a Hilton Garden Inn brand division hotel), HSS is willing to make certain benefits available to Customer for the above Hotel under the Hilton Garden Inn Refresh Program ("Garden Inn Refresh Program") on the terms, conditions and limitations hereinafter set forth.

For good, valuable and sufficient consideration, Customer hereby enters into this Refresh Program Agreement, and HSS and Customer agree as follows:

1. Customer's Benefits.

a) Equipment License. HSS shall provide for use by Customer at Customer's Hotel that portion of the Authorized Equipment (as described in Schedule D of the HITS Agreement) needed, as determined solely by HSS, for the network operation of the Proprietary Software, such equipment more specifically described on Attachment (1) attached to and forming part of this Refresh Program Agreement being hereinafter called the "Network Authorized Equipment," together with shipping and transportation costs on such equipment. HSS hereby licenses to Customer the use of such Network Authorized Equipment (the "Equipment License"), subject to the terms, conditions and limitations set forth in this Refresh Program Agreement. The Equipment License and any installation fees for which HSS is responsible under 1(b) are provided in consideration of Customer's Performance of the HITS Agreement and the other obligations of the Customer pursuant to this Refresh Program Agreement, without an additional license fee.

b) Equipment Installation. Customer will be responsible for the fees and costs for installation services relative to Network Authorized Equipment as well as any Standard Plus Equipment (as described in Schedule D of the HITS Agreement). Under the Refreshment Program (the "Refreshment Program") of Network Authorized Equipment, HSS anticipates that Network Authorized Equipment will be replaced or refreshed in HSS's sole discretion (the "Refresh") on an approximate three (3) year cycle, starting approximately three (3) years after the initial shipment of Network Authorized Equipment. HSS will be responsible for the fees and costs for installation services of Network Authorized Equipment on the date that such equipment is refreshed under the Refreshment Program. Customer's Refresh will be timed to occur prior to the end of the three (3) year cycle. If Customer fails to meet HSS's timeline for such Refresh, including order dates for equipment and software, Customer will be responsible for all fees and costs incident to such delay, including, but not limited to, rent extension costs on Network Authorized Equipment and higher fees and costs for equipment maintenance and software maintenance.

c) Equipment Maintenance Fees. Customer's maintenance fees, during the term of this Refresh Program Agreement relative to the equipment maintenance on Network Authorized Equipment, will be covered by a separate program under the Garden Inn Brand unless Customer has indicated in Schedule E that it has declined to use a PSP for such maintenance and such equipment has been designated as Non-maintained Equipment in Schedule E. Customer will pay separately for all maintenance fees relative to the equipment maintenance on Standard Plus. Travel expenses, per diem fees and related costs for any on-site equipment maintenance will be billed separately to and payable by Customer.

d) Software Maintenance Fees. Customer's software maintenance fees relative to six (6) Proprietary Software interfaces and the OnQ® Core Modules (listed in this schedule) will be covered by a separate program under the Garden Inn Brand. All other Software maintenance fees will be payable by Customer as provided in the HITS Agreement. Travel expenses, per diem fees and related costs for any on-site software maintenance will be billed separately to and payable by Customer.

e) Electronic Mail. License fees for electronic mail is limited to that necessary to enable three (3) Hilton Garden Inn Brand designated accounts and two (2) optional accounts for use by Customer's Hotel

2. Customer's Obligations. Customer shall:

(a) Perform all of its obligations under the HITS Agreement, including, but not limited to, the maintenance of the Network Authorized Equipment using the designated Preferred Services Provider for the Hilton Garden Inn Refresh Program.

(b) Obtain and keep current insurance on the Network Authorized Equipment against all risks for the approximate value of the Network Authorized Equipment.

(c) Pay any and all state or local sales, use, gross receipts, excise or similar taxes incident to Network Authorized Equipment. Customer agrees to pay all personal property taxes associated with software licensed or sublicensed and equipment provided under this Refresh Program Agreement.

(d) Prevent any liens from attaching to the Network Authorized Equipment.

(e) Pay for any and all de-installation, transportation and disposal costs of any and all Standard Plus Equipment being used by Customer's Hotel on its Network at the time of installation by HSS's designee of the Network Authorized Equipment under the Refreshment Program. HSS's designee, at HSS's expense, will provide for de-installation of any such Network Authorized Equipment then being used by Customer's Hotel at the time of the installation of Network Authorized Equipment under the Refreshment Program, but it is Customer's responsibility to handle the return to Customer's lessor of all such de-installed equipment in accordance with Customer's current lease terms. The return to Customer's lessor of all such de-installed equipment in accordance with Customer's current lease terms is the sole responsibility of Customer. Customer shall be responsible for any missing, bad or damaged equipment

(f) Preserve and protect the Network Authorized Equipment from loss, damage or theft.

(g) Not use any unauthorized backup unit tape cartridge in connection with the Information System.

(h) Make no unapproved repairs nor perform any unauthorized service to the Network Authorized Equipment.

(i) Not allow any other equipment or software to be added to the Information System without prior specific written permission of HSS.

3. Customer's Conditions. All benefits provided Customer herein and all obligations of HSS under this Refresh Program Agreement are expressly subject to and conditioned upon the following:

(a) Customer is not, and continues not to be, in default of any agreement with HSS, HWI or any of their affiliates or subsidiaries, or any Brand division, including, but not limited to, this Refresh Program Agreement, the HITS Agreement and Customer's License Agreement with HWI or its affiliate or subsidiary.

(b) Customer continues to make all other payments to HSS's Preferred Lessors, Preferred Retailers or Preferred Services Providers under any applicable agreements and does not become in default under such agreements.

(c) Customer's Hotel remains in the Garden Inn Brand division (after conversion and rebranding if applicable).

(d) Customer executes the HITS Agreement contemporaneously with this Refresh Program Agreement.

(e) Customer's participation and continued cooperation with HSS in the Hilton Garden Inn Refresh Program, including, but not limited to, the refreshment of Network Authorized Equipment.

(f) Customer allows the removal and future replacement or refreshment of Network Authorized Equipment at such time and in such manner as may be determined by HSS in its sole discretion.

(g) If applicable, Customer must complete the Hotel's conversion and rebranding as a Hilton Garden Inn Brand Hotel.

4. Termination. HSS may terminate the above Equipment License on the Network Authorized Equipment and all other obligations of HSS under this Refresh Program Agreement at HSS's option: (a) Immediately without notice in the event of breach of Customer's obligations or conditions set forth in Sections 2 and 3 above, or (b) at any time, with or without cause, upon not less than ninety (90) days advance written notice to Customer. Any default by Customer under this Refresh Program Agreement shall constitute a default by Customer under the HITS Agreement, and, in such event, HSS may exercise any of its rights provided under Section 5 of the HITS Agreement. Any default by Customer under the HITS Agreement, shall constitute a default and breach of condition by Customer under this Refresh Program Agreement. Termination of the HITS Agreement will result in termination of this Refresh Program Agreement. HSS may terminate this Refresh Program Agreement without terminating the HITS Agreement, whereupon the HITS Agreement shall be construed and enforced as if this Refresh Program Agreement had never been entered into (subject to accrued rights and obligations).

Upon termination of this FBPP Agreement, Customer will be required to assume any remaining lease payments of HSS as to the Network Authorized Equipment that is provided Customer pursuant to this FBPP Agreement or to purchase such equipment from HSS's lessor. The costs (which will vary depending upon the equipment involved and the timing of the termination) and the various options available will be sent to Customer at the time of the notification of the upcoming termination. Upon termination of this FBPP Agreement, HSS shall pass on to Customer, and Customer shall be responsible for, all subsequent fees and costs of Equipment Maintenance and Software Maintenance. If a termination occurs before the expiration of three (3) years since HSS incurred installation and/or service fees and costs in performing a refreshment of Network Authorized Equipment ("Refresh Costs"), then Customer shall also reimburse HSS for the unamortized value (on a monthly basis over a thirty-six (36) month period) as to such Refresh costs.

In addition, Customer shall pay to HSS a termination fee which is designed to reimburse HSS in part for unamortized costs of the Certified Third Party Software and Vendor Equipment Maintenance Fees under this Refresh Program Agreement. If such termination occurs during the first year following the shipment date of the Network Authorized Equipment to Customer's Hotel ("Start Date"), the termination fee shall be in the amount of \$5,000. If such termination occurs during subsequent years following such Start Date, the termination fee shall be as follows:

During second year - \$4,000

During third year - \$3,000

Thereafter - \$1,000

Provided, however, if this Refresh Program Agreement is terminated, or if Customer's use of the Preferred Services Provider is terminated after a Refresh of Network Authorized Equipment, the termination fee shall depend upon the period elapsed after the Start Date applicable to shipment of the Network Authorized Equipment for each successive Refresh as follows:

During first year - \$4,000

During second year - \$3,000

During third year - \$2,000

Thereafter - \$1,000

5. Property of HSS. The Network Authorized Equipment shall be and remain the property of HSS, subject only to the conditional Equipment License granted to Customer in this Refresh Program Agreement.

6. Additional Equipment/Software. Any and all additional Authorized Equipment ("Standard Plus Equipment") may be purchased by Customer from a Preferred Retailer or leased from a Preferred Lessor under the Standard Plus Leasing Program Lease (the "Standard Plus Lease"). Any and all additional Certified Third Party Software authorized by HSS but not included in the Brand standard applicable to Customer ("Standard Plus Software") may be licensed or sublicensed from HSS or a Preferred Services Provider.

7. Defined Terms. All capitalized terms used in this Refresh Program Agreement which are not specially defined in this Refresh Program Agreement shall have the meaning ascribed to such terms in the HITS Agreement.

8. Other Important Provisions. The parties mutually acknowledge and agree that the Network Authorized Equipment is part of the Authorized Equipment referred to in the HITS Agreement, that this Refresh Program Agreement is a schedule to the HITS Agreement and that this Refresh Program Agreement and its performance by the parties are a part of the transactions contemplated by the HITS Agreement. Upon each Refresh of Network Authorized Equipment, the terms and conditions applicable to any equipment, software or services provided for or pursuant to the Refresh shall be the same as the terms and conditions of this Refresh Program Agreement, including, but not limited to, the termination fees described herein; and, except for such termination fees (as specified above), all terms and provisions hereof (including those incorporated by reference below) shall apply as if this Refresh Program Agreement was executed on the Start Date for each such Refresh. In the event of conflict between the provisions of this Refresh Program Agreement and the provisions of the HITS Agreement, the provisions of this Refresh Program Agreement shall prevail. Except as modified herein, all provisions of the HITS Agreement applicable to the Authorized Equipment, Proprietary Software, Certified Third Party Software and Services are applicable to the equipment, software, and services described herein or provided hereunder, including, but not limited to, Sections 8 (Software), 9 (No Warranties/Limited Warranties), 10 (Proprietary Rights Notices), 11 (Infringement Claims) and 15 (Third Party Claims) and (except as herein modified) the Schedules pertaining to the Authorized Equipment, the Software and the Services. Where HSS is providing equipment, software or services instead of such items being provided by a Preferred Retailer or Preferred Services Provider, HSS shall be entitled to all of the protections and the limitations of warranties, liabilities and damages as if HSS were such Preferred Retailer or Preferred Services Provider. The following additional Sections of the HITS Agreement are hereby made applicable to this Refresh Program Agreement

and incorporated herein by reference, as fully as if repeated herein verbatim: Sections 13 (Limitations of Liability and Exclusions of Damages); 14 (Limitations on Actions); 16 (Estoppel and Release); 17 (Entire Agreement/Prior Agreements); 18 (Cumulative Remedies); 19 (Force Majeure); 20 (Severability); 21 (No Joint Venture); 22 (Assignment); 23 (Counterparts); 24 (Applicable Law, Consent to Jurisdiction and Equitable Relief); 25 (Attorneys' Fees); 26 (No Reproduction); 27 (Confidentiality); and 28 (Surviving Obligations). Except as the context may otherwise require, all references to "this Agreement" in these incorporated provisions shall, for purposes of this Refresh Program Agreement, be construed to include this Refresh Program Agreement.

9. Notices. The provisions of Section 4 of the HITS Agreement shall apply to all notices, requests, demands and other communications under this Refresh Program Agreement.

10. Counterparts. This Refresh Program Agreement may be executed in one or more counterparts, each of which shall constitute one and the same instrument.

Effective Date: The effective date ("Effective Date") shall be the date signed by HSS.

CUSTOMER: %LegalEntity%

HILTON SYSTEMS SOLUTIONS, LLC

By: %HotelApproverSignature%  
Authorized Signature

By: %HiltonApproverSignature%  
Authorized Signature

Print Name: %HotelApproverName%

Print Name: Randy Kanaya

Title: %HotelApproverTitle%

Title: Director – OnQ® Deployment Planning

Date: %HotelApprovedDate%

Date: %HiltonApprovedDate%

ATTACHMENT Q (1)

NETWORK AUTHORIZED (PROGRAM FUNDED) EQUIPMENT

%NetAuthEquip1%



SCHEDULE Q

HILTON GARDEN INN REFRESH PROGRAM AGREEMENT

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SCHEDULE R  
[INTENTIONALLY OMITTED]

SCHEDULE S

(INTENTIONALLY OMITTED)

## SCHEDULE T

### INDEPENDENT BRAND FEE BASED PRICING PROGRAM AGREEMENT: 0.75% PROGRAM

This Independent Brand Fee Based Pricing Program Agreement (this "FBPP Agreement") is entered into as of the %HotelApprovedDay% day of %HotelApprovedMonth%, %HotelApprovedYear% between Hilton Systems Solutions, LLC a Delaware limited liability company ("HSS") and %LegalEntity% (the "Customer") for Customer's Hotel (the "Hotel") known as %HotelName% (%InnCode%) and located at %PropertyAddress1%, %PropertyAddress2%, %PropertyCity%, %PropertyState%.

In connection with the new Hilton Information Technology Systems Agreement (the "HITS Agreement") entered into between HSS and Customer (and if applicable, in anticipation of the Hotel's conversion and rebranding as a HWI Brand division hotel), HSS is willing to make certain benefits available to Customer for the above Hotel under HSS's Independent Brand Fee Based Pricing Program ("FBPP") on the terms, conditions and limitations hereinafter set forth.

For good, valuable and sufficient consideration, Customer hereby enters into this FBPP Agreement and HSS and Customer agree as follows:

#### 1. Customer's Benefits.

a) Equipment License. HSS shall provide for use by Customer at Customer's Hotel that portion of the Authorized Equipment (as described in Schedule D of the HITS Agreement) needed, as determined solely by HSS, for the network operation of the Proprietary Software, such equipment more specifically described on Attachment (1) attached to and forming part of this FBPP Agreement being hereinafter called the "Network Authorized Equipment," together with shipping and transportation costs on such equipment. HSS hereby licenses to Customer the use of such Network Authorized Equipment (the "Equipment License"), subject to the terms, conditions and limitations set forth in this FBPP Agreement. The Equipment License and any installation fees (for which HSS is responsible under 1(b)) are provided in consideration of the payment ("FBPP Payment") provided in section 2 (a) of this FBPP Agreement and the other obligations of the Customer, without an additional license fee.

b) Equipment Installation. HSS will be responsible for the fees and costs for installation services relative to Network Authorized Equipment. Customer will be responsible for the fees for installation services relative to any Standard Plus Equipment (as described in Schedule D of the HITS Agreement). Under the Refreshment Program (the "Refreshment Program") of Network Authorized Equipment, HSS anticipates that Network Authorized Equipment will be replaced or refreshed in HSS's sole discretion (the "Refresh"), on an approximate three (3) year cycle, starting approximately three (3) years after the initial shipment of Network Authorized Equipment. HSS will be responsible for the fees and costs for installation services of Network Authorized Equipment on the date that such equipment is refreshed under the Refreshment Program. Customer's Refresh will be timed to occur prior to the end of the three (3) year cycle. If Customer fails to meet HSS's timeline for such Refresh, including order dates for equipment and software, Customer will be responsible for all fees and costs incident to such delay, including, but not limited to, rent extension costs on Network Authorized Equipment and higher fees and costs for equipment maintenance and software maintenance.

c) Certain Software and Services. The use of certain software and service items listed in this section 1(c) is provided pursuant to the terms, conditions and limitations contained in the HITS Agreement of which this Schedule is a part. In lieu of the separate fees and costs and methods of payment provided for such items in the HITS Agreement, the FBPP Payment shall cover the fees and costs for the following items, except as noted:

i) OnQ® Core Modules Software License Fees. The FBPP Payment covers the software license fees for software licenses for certain OnQ® Core Modules (together with the cost of certain installation

services (listed in 1(c) (v) below) for such modules). The license fees for OnQ® Core Modules covered by the FBPP Payment are as follows:

- 1) Proprietary Software Interfaces: nine (9) Interfaces
- 2) Revenue Management System
- 3) Electronic Mail (limited to that necessary to enable seven (7) accounts)
- 4) Customer Relationship Management

HSS may provide for use by Customer's Hotel, as determined solely by HSS, certain other OnQ® modules required by HSS for operation of Customer's Hotel as a HWI Brand division hotel. Customer shall provide at Customer's cost, the license fees for the balance of the OnQ® modules for use by Customer's Hotel as required by HSS.

ii) Certified Third Party Software License Fees. The FBPP Payment covers the software license fees for software licenses for the following Certified Third Party Software:

- 1) Microsoft Windows XX Server and SQL License
- 2) Microsoft Windows XX and SQL Client Access License
- 3) Inoculan Virus Protection

Customer shall provide at Customer's cost, the license fees for any additional Certified Third Party Software for use by Customer's Hotel as required by HSS.

iii) Equipment Maintenance Fees. Customer's maintenance fees, during the term of this FBPP Agreement relative to the equipment maintenance on Network Authorized Equipment, will be covered by the FBPP Payment unless Customer has indicated in Schedule E that it has declined to use a PSP for such maintenance and such equipment has been designated as Non-maintained Equipment in Schedule E. Customer will pay separately for all maintenance fees relative to the equipment maintenance on Standard Plus Equipment. Travel expenses, per diem fees and related costs for any on-site equipment maintenance will be billed separately to and payable by Customer.

iv) Software Maintenance Fees. Customer's software maintenance fees relative to nine (9) Proprietary Software interfaces and OnQ® Core Modules (listed in this schedule) are covered by the FBPP Payment. All other Software maintenance fees will be payable by Customer as provided in the HITS Agreement. Travel expenses, per diem fees and related costs for any on-site software maintenance shall be billed separately to and payable by Customer.

v) Miscellaneous Services. The FBPP Payment also covers fees for the following services:

- 1) Site Survey Services (including standard travel costs)
- 2) Training Room Set Up Services (including standard travel costs)
- 3) Project Management & Contracting Services (including standard travel costs)
- 4) Implementation Cut-Over Support Services (Including standard travel costs)

## 2. Customer's Obligations. Customer shall:

(a) Pay the FBPP Payment to HSS. The FBPP Payment shall be a monthly program fee amount equal to 0.75% of the gross room revenue of Customer's Hotel to which this FBPP Agreement applies. For example, if

the monthly gross room revenues are \$100,000, the monthly program fee amount due to HSS would be \$750 for that month. The monthly program fee shall be paid by Customer to HSS in the same manner and method as the monthly royalty fee is paid by Customer to HWI or its affiliate or subsidiary under Customer's License Agreement. However, the start date ("Start Date") for commencement of payment of the monthly program fee shall be determined by the shipment date of the Network Authorized Equipment to Customer's Hotel. If the Start Date is on or before the 15<sup>th</sup> of the month, the monthly program fee will be invoiced for that full month. Each month's program fee will be invoiced the following month.

(b) Perform all of its obligations under the HITS Agreement, including, but not limited to, the maintenance of the Network Authorized Equipment (but at HSS's cost as above described) using the designated Preferred Services Provider for HSS's Fee Based Pricing Program.

(c) Obtain and keep current insurance on the Network Authorized Equipment against all risks for the approximate value of the Network Authorized Equipment.

(d) Pay any and all state or local sales, use, gross receipts, excise or similar taxes incident to the payments under this FBPP Agreement. The monthly program fee will be billed inclusive of all state or local sales, use, gross receipts, excise or similar taxes; however, HSS reserves the right to separately list and bill any or all such taxes on the monthly billing. Customer agrees to pay all personal property taxes associated with software licensed or sublicensed and equipment provided under this FBPP Agreement.

(e) Prevent any liens from attaching to the Network Authorized Equipment.

(f) Pay for any and all de-installation, transportation and disposal costs of any and all Standard Plus Equipment being used by Customer's Hotel on its Network at the time of installation by HSS or HSS's designee of the Network Authorized Equipment under the Refreshment Program. The return to Customer's lessor of all such de-installed equipment in accordance with Customer's current lease terms is the sole responsibility of Customer. Customer shall be solely responsible for any missing, bad or damaged equipment.

(g) Preserve and protect the Network Authorized Equipment from loss, damage or theft.

(h) Not use any unauthorized backup unit tape cartridge in connection with the Information System.

(i) Make no unapproved repairs nor perform any unauthorized service to the Network Authorized Equipment.

(j) Not allow any other equipment or software to be added to the Information System without prior specific written permission of HSS.

3. Customer's Conditions. All benefits provided Customer herein and all obligations of HSS under this FBPP Agreement are expressly subject to and conditioned upon the following:

(a) Customer is not, and continues not to be, in default of any agreement with HSS, HWI or any of their affiliates or subsidiaries or any Brand division, including, but not limited to, this FBPP Agreement, the HITS Agreement and Customer's License Agreement with HWI or its affiliate or subsidiary.

(b) Customer continues to make all other payments to HSS's Preferred Lessors, Preferred Retailers or Preferred Services Providers under any applicable agreements and does not become in default under such agreements.

(c) Customer's Hotel remains in its current HWI Brand division (after completing any anticipated HWI approved conversion and rebranding).

(d) Customer has executed or executes the HITS Agreement contemporaneously with this FBPP Agreement.

(e) Customer's participation and continued cooperation with HSS in HSS's Fee Based Pricing Program, including, but not limited to, the refreshment of Network Authorized Equipment.

(f) Customer allows the removal and future replacement or refreshment of Network Authorized Equipment at such time and in such manner as may be determined by HSS in its sole discretion.

4. Termination. HSS may terminate the above Equipment License on the Network Authorized Equipment and all other obligations of HSS under this FBPP Agreement at HSS's option: (a) Immediately without notice in the event of breach of Customer's obligations or conditions set forth in Sections 2 and 3 above, (b) at any time, with or without cause, upon not less than ninety (90) days advance written notice to Customer, (c) sale or transfer of the majority ownership (in stock, partnership interest or otherwise) of Customer's Hotel or (d) changing the brand of Customer's Hotel away from the brand on which this FBPP Agreement is based. Any default by Customer under this FBPP Agreement shall constitute a default by Customer under the HITS Agreement, and, in such event, HSS may exercise any of its rights provided under Section 5 of the HITS Agreement. Any default by Customer under the HITS Agreement shall constitute a default and breach of condition by Customer under this FBPP Agreement. Termination of the HITS Agreement will result in termination of this FBPP Agreement. HSS may terminate this FBPP Agreement without terminating the HITS Agreement, whereupon the HITS Agreement shall be construed and enforced as if this FBPP Agreement had never been entered into (subject to accrued rights and obligations).

Upon termination of this FBPP Agreement, Customer will be required to assume any remaining lease payments of HSS as to the Network Authorized Equipment that is provided Customer pursuant to this FBPP Agreement or to purchase such equipment from HSS's lessor. The costs (which will vary depending upon the equipment involved and the timing of the termination) and the various options available will be sent to Customer at the time of the notification of the upcoming termination. Upon termination of this FBPP Agreement, HSS shall pass on to Customer, and Customer shall be responsible for, all subsequent fees and costs of Equipment Maintenance and Software Maintenance. If a termination occurs before the expiration of three (3) years since HSS incurred installation and/or service fees and costs in performing a refreshment of Network Authorized Equipment ("Refresh Costs"), then Customer shall also reimburse HSS for the unamortized value (on a monthly basis over a thirty-six (36) month period) as to such Refresh costs.

In addition, Customer shall pay to HSS a termination fee which is designed to reimburse HSS in part for unamortized costs of the software license fees for OnQ® core modules, Certified Third Party Software, Vendor Equipment Maintenance Fees and for miscellaneous services (listed in this schedule) provided to Customer. If such termination occurs during the first year following the Start Date, the termination fee shall be in the amount of \$83,000. If such termination occurs during subsequent years following such Start Date, the termination fee shall be as follows:

During second year - \$55,400

During third year - \$27,700

Provided, however, if this FBPP Agreement is terminated after any HSS Refresh of Network Authorized Equipment, the termination fee shall depend upon the period elapsed after the Start Date applicable to shipment of the Network Authorized Equipment for each such successive HSS Refresh, as follows: The termination fee shall be the greater of (a) the fee determined under the table above, based on the period elapsed since the original Start Date or (b) the fee determined under the table below, based on the period elapsed since the new Start Date.

During first year - \$4,000

During second year - \$2,600

During third year - \$1,300

Thereafter - \$1,000

5. Property of HSS. The Network Authorized Equipment shall be and remain the property of HSS, subject only to the conditional Equipment License granted to Customer in this FBPP Agreement.

6. Additional Equipment/Software. Any and all additional Authorized Equipment ("Standard Plus Equipment") may be purchased by Customer from a Preferred Retailer or leased from a Preferred Lessor under the Standard Plus Leasing Program Lease (the "Standard Plus Lease"). Any and all additional Certified Third Party Software authorized by HSS but not included in the Brand standard applicable to Customer ("Standard Plus Software") may be licensed or sublicensed from HSS or a Preferred Services Provider.

7. Defined Terms. All capitalized terms used in this FBPP Agreement which are not specially defined in this FBPP Agreement shall have the meaning ascribed to such terms in the HITS Agreement.

8. Other Important Provisions. The parties mutually acknowledge and agree that the Network Authorized Equipment is part of the Authorized Equipment referred to in the HITS Agreement, that this FBPP Agreement is a schedule to the HITS Agreement and that this FBPP Agreement and its performance by the parties are a part of the transactions contemplated by the HITS Agreement. Upon HSS's Refresh of Network Authorized Equipment, the terms and conditions applicable to any equipment, software or services provided for or pursuant to the Refresh shall be the same as the terms and conditions of this FBPP Agreement, including but not limited to, the termination fees described herein; and, except for such termination fees (as specified above), all terms and provisions hereof (including those incorporated by reference below), shall apply as if this FBPP Agreement was executed on the Start Date for each such Refresh. In the event of conflict between the provisions of this FBPP Agreement and the provisions of the HITS Agreement, the provisions of this FBPP Agreement shall prevail. Except as modified herein, all provisions of the HITS Agreement applicable to the Authorized Equipment, Proprietary Software, Certified Third Party Software and to Services are applicable to the equipment, software, and services described herein or provided hereunder including, but not limited to, Sections 8 (Software), 9 (No Warranties/Limited Warranties), 10 (Proprietary Rights Notices), 11 (Infringement Claims) and 15 (Third Party Claims) and (except as herein modified) the Schedules pertaining to the Authorized Equipment, the Software and the Services. Where HSS is providing equipment, software or services instead of such items being provided by a Preferred Retailer or Preferred Services Provider, HSS shall be entitled to all of the protections and the limitations of warranties, liabilities and damages as if HSS were such Preferred Retailer or Preferred Services Provider. The following additional Sections of the HITS Agreement are hereby made applicable to this FBPP Agreement and incorporated herein by reference, as fully as if repeated herein verbatim: Sections 13 (Limitations of Liability and Exclusions of Damages); 14 (Limitations on Actions); 16 (Estoppel and Release); 17 (Entire Agreement/Prior Agreements); 18 (Cumulative Remedies); 19 (Force Majeure); 20 (Severability); 21 (No Joint Venture); 22 (Assignment); 23 (Counterparts); 24 (Applicable Law, Consent to Jurisdiction and Equitable Relief); 25 (Attorneys' Fees); 26 (No Reproduction); 27 (Confidentiality); and 28 (Surviving Obligations). Except as the context may otherwise require, all references to "this Agreement" in these incorporated provisions shall, for purposes of this FBPP Agreement, be construed to include this FBPP Agreement, and where applicable, such provisions are hereby reasserted, re-applied and re-acknowledged as of the effective date hereof.

9. Notices. The provisions of Section 4 of the HITS Agreement shall apply to all notices, requests, demands and other communications under this FBPP Agreement.

10. Counterparts. This FBPP Agreement may be executed in one or more counterparts, each of which shall constitute one and the same instrument.



Effective Date: The effective date ("Effective Date") shall be the date signed by HSS.

CUSTOMER: %LegalEntity%

HILTON SYSTEMS SOLUTIONS, LLC

By: %HotelApproverSignature%  
Authorized Signature

By: %HiltonApproverSignature%  
Authorized Signature

Print Name: %HotelApproverName%

Print Name: Randy Kanaya

Title: %HotelApproverTitle%

Title: Director – OnQ® Deployment Planning

Date: %HotelApprovedDate%

Date: %HiltonApprovedDate%

ATTACHMENT T (1)

NETWORK AUTHORIZED (PROGRAM FUNDED) EQUIPMENT

%NetAuthEquip1%

SCHEDULE T

INDEPENDENT BRAND FEE BASED PRICING PROGRAM AGREEMENT: 0.75% PROGRAM

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SCHEDULE U  
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## SCHEDULE V

### CONRAD OR WALDORF ASTORIA HOTEL BRAND FEE BASED PRICING PROGRAM AGREEMENT: 0.75% PROGRAM

This Fee Based Pricing Program Agreement (this "FBPP Agreement") is entered into as of the %HotelApprovedDay% day of %HotelApprovedMonth%, %HotelApprovedYear% between Hilton Systems Solutions, LLC a Delaware limited liability company ("HSS") and %LegalEntity% (the "Customer") for Customer's Hotel (the "Hotel") known as %HotelName% (%InnCode%) and located at %PropertyAddress1%, %PropertyAddress2%, %PropertyCity%, %PropertyState%.

In connection with the Hilton Information Technology Systems Agreement (the "HITS Agreement") entered into between HSS and Customer (and if applicable, in anticipation of the Hotel's conversion and rebranding as a Conrad or Waldorf Astoria Hotel ("CWA Brand Hotel")), HSS is willing to make certain benefits available to Customer for the above Hotel under HSS's Fee Based Pricing Program ("FBPP") on the terms, conditions and limitations hereinafter set forth.

For good, valuable and sufficient consideration, Customer hereby enters into this FBPP Agreement, and HSS and Customer agree as follows:

#### 1. Customer's Benefits.

a) **Equipment License.** HSS shall provide for use by Customer at Customer's Hotel that portion of the Authorized Equipment (as described in Schedule D of the HITS Agreement) needed, as determined solely by HSS, for the network operation of the Proprietary Software, such equipment more specifically described on Attachment (1) attached to and forming part of this FBPP Agreement being hereinafter called the "Network Authorized Equipment," together with shipping and transportation costs on such equipment. HSS hereby licenses to Customer the use of such Network Authorized Equipment (the "Equipment License"), subject to the terms, conditions and limitations set forth in this FBPP Agreement. The Equipment License and any installation fees for which HSS is responsible under 1(b) are provided in consideration of the payment ("FBPP Payment") provided in section 2(a) of this FBPP Agreement and the other obligations of the Customer, without an additional license fee.

b) **Equipment Installation.** Customer will be responsible for the fees and costs for installation services relative to Network Authorized Equipment as well as any Standard Plus Equipment (as described in Schedule D of the HITS Agreement). Under the Refreshment Program (the "Refreshment Program") of Network Authorized Equipment, HSS anticipates that Network Authorized Equipment will be replaced or refreshed in HSS's sole discretion (the "Refresh") on an approximate three (3) year cycle, starting approximately three (3) years after the initial installation of Network Authorized Equipment. HSS will be responsible for the fees and costs for installation services of Network Authorized Equipment on the date that such equipment is refreshed under the Refreshment Program. Customer's Refresh will be timed to occur prior to the end of the three (3) year cycle. If Customer fails to meet HSS's timeline for such Refresh, including order dates for equipment and software, Customer will be responsible for all fees and costs incident to such delay including, but not limited to, rent extension costs on Network Authorized Equipment and higher fees and costs for equipment maintenance and software maintenance.

c) **Certain Software and Services.** Use of certain software and service items listed in this section 1(c) is provided pursuant to the terms, conditions and limitations contained in the HITS Agreement of which this Schedule is a part. In lieu of the separate fees and costs and methods of payment provided for such items in the HITS Agreement, the FBPP Payment shall cover the fees and costs for the following items, except as noted:

i) **OnQ® Core Modules Software License Fees.** The FBPP Payment covers the software license fees for software licenses for certain OnQ® Core Modules. The license fees for OnQ® Core Modules covered by the FBPP Payment are as follows:

- 1) Revenue Management System
- 2) Electronic Mail (limited to that necessary to enable seven (7) accounts)
- 3) Customer Relationship Management

Customer shall provide, at Customer's cost, the license fees for the balance of the OnQ® modules for use by Customer's Hotel as required by HSS.

ii) Certified Third Party Software License Fees. The FBPP Payment covers the software license fees for software licenses for the use of the following Certified Third Party Software:

- 1) Microsoft Windows XX Server and SQL License
- 2) Microsoft Windows XX and SQL Client Access License
- 3) Inoculan Virus Protection

Customer shall provide, at Customer's cost, the license fees for any additional Certified Third Party Software for use by Customer's Hotel as required by HSS.

iii) Equipment Maintenance Fees. Customer's maintenance fees, during the term of this FBPP Agreement relative to the equipment maintenance on Network Authorized Equipment, will be covered by the FBPP Payment unless Customer has indicated in Schedule E that it has declined to use a PSP for such maintenance and such equipment has been designated as Non-maintained Equipment in Schedule E. Customer will pay separately for all maintenance fees relative to the equipment maintenance on Standard Plus Equipment. Travel expenses, per diem fees and related costs for any on-site equipment maintenance will be billed separately to and payable by Customer.

iv) Software Maintenance Fees. Customer's software maintenance fees relative to eight (8) Proprietary Software interfaces, and OnQ® Core Modules (listed in this schedule) are covered by the FBPP Payment. All other Software maintenance fees will be payable by Customer as provided in the HITS Agreement. Travel expenses, per diem fees and related costs for any on-site software maintenance shall be billed separately to and payable by Customer.

2. Customer's Obligations. Customer shall:

(a) Pay the FBPP Payment to HSS. The FBPP Payment shall be a monthly program fee amount equal to 0.75% of the gross room revenue of Customer's Hotel to which this FBPP Agreement applies. For example, if the monthly gross room revenues are \$100,000, the monthly program fee amount due to HSS would be \$750 for that month. The monthly program fee shall be paid by Customer to HSS in the same manner and method as the monthly royalty fee is paid by Customer to HWI or its affiliate or subsidiary under Customer's License Agreement. However, the start date ("Start Date") for the commencement of payment of the monthly program fee shall be determined by the shipment date of the Network Authorized Equipment to Customer's Hotel. If the Start Date is on or before the 15th of the month, the monthly program fee will be invoiced for that full month. Each month's program fee will be invoiced the following month.

(b) Perform all of its obligations under the HITS Agreement, including, but not limited to, the maintenance of the Network Authorized Equipment (but at HSS's cost as above described) using the designated Preferred Services Provider for HSS's Fee Based Pricing Program.

(c) Obtain and keep current insurance on the Network Authorized Equipment against all risks for the approximate value of the Network Authorized Equipment.

(d) Pay any and all state or local sales, use, gross receipts, excise or similar taxes incident to the payments under this FBPP Agreement. The monthly program fee will be billed inclusive of all state or local sales, use, gross receipts, excise or similar taxes; however, HSS reserves the right to separately list and bill any or all such taxes on the monthly billing. Customer agrees to pay all personal property taxes associated with software licensed or sublicensed and equipment provided under this FBPP Agreement.

- (e) Prevent any liens from attaching to the Network Authorized Equipment.
- (f) Pay for any and all de-installation, transportation and disposal costs of any and all Standard Plus Equipment being used by Customer's Hotel on its Network at the time of installation by HSS or HSS's designee of the Network Authorized Equipment under the Refreshment Program. The return to Customer's lessor of all such de-installed equipment in accordance with Customer's current lease terms is the sole responsibility of Customer. Customer shall be responsible for any missing, bad or damaged equipment.
- (g) Preserve and protect the Network Authorized Equipment from loss, damage or theft.
- (h) Not use any unauthorized backup unit tape cartridge in connection with the Information System.
- (i) Make no unapproved repairs nor perform any unauthorized service to the Network Authorized Equipment.
- (j) Not allow any other equipment or software to be added to the Information System without prior specific written permission of HSS.

3. Customer's Conditions. All benefits provided Customer herein and all obligations of HSS under this FBPP Agreement are expressly subject to and conditioned upon the following:

- (a) Customer is not, and continues not to be, in default of any agreement with HSS, HWI or any of their affiliates or subsidiaries. or any Brand division, including, but not limited to, this FBPP Agreement, the HITS Agreement and Customer's License Agreement with HWI or its affiliate or subsidiary.
- (b) Customer continues to make all other payments to HSS's Preferred Lessors, Preferred Retailers or Preferred Services Providers under any applicable agreements and does not become in default under such agreements.
- (c) Customer's Hotel remains a CWA Brand (after conversion and rebranding if applicable).
- (d) Customer executes the HITS Agreement contemporaneously with this FBPP Agreement.
- (e) Customer's participation and continued cooperation with HSS in HSS's Fee Based Pricing Program, including, but not limited to, the refreshment of Network Authorized Equipment.
- (f) Customer allows the removal and future replacement or refreshment of Network Authorized Equipment at such time and in such manner as may be determined by HSS in its sole discretion.
- (g) If applicable, Customer must complete the Hotel's conversion and rebranding as a CWA Brand Hotel.

4. Termination. HSS may terminate the above Equipment License on the Network Authorized Equipment and all other obligations of HSS under this FBPP Agreement at HSS's option: (a) Immediately without notice in event of breach of Customer's obligations or conditions set forth in Sections 2 and 3 above, or (b) at any time, with or without cause, upon not less than ninety (90) days advance written notice to Customer. Any default by Customer under this FBPP Agreement shall constitute a default by Customer under the HITS Agreement, and in such event, HSS may exercise any of its rights provided under Section 5 of the HITS Agreement. Any default by Customer under the HITS Agreement shall constitute a default and breach of condition by Customer under this FBPP Agreement. Termination of the HITS Agreement will result in termination of this FBPP Agreement. HSS may terminate this FBPP Agreement without terminating the HITS Agreement, whereupon the HITS Agreement shall be construed and enforced as if this FBPP Agreement had never been entered into (subject to accrued rights and obligations).

Upon termination of this FBPP Agreement, Customer will be required to assume any remaining lease payments of HSS as to the Network Authorized Equipment that is provided Customer pursuant to this FBPP Agreement or to purchase such equipment from HSS's lessor. The costs (which will vary depending upon the equipment involved and the timing of the termination) and the various options available will be sent to Customer at the time of the notification of the upcoming termination. Upon termination of this FBPP Agreement, HSS shall pass on to

Customer, and Customer shall be responsible for, all subsequent fees and costs of Equipment Maintenance and Software Maintenance. If a termination occurs before the expiration of three (3) years since HSS incurred installation and/or service fees and costs in performing a refreshment of Network Authorized Equipment ("Refresh Costs"), then Customer shall also reimburse HSS for the unamortized value (on a monthly basis over a thirty-six (36) month period) of such Refresh costs.

In addition, Customer shall pay to HSS a termination fee which is designed to reimburse HSS in part for unamortized costs of the Certified Third Party Software and Vendor Equipment Maintenance Fees under this FBPP Agreement. If such termination occurs during the first year following the Start Date, the termination fee shall be in the amount of \$12,000. If such termination occurs during subsequent years following such Start Date, the termination fee shall be as follows:

During second year -	\$8,000
During third year -	\$4,000
Thereafter -	\$1,000

Provided, however, if this FBPP Agreement is terminated after a HSS Refresh of Network Authorized Equipment, the termination fee shall depend upon the period elapsed after the Start Date applicable to shipment of the Network Authorized Equipment for each successive HSS Refresh as follows:

During first year -	\$12,000
During second year -	\$ 8,000
During third year -	\$ 4,000
Thereafter -	\$ 1,000

5. Property of HSS. The Network Authorized Equipment shall be and remain the property of HSS, subject only to the conditional Equipment License granted to Customer in this FBPP Agreement.

6. Additional Equipment/Software. Any and all additional Authorized Equipment ("Standard Plus Equipment") may be purchased by Customer from a Preferred Retailer or leased from a Preferred Lessor under the Standard Plus Leasing Program Lease (the "Standard Plus Lease"). Any and all additional Certified Third Party Software authorized by HSS but not included in the Brand standard applicable to Customer ("Standard Plus Software") may be licensed or sublicensed from HSS or a Preferred Services Provider.

7. Defined Terms. All capitalized terms used in this FBPP Agreement which are not specially defined in this FBPP Agreement shall have the meaning ascribed to such terms in the HITS Agreement.

8. Other Important Provisions. The parties mutually acknowledge and agree that the Network Authorized Equipment is part of the Authorized Equipment referred to in the HITS Agreement, that this FBPP Agreement is a schedule to the HITS Agreement and that this FBPP Agreement and its performance by the parties are a part of the transactions contemplated by the HITS Agreement. Upon HSS's Refresh of Network Authorized Equipment, the terms and conditions applicable to any equipment, software or services provided for or pursuant to the Refresh shall be the same as the terms and conditions of this FBPP Agreement, including, but not limited to, the termination fees described herein; and, except for such termination fees (as specified above), all terms and provisions hereof (including those incorporated by reference below) shall apply as if this FBPP Agreement was executed on the Start Date for each such Refresh. In the event of conflict between the provisions of this FBPP Agreement and the provisions of the HITS Agreement, the provisions of this FBPP Agreement shall prevail. Except as modified herein, all provisions of the HITS Agreement applicable to the Authorized Equipment, Proprietary Software or Certified Third Party Software and Services are applicable to the equipment, software, and services described herein or provided hereunder, including, but not limited to, Sections 8 (Software), 9 (No Warranties/Limited Warranties), 10 (Proprietary Rights Notices), 11 (Infringement Claims) and 15 (Third Party Claims) and (except as herein modified) the Schedules pertaining to the Authorized Equipment, the Software and the Services. Where HSS is providing equipment, software or services instead of such items being provided by a Preferred Retailer or Preferred Services Provider, HSS shall be entitled to all of the protections and the limitations of warranties, liabilities and damages as if HSS were such Preferred Retailer or Preferred Services Provider. The following additional Sections of the HITS Agreement are hereby made applicable to this FBPP Agreement and incorporated herein by reference, as fully as if repeated herein verbatim: Sections 13



(Limitations of Liability and Exclusions of Damages); 14 (Limitations on Actions); 16 (Estoppel and Release); 17 (Entire Agreement/Prior Agreements); 18 (Cumulative Remedies); 19 (Force Majeure); 20 (Severability); 21 (No Joint Venture); 22 (Assignment); 23 (Counterparts); 24 (Applicable Law, Consent to Jurisdiction and Equitable Relief); 25 (Attorneys' Fees); 26 (No Reproduction); 27 (Confidentiality); and 28 (Surviving Obligations). Except as the context may otherwise require, all references to "this Agreement" in these incorporated provisions shall, for purposes of this FBPP Agreement, be construed to include this FBPP Agreement, and where applicable, such provisions are hereby reasserted, re-applied and re-acknowledged as of the effective date hereof.

9. Notices. The provisions of Section 4 of the HITS Agreement shall apply to all notices, requests, demands and other communications under this FBPP Agreement.

10. Counterparts. This FBPP Agreement may be executed in one or more counterparts, each of which shall constitute one and the same instrument.

Effective Date: The effective date ("Effective Date") shall be the date signed by HSS.

CUSTOMER: %LegalEntity%

HILTON SYSTEMS SOLUTIONS, LLC

By: %HotelApproverSignature%  
Authorized Signature

By: %HiltonApproverSignature%  
Authorized Signature

Print Name: %HotelApproverName%

Print Name: Randy Kanaya

Title: %HotelApproverTitle%

Title: Director – OnQ® Deployment Planning

Date: %HotelApprovedDate%

Date: %HiltonApprovedDate%

ATTACHMENT V (1)

NETWORK AUTHORIZED (PROGRAM FUNDED) EQUIPMENT

%NetAuthEquip1%

SCHEDULE V

CONRAD OR WALDORF ASTORIA HOTEL  
BRAND FEE BASED PRICING PROGRAM AGREEMENT: 0.75% PROGRAM

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## SCHEDULE W

### CONRAD OR WALDORF ASTORIA HOTEL BRAND FEE BASED PRICING PROGRAM AGREEMENT: 0.45% PROGRAM

This Fee Based Pricing Program Agreement (this "FBPP Agreement") is entered into as of the %HotelApprovedDay% day of %HotelApprovedMonth%, %HotelApprovedYear% between Hilton Systems Solutions, LLC a Delaware limited liability company ("HSS") and %LegalEntity% (the "Customer") for Customer's Hotel (the "Hotel") known as %HotelName% (%InnCode%) and located at %PropertyAddress1%, %PropertyAddress2%, %PropertyCity%, %PropertyState%.

In connection with the Hilton Information Technology Systems Agreement (the "HITS Agreement") entered into between HSS and Customer (and if applicable, in anticipation of the Hotel's conversion and rebranding as a Conrad or Waldorf Astoria Hotel ("CWA Brand Hotel")), HSS is willing to make certain benefits available to Customer for the above Hotel under HSS's Fee Based Pricing Program ("FBPP"), on the terms, conditions and limitations hereinafter set forth.

For good, valuable and sufficient consideration, Customer hereby enters into this FBPP Agreement, and HSS and Customer agree as follows:

#### 1. Customer's Benefits.

a) Certain Software and Services. Use of certain software and service items listed in this section 1(a) is provided pursuant to the terms, conditions and limitations contained in the HITS Agreement of which this Schedule is a part. In lieu of the separate fees and costs and methods of payment provided for such items in the HITS Agreement, the FBPP Payment shall cover the fees and costs for the following items, except as noted:

i) OnQ® Core Modules Software License Fees. The FBPP Payment covers the software license fees for software licenses for certain of OnQ® Core Modules (together with the cost of installation services for such modules). The license fees for OnQ® Core Modules covered by the FBPP Payment are as follows:

- 1.) Revenue Management System
- 2.) Electronic Mail (limited to that necessary to enable seven (7) accounts)
- 3.) Customer Relationship Management

ii) Equipment Maintenance Fees. Customer's maintenance fees and costs, during the term of this FBPP Agreement relative to the equipment maintenance on that part of Hotel's equipment hereinafter described in Section 2(a) as the Listed Equipment will be covered by the FBPP Payment unless Customer has indicated in Schedule E that it has declined to use a PSP for such maintenance and such equipment has been designated as Non-maintained Equipment in Schedule E. Customer will pay separately for all maintenance fees and costs relative to the equipment maintenance on any other Authorized Equipment, as that term is described in Schedule D. Travel expenses, per diem fees and related costs for any on-site equipment maintenance will be billed separately to and payable by Customer.

iii) Software Maintenance Fees. Customer's software maintenance fees relative to the following will be covered by the FBPP Payment:

- Eight (8) Proprietary Software interfaces;
- Three (3) OnQ® Core Modules (listed in this schedule).

All other Software maintenance fees will be payable by Customer as provided in the HITS Agreement. Travel expenses, per diem fees and related costs for any on-site software maintenance shall be billed separately to and payable by Customer.

2. Customer's Obligations. Customer shall:

(a) Provide at Customer's cost for use by Customer's Hotel, the balance of the OnQ® Modules required by HSS, the Certified Third Party Software and the equipment needed, as determined solely by HSS, for the network operation of the OnQ® System, such equipment more specifically described on Attachment (1) attached to and forming part of the FBPP Agreement being hereinafter called the "Listed Equipment." Customer shall pay all shipping and transportation costs on such equipment. Customer shall, at HSS's sole discretion and instruction: (i) replace any Listed Equipment with a purchase price exceeding \$1,000.00 within Customer's next annual budget cycle, following HSS's instructions to acquire same; (ii) acquire any additional equipment with a purchase price exceeding \$1,000.00 within Customer's next annual budget cycle; (iii) acquire any equipment with a purchase price less than \$1,000.00 within ninety (90) days following HSS's instructions to acquire same.

(b) Be responsible for the fees and costs for all installation services relative to any Listed Equipment as well as any other equipment acquired by Customer through Schedule H.

(c) Pay the FBPP Payment to HSS. The FBPP Payment shall be a monthly program fee amount equal to 0.45% of the gross room revenue of Customer's Hotel to which this FBPP Agreement applies. For example, if the monthly gross room revenues are \$100,000, the monthly program fee amount due to HSS would be \$450 for that month. The monthly program fee shall be paid by Customer to HSS in the same manner and method as the monthly royalty fee is paid by Customer to HWI or its affiliate or subsidiary under Customer's License Agreement. However, the start date ("Start Date") for the commencement of payment of monthly program fee shall be determined by the shipment date of the Listed Equipment. If the Start Date is on or before the 15th of the month, the monthly program fee will be invoiced for the full month. Each month's program fee will be invoiced the following month.

(d) Perform all of its obligations under the HITS Agreement, including, but not limited to, the maintenance of the Listed Equipment using the designated Preferred Services Provider for HSS's Fee Based Pricing Program.

(e) Obtain and keep current insurance on the Listed Equipment against all risks for the approximate value of the Listed Equipment.

(f) Pay any and all state or local sales, use, gross receipts, excise or similar taxes incident to the payments under this FBPP Agreement. The monthly program fee will be billed inclusive of all state or local sales, use, gross receipts, excise or similar taxes; however, HSS reserves the right to separately list and bill any or all such taxes on the monthly billing. Customer agrees to pay all personal property taxes associated with software provided under this FBPP Agreement.

(g) Prevent any liens from attaching to the Listed Equipment.

(h) Pay for any and all transportation and disposal costs of any equipment being used by Customer's Hotel on its current network at the time of installation of the Listed Equipment. De-installation of any network equipment and the return to Customer's lessor of all such de-installed equipment in accordance with Customer's current lease terms is the sole responsibility of Customer. Customer shall be responsible for any missing, bad or damaged equipment

(i) Preserve and protect the Listed Equipment from loss, damage or theft.

(j) Not use any unauthorized backup unit tape cartridge in connection with the OnQ® System.

(k) Make no unapproved repairs nor perform any unauthorized service to the Listed Equipment.

(l) Not allow any other equipment or software to be added to the OnQ® System without prior specific written permission of HSS.

(m) Be responsible for the fees for installation services for Listed Equipment on the date that such equipment is refreshed under the Refreshment Program (the "Refreshment Program"). Under the Refreshment Program, HSS anticipates that Customer's Listed Equipment will be replaced or refreshed in HSS's sole discretion (the "Refresh") on an approximate three (3) year cycle, starting approximately three (3) years after the initial shipment of Listed Equipment. Customer's Refresh will be timed to occur prior to the end of the three (3) year cycle. If Customer fails to meet HSS's timeline for such Refresh, including order dates for equipment and software, Customer will be responsible for all fees and costs incident to such delay, including, but not limited to, higher fees and costs for equipment maintenance and software maintenance.

3. Customer's Conditions. All benefits provided Customer herein and all obligations of HSS under this FBPP Agreement are expressly subject to and conditioned upon the following:

(a) Customer is not, and continues not to be, in default of any agreement with HSS, HWI or any of their affiliates or subsidiaries or any Brand division, including, but not limited to, this FBPP Agreement, the HITS Agreement and Customer's License Agreement with HWI or its affiliate or subsidiary.

(b) Customer continues to make all other payments to HSS's Preferred Lessors, Preferred Retailers or Preferred Services Providers under any applicable agreements and does not become in default under such agreements.

(c) Customer's Hotel remains a CWA Brand (after conversion and rebranding if applicable).

(d) Customer executes the HITS Agreement contemporaneously with this FBPP Agreement.

(e) Customer's participation and continued cooperation with HSS in HSS's Fee Based Pricing Program, including, but not limited to, the refreshment of Listed Equipment.

(f) If applicable, Customer must complete the Hotel's conversion and rebranding as a CWA Brand Hotel.

4. Termination. HSS may terminate all obligations of HSS under this FBPP Agreement at HSS's option: (a) Immediately without notice in event of breach of Customer's obligations or conditions set forth in Sections 2 and 3 above, or (b) at any time, with or without cause, upon not less than ninety (90) days advance written notice to Customer. Any default by Customer under this FBPP Agreement shall constitute a default by Customer under the HITS Agreement and in such event, HSS may exercise any of its rights provided under Section 5 of the HITS Agreement. Any default by Customer under the HITS Agreement shall constitute a default and breach of condition by Customer under this FBPP Agreement. Termination of the HITS Agreement will result in termination of this FBPP Agreement. HSS may terminate this FBPP Agreement without terminating the HITS Agreement, whereupon the HITS Agreement shall be construed and enforced as if this FBPP Agreement had never been entered into (subject to accrued rights and obligations).

Upon termination of this FBPP Agreement, HSS shall pass onto Customer, and Customer shall be responsible for, all subsequent fees and costs of Equipment Maintenance and Software Maintenance.

In addition, Customer shall pay to HSS a termination fee which is designed to reimburse HSS in part for unamortized costs of the software maintenance and equipment maintenance fees. If such termination occurs during the first year following the Start Date, the termination fee shall be in the amount of \$12,000. If such termination occurs during subsequent years following such Start Date, the termination fee shall be as follows:

During second year -	\$8,000
During third year -	\$4,000
Thereafter -	\$1,000

Provided, however, If this FBPP Agreement is terminated after any Customer Refresh of Listed Equipment, the termination fee shall depend upon the period elapsed after the Start Date applicable to shipment of the Listed Equipment for each such successive Customer Refresh as follows:

During first year -	\$12,000
During second year -	\$ 8,000
During third year -	\$ 4,000
Thereafter -	\$ 1,000

5. Additional Equipment. Any and all additional Authorized Equipment ("Standard Plus Equipment") may be purchased by Customer from a Preferred Retailer or leased from a Preferred Lessor under the Standard Plus Leasing Program Lease (the "Standard Plus Lease"). Any and all additional Certified Third Party Software authorized by HSS but not included in the Brand standard applicable to Customer ("Standard Plus Software") may be accessed, licensed or sublicensed from HSS or a Preferred Services Provider.

6. Defined Terms. All capitalized terms used in this FBPP Agreement which are not specially defined in this FBPP Agreement shall have the meaning ascribed to such terms in the HITS Agreement.

7. Other Important Provisions. The parties mutually acknowledge and agree that the Listed Equipment is part of the Authorized Equipment referred to in the HITS Agreement, that this FBPP Agreement is a schedule to the HITS Agreement and that this FBPP Agreement and its performance by the parties are a part of the transactions contemplated by the HITS Agreement. Upon Customer's Refresh of Listed Equipment, the terms and conditions applicable to any equipment, software or services provided for the Refresh shall be the same as the terms and conditions of this FBPP Agreement, including, but not limited to, the termination fees described herein; and, except for such termination fees (as specified above), all terms and provisions hereof (including those incorporated by reference below), shall apply as if this FBPP Agreement was executed on the Start Date for each such Refresh. In the event of conflict between the provisions of this FBPP Agreement and the provisions of the HITS Agreement, the provisions of this FBPP Agreement shall prevail. Except as modified herein, all provisions of the HITS Agreement applicable to the Authorized Equipment, Proprietary Software or Certified Third Party Software and Services are applicable to the equipment, software, and services described herein or provided hereunder, including, but not limited to, Sections 8 (Software), 9 (No Warranties/Limited Warranties), 10 (Proprietary Rights Notices), 11 (Infringement Claims) and 15 (Third Party Claims) and (except as herein modified) the Schedules pertaining to the Authorized Equipment, the Software and the Services. Where HSS is providing equipment, software or services instead of such items being provided by a Preferred Retailer or Preferred Services Provider, HSS shall be entitled to all of the protections and the limitations of warranties, liabilities and damages as if HSS were such Preferred Retailer or Preferred Services Provider. The following additional Sections of the HITS Agreement are hereby made applicable to this FBPP Agreement and incorporated herein by reference, as fully as if repeated herein verbatim: Sections 13 (Limitations of Liability and Exclusions of Damages); 14 (Limitations on Actions); 16 (Estoppel and Release); 17 (Entire Agreement/Prior Agreements); 18 (Cumulative Remedies); 19 (Force Majeure); 20 (Severability); 21 (No Joint Venture); 22 (Assignment); 23 (Counterparts); 24 (Applicable Law, Consent to Jurisdiction and Equitable Relief); 25 (Attorneys' Fees); 26 (No Reproduction); 27 (Confidentiality); and 28 (Surviving Obligations). Except as the context may otherwise require, all references to "this Agreement" in these incorporated provisions shall, for purposes of this FBPP Agreement, be construed to include this FBPP Agreement, and where applicable, such provisions are hereby reasserted, re-applied and re-acknowledged as of the effective date hereof.

8. Notices. The provisions of Section 4 of the HITS Agreement shall apply to all notices, requests, demands and other communications under this FBPP Agreement.

9. Counterparts. This FBPP Agreement may be executed in one or more counterparts, each of which shall constitute one and the same instrument.

Effective Date: The effective date ("Effective Date") shall be the date signed by HSS.

CUSTOMER: %LegalEntity%

HILTON SYSTEMS SOLUTIONS, LLC

By: %HotelApproverSignature%  
Authorized Signature

Print Name: %HotelApproverName%

Title: %HotelApproverTitle%

Date: %HotelApprovedDate%

By: %HiltonApproverSignature%  
Authorized Signature

Print Name: Randy Kanaya

Title: Director – OnQ® Deployment Planning

Date: %HiltonApprovedDate%



ATTACHMENT W (1)  
LISTED EQUIPMENT

%NetAuthEquip1%

SCHEDULE W

CONRAD OR WALDORF ASTORIA HOTEL  
BRAND FEE BASED PRICING PROGRAM AGREEMENT: 0.45% PROGRAM

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# **EXHIBIT H**



## CONRAD BRAND STANDARDS - GLOBAL

01 July 2013



CONRAD  
HOTELS & RESORTS



CONRAD  
HOTELS & RESORTS™

## Conrad Brand Standards - Global

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CONFIDENTIAL

effective July 01, 2013

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# **EXHIBIT I**



**STATE FRANCHISE ADMINISTRATORS  
AND AGENTS FOR SERVICE OF PROCESS**

<b>State</b>	<b>State Franchise Administrator</b>	<b>Agent for Service of Process</b>
California	Commissioner California Department of Business Oversight 320 West Fourth Street, Suite 750 Los Angeles, CA 90013-2344 866-275-2677  71 Stevenson Street, Suite 2100 San Francisco, CA 94105 415-972-8577	Commissioner California Department of Business Oversight 320 West Fourth Street, Suite 750 Los Angeles, CA 90013-2344 866-275-2677  1515 K. Street, Suite 200 Sacramento, CA 95814 866-275-2677
Hawaii	Commissioner of Securities Dept. of Commerce & Consumer Affairs Business Registration Division 335 Merchant Street, Room 203 Honolulu, HI 96813 808-586-2722	Commissioner of Securities Dept. of Commerce & Consumer Affairs Business Registration Division 335 Merchant Street, Room 203 Honolulu, HI 96813 808-586-2722
Illinois	Office of the Attorney General Franchise Bureau 500 South Second Street Springfield, IL 62706 217-782-4465	Attorney General 500 South Second Street Springfield, IL 62706 217-782-4465
Indiana	Secretary of State Securities Division 302 West Washington, Room E-111 Indianapolis, IN 46204 317-232-6681	Secretary of State Securities Division 302 West Washington, Room E-111 Indianapolis, IN 46204 317-232-6681
Maryland	Office of the Attorney General Division of Securities 200 St. Paul Place Baltimore, MD 21202-2020 410-576-6360	Maryland Securities Commissioner 200 St. Paul Place Baltimore, MD 21202-2020 410-576-6360
Michigan	Michigan Department of Attorney General Consumer Protection Division, Franchise Section 525 West Ottawa Street G. Mennen Williams Building, 1st Floor Lansing, MI 48933 517-373-7117	Michigan Department of Commerce Corporation and Securities Bureau Consumer Protection Division Franchise Section 525 West Ottawa Street G. Mennen Williams Building, 1st Floor Lansing, MI 48933 517-373-7117
Minnesota	Minnesota Department of Commerce 85 7 <sup>th</sup> Place East, Suite 500 St. Paul, MN 55101 651-296-4026	Minnesota Commissioner of Commerce 85 7 <sup>th</sup> Place East, Suite 500 St. Paul, MN 55101 651-296-4026

**STATE FRANCHISE ADMINISTRATORS  
AND AGENTS FOR SERVICE OF PROCESS**

<b>State</b>	<b>State Franchise Administrator</b>	<b>Agent for Service of Process</b>
New York	Bureau of Investor Protection and Securities New York State Department of Law 120 Broadway, 23rd Floor New York, NY 10271 212-416-8211	Secretary of State State of New York 41 State Street, 2 <sup>nd</sup> Floor Albany, NY 12231
North Dakota	North Dakota Securities Department 600 East Boulevard Avenue, State Capitol, Fifth Floor Bismarck, ND 58505-0510 701-328-4712	North Dakota Securities Commissioner 600 Boulevard Avenue, State Capitol, Fifth Floor Bismarck, ND 58505-0510 701-328-4712
Rhode Island	Department of Business Regulation Securities Division Bldg. 69, 1 <sup>st</sup> Floor, John O. Pastore Center 1511 Pontiac Avenue Cranston, RI 02920 401-462-9527	Director of Dept. of Business Regulation Securities Division Bldg. 69, 1 <sup>st</sup> Floor, John O. Pastore Center 1511 Pontiac Avenue Cranston, RI 02920 401-462-9527
South Dakota	Department of Labor and Regulation Division of Securities 445 E. Capitol Pierre, SD 57501 605-773-4823	Director of Division of Securities 445 E. Capitol Pierre, SD 57501 605-773-4823
Virginia	State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, 9th Floor Richmond, VA 23219 804-371-9051	Clerk of the State Corporation Commission 1300 East Main Street, 1 <sup>st</sup> Floor Richmond, VA 23219 804-371-9733
Washington	Department of Financial Institutions Securities Division – 3 <sup>rd</sup> Floor 150 Israel Road, S.W. Tumwater, WA 98501 360-902-8760	Director of Dept. of Financial Institutions Securities Division – 3 <sup>rd</sup> Floor 150 Israel Road, S.W. Tumwater, WA 98501 360-902-8760
Wisconsin	Office of the Commissioner of Securities Department of Financial Institutions 345 West Washington Avenue, 4 <sup>th</sup> Floor Madison, WI 53703 608-261-9555	Commissioner of Securities 345 West Washington Avenue, 4 <sup>th</sup> Floor Madison, WI 53703 608-261-9555

If a state is not listed, we are not required to appoint an agent for service of process in that state in order to comply with the requirements of franchise laws. There may be states in addition to those listed above in which we have appointed an agent for service of process. There may also be additional agents appointed in some of the states listed.

# **EXHIBIT J**

**Addendum to Disclosure Document  
Pursuant to the California Franchise Investment Law**

OUR WEBSITES HAVE NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT. ANY COMPLAINTS CONCERNING THE CONTENTS OF OUR WEBSITES MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT AT <http://www.dbo.ca.gov>

THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE DISCLOSURE DOCUMENT.

1. Item 3 is amended to state that no person named in Item 2 is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a *et seq.*, suspending or expelling such persons from membership in such association or exchange.
2. Items 17 (b), (c), (d), (e), (f), (g), (h), (i) and (w) are amended to state that California Business and Professions Code Sections 20000 through 20043 provide rights to you concerning termination or non-renewal of a franchise. If the Franchise Agreement contains a provision that is inconsistent with the law, the law will control.
3. Item 17 (h) is amended to state that the Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 *et seq.*).
4. Item 17 (w) is amended to state that the Franchise Agreement contains a provision requiring application of the laws of New York. This provision may not be enforceable under California law.
5. Item 17 (v) is amended to state that the Franchise Agreement requires venue to be limited to Fairfax County, Virginia unless we sue you where your Hotel is located. This provision may not be enforceable under California law.
6. Items 17 (c) and (m) are amended to state that you must sign a general release of claims if you renew or transfer your franchise. California Corporations Code Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Sections 31000 through 31516). Business and Professions Code Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 through 20043).
7. Item 17 (s) is amended to state that California Corporations Code, Section 31125 requires us to give you a disclosure document, approved by the Department of Corporations before we ask you to consider a material modification of your Franchise Agreement.

**Addendum to Disclosure Document  
Pursuant to the Hawaii Franchise Investment Law**

THE GENERAL RELEASE LANGUAGE CONTAINED IN THE FRANCHISE AGREEMENT SHALL NOT RELIEVE US OR OUR AFFILIATES FROM LIABILITY IMPOSED BY THE LAWS CONCERNING FRANCHISING OF THE STATE OF HAWAII.

THESE FRANCHISES HAVE BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OF ENDORSEMENT BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS OR A FINDING BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS THAT THE INFORMATION PROVIDED IN THIS DISCLOSURE DOCUMENT IS TRUE, COMPLETE AND NOT MISLEADING.

THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER "OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, OR SUBFRANCHISOR, AT LEAST 7 DAYS BEFORE THE EXECUTION BY THE PROSPECTIVE FRANCHISEE, OF ANY BINDING AGREEMENT, OR AT LEAST 7 DAYS BEFORE THE PAYMENT OF ANY CONSIDERATION BY THE FRANCHISEE, OR SUBFRANCHISOR, WHICHEVER OCCURS FIRST, A COPY OF THE DISCLOSURE DOCUMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.

THIS DISCLOSURE DOCUMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR A STATEMENT OF ALL RIGHTS, CONDITIONS, RESTRICTIONS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.

**Addendum to Disclosure Document  
Pursuant to the Illinois Franchise Disclosure Act**

**Item 13** is amended to provide that while we do not own the Marks, our affiliate owns the Marks and has licensed us to use the Marks and to sublicense the Marks to you.

1. Notice Required by Law:

THE TERMS AND CONDITIONS UNDER WHICH YOUR FRANCHISE CAN BE TERMINATED AND YOUR RIGHTS UPON NON-RENEWAL MAY BE AFFECTED BY ILLINOIS LAW, 815 ILCS 705/19 AND 705/20.

2. Items 17 (v) and (w) are amended to state that the provisions of the Franchise Agreement and all other agreements concerning governing law, jurisdiction, venue, choice of law and waiver of jury trials will not constitute a waiver of any right conferred upon you by the Illinois Franchise Disclosure Act. The Illinois Franchise Disclosure Act will govern the Franchise Agreement with respect to Illinois licensees and any other person under the jurisdiction of the Illinois Franchise Disclosure Act.
3. Section 41 of the Illinois Franchise Disclosure Act states that "any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of this Act is void".

**Addendum to Disclosure Document  
Pursuant to the Maryland Franchise Registration and Disclosure Law**

The following provisions will supersede anything to the contrary in the Franchise Disclosure Document and will apply to all franchises offered and sold under the laws of the State of Maryland:

1. Items 17 (b), (c), (d), (e), (f), (g), (h) and (i) are amended to state that the laws of the State of Maryland may supersede the Franchise Agreement, in the areas of termination and renewal of the Franchise.
2. Item 17 (h) is amended to state that the provision of the Franchise Agreement that provides for termination upon your bankruptcy may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101 et seq.).
3. Item 17 (v) is amended to state that you may sue in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law. Any claims arising under the Maryland Franchise Registration and Disclosure Laws must be brought within 3 years after the grant of the Franchise.

4. Item 17 (w) is amended to state that the general release language contained in Section 17.8 of the Franchise Agreement shall not relieve us or our affiliates from liability under the Maryland Franchise Registration and Disclosure Law.

## **MICHIGAN ADDENDUM TO DISCLOSURE DOCUMENT**

**THE STATE OF MICHIGAN PROHIBITS CERTAIN UNFAIR PROVISIONS THAT ARE SOMETIMES IN FRANCHISE DOCUMENTS. IF ANY OF THE FOLLOWING PROVISIONS ARE IN THESE FRANCHISE DOCUMENTS, THE PROVISIONS ARE VOID AND CANNOT BE ENFORCED AGAINST YOU.**

- (a) A prohibition on the right of a franchisee to join an association of franchisees.
- (b) A requirement that a franchisee assent to a release, assignment, novation, waiver or estoppel which deprives a franchisee of rights and protections provided in this act. This shall not preclude a franchisee, after entering into a Franchise Agreement, from settling any and all claims.
- (c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the Franchise Agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.
- (d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures and furnishings. Personalized materials which have no value to the Franchisor and inventory, supplies, equipment, fixtures and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if (i) the term of the franchise is less than 5 years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of Franchisor's intent not to renew the franchise.
- (e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.
- (f) A provision requiring that arbitration or litigation be conducted outside the state of Michigan. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside the state of Michigan.
- (g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:
  - (i) The failure of the proposed transferee to meet the franchisor's then current reasonable qualifications or standards.
  - (ii) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.
  - (iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.
  - (iv) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the Franchise Agreement existing at the time of the proposed transfer.

- (h) A provision that requires the franchisee to resell to the franchisor items that are not uniquely identified with the Franchisor. This subdivision does not prohibit a provision that grants to a franchisor a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants the franchisor the right to acquire the assets of a franchise for the market or appraised value of such assets if the franchisee has breached the lawful provisions of the Franchise Agreement and has failed to cure the breach in the manner provided in subdivision (c).
- (i) A provision which permits the Franchisor to directly or indirectly convey, assign, or otherwise transfer its obligations to fulfill contractual obligations to the franchisee unless provision has been made for providing the required contractual service.

**THE FACT THAT THERE IS A NOTICE OF THIS OFFERING ON FILE WITH THE ATTORNEY GENERAL DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE ATTORNEY GENERAL.**

**ANY QUESTIONS REGARDING THIS NOTICE SHOULD BE DIRECTED TO:**

**OFFICE OF THE ATTORNEY GENERAL  
CONSUMER PROTECTION DIVISION, FRANCHISE SECTION  
525 W. OTTAWA ST.  
G. MENNEN WILLIAMS BUILDING, FIRST FLOOR  
LANSING, MICHIGAN 48933  
517-373-7117**

**Addendum to Disclosure Document  
Pursuant to the Minnesota Franchise Investment Law**

1. Minnesota law provide that we must indemnify you against liability to third parties resulting from claims by third parties that your use of our trademarks infringes trademark rights of the third party. We do not indemnify you against the consequences of your use of our trademarks except in accordance with the requirements of the Franchise Agreement, and, as a condition to indemnification, you must provide notice to us of any such claim and tender the defense of the claim to us within 10 days after the claim is asserted. If we accept the tender of defense, we have the right to manage the defense of the claim, including the right to compromise, settle or otherwise resolve the claim, and to determine whether to appeal a final determination of the claim.
2. Items 17 (b), (c), (d), (e), (f), (g), (h) and (i) are amended to state that Minnesota law provides you with certain termination and non-renewal rights. Minnesota Statutes, Section 80C.14, subdivisions 3, 4, and 5 require, except in certain specified cases, that you be given 90 days notice of termination (with 60 days to cure) and 180 days notice for non-renewal of the franchise agreement.
3. Items 17 (a) and (m) are amended to state that the general release language contained in the Franchise Agreement shall not relieve us or our affiliates, from liability imposed by the Minnesota Franchise Investment Law.
4. Item 17 (i) is amended to state that Minnesota Rule 2860.4400J prohibits requiring you to consent to liquidated damages.
5. Items 17 (i), (v) and (w) are amended to state that Minnesota Statutes, Sections 80C.21 and Minnesota Rule 2860.4400J prohibits us from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring you to consent to liquidated damages, termination penalties or judgment notes. nothing in the Franchise Disclosure Document or

agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum or remedies provided for by the laws of Minnesota.

**.Addendum to Disclosure Document  
Pursuant to the New York Franchise Sales Act**

1. Item 3 is amended to add the following:

Neither we nor any individual listed in Item 2, have pending any administrative, criminal or material civil action (or a significant number of civil actions irrespective of materiality) alleging: a felony; a violation of a franchise, antitrust or securities law; fraud; embezzlement; fraudulent conversion; misappropriation of property; unfair or deceptive practices or comparable civil or misdemeanor allegations.

Neither we nor any individual listed in Item 2, have been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10-year period immediately preceding the application for registration, been convicted of a misdemeanor or pleaded nolo contendere to a misdemeanor charge or been the subject of a civil action alleging: violation of a franchise, antitrust or securities law; fraud; embezzlement, fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.

Neither we nor any individual listed in Item 2, are subject to any currently effective injunctive or restrictive order or decree relating to franchises or under any federal, state or Canadian franchise, securities, antitrust, trade regulation or trade practice law resulting from a concluded or pending action or proceeding brought by a public agency; or are subject to any currently effective order of any national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or are subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

2. Item 4 is amended to add the following:

During the 10-year period immediately preceding the date of this disclosure document, neither we nor any person identified in Item 2 above, has filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; obtained a discharge of its debts under the bankruptcy code; or was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within 1 year after the officer or general partner of the franchisor held this position in the company or partnership.

**Addendum to Disclosure Document  
Pursuant to the North Dakota Franchise Disclosure Act**

1. Item 17 (i) is amended to state that liquidated damages are prohibited by the laws of the State of North Dakota.
2. Item 17 (w) is amended to state that the laws of the State of North Dakota supersede any provisions of the Franchise Agreement, the other agreements or New York law if such provisions are in conflict with North Dakota law. The Franchise Agreement will be governed by North Dakota law.
3. Item 17 (v) is amended to state that any provision in the Franchise Agreement which designates jurisdiction or venue or requires the Licensee to agree to jurisdiction or venue, in a forum outside of North Dakota, is deleted.



4. Item 17 (w) is amended to state that any provision in the Franchise Agreement which requires you to waive your right to a trial by jury is deleted.
5. Items 17 (c) and (m) are amended to state that no release language set forth in the Franchise Agreement shall relieve us or our affiliates from liability imposed by the North Dakota Franchise Disclosure Act.

**Addendum to Disclosure Document  
Additional Information Required by the State of Rhode Island**

In recognition of the requirements of the State of Rhode Island Franchise Investment Act §19-28.1 *et seq.* (the "Act"), the Franchise Disclosure Document for use in the State of Rhode Island is amended as follows:

Item 17 (h) is amended to state that termination of a franchise agreement as a result of insolvency or bankruptcy may not be enforceable under federal bankruptcy law.

Items 17 (c) and (m) are amended to state that any release signed as a condition of transfer or renewal will not apply to any claims you may have under the Rhode Island Franchise Investment Act.

Items 17 (u), (v) and (w) are amended to state that any provision in the franchise agreement restricting jurisdiction or venue to a forum outside Rhode Island or requiring the application of laws of a state other than Rhode Island is void as to a claim otherwise enforceable under the Rhode Island Franchise Investment Act.

**Addendum to Disclosure Document  
Pursuant to the Virginia Retail Franchise Act**

Item 17.h is amended to state that, pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the Franchise Agreement do not constitute "reasonable cause" as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

**Addendum to Disclosure Document  
Pursuant to the Washington Franchise Investment Protection Act**

1. The state of Washington has a statute, RCW 19.100.180, which may supersede the franchise agreement in your relationship with us, including areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with us, including the areas of termination and renewal of your franchise.
2. A release or waiver of rights you sign will not include rights under the Washington Franchise Investment Protection Act except when executed pursuant to a negotiated settlement after the Franchise Agreement is in effect and where the parties are represented by independent counsel. Provisions that unreasonably restrict or limit the statute of limitations period for claims under the Act, and rights or remedies under the Act such as a right to a jury trial, may not be enforceable.
3. In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW shall prevail.
4. Transfer fees are collectable to the extent that they reflect our reasonable estimated or actual costs in effecting a transfer.

# **EXHIBIT K**

**Insert** Expected Closing Date

Lender **[also insert in 2<sup>nd</sup> page header]**

Attention:

Address

Address

**Re: [Name of Hotel (City, State) – Facility No. \_\_\_\_\_; ALSO INSERT IN 2<sup>nd</sup> page header]**

Ladies and Gentlemen:

[\_\_\_\_\_] FRANCHISE LLC, a Delaware limited liability company **[IF NEEDED: HLT EXISTING FRANCHISE HOLDING LLC, a Delaware limited liability company, successor in interest to [Doubletree] Doubletree Hotel Systems, Inc. [EMB, HAM, HOME] Promus Hotels, Inc. [HFS, HGI, CON, WA] Hilton Inns, Inc. ]** (“**Franchisor**”) and \_\_\_\_\_, a \_\_\_\_\_ (“**Franchisee**”) are parties to a franchise agreement dated \_\_\_\_\_, including all amendments, riders, supplemental agreements and assignments (collectively, “**Franchise Agreement**”). Franchisee operates **[ will operate ]** the **[INSERT brand ]** hotel **[ to be ]** located at \_\_\_\_\_ (“**Hotel**”) under the terms of the Franchise Agreement.

This letter agreement is being entered into in connection with a mortgage loan in the amount of \$\_\_\_\_\_ dated \_\_\_\_\_, 2013, as such mortgage loan may be periodically amended, modified, supplemented, extended or restated (“**Loan**”), from \_\_\_\_\_ **[IF LENDER IS NOT A BANK: , a [State] [Type of Entity] (“Lender”) [IF NEEDED: as administrative agent for itself and other participant lenders (in its capacity as administrative agent, “Lender”) ] to Franchisee [IF NOT FRANCHISEE: \_\_\_\_\_, a [State] [Type of Entity] (“Borrower”) ] to be used [IF MULTIPLE PROPERTIES: in part, ] for the direct benefit of the Hotel. [DESCRIBE BORROWER'S RELATIONSHIP TO FRANCHISEE, e.g.: Borrower is the owner of the real property on which the Hotel is located, which Borrower leases to Franchisee, its affiliate. ]**

**[IF ADDRESSED TO MULTIPLE LENDERS: FIRST ALTERNATIVE:** Franchisor is entitled to presume conclusively that notice to and actions or failures to act by \_\_\_\_\_ **INSERT NAME OF DESIGNATED LENDER** (“**Lead Lender**”) are sufficient for all purposes under this letter agreement and that rights under this letter agreement may only be exercised by and the obligations under this letter agreement only run to Lead Lender. Lead Lender may designate in writing a different party to this letter agreement to represent the lenders, provided that one party must be designated to represent all lenders. **SECOND ALTERNATIVE – MODIFY BASED ON NUMBER OF LENDERS:** First Lender, Second Lender and Third Lender will be collectively referred to as “**Lender**.” First Lender, Second Lender and Third Lender have represented to Franchisor that they have entered into an intercreditor agreement that establishes priorities among the lenders. Franchisor is not a party to the intercreditor agreement and is relying on the representations of First Lender, Second Lender and Third Lender. Franchisor is entitled to presume conclusively that the rights and obligations under this letter agreement will run to the Lender who contacts Franchisor and represents that it is entitled by the terms of the intercreditor agreement to exercise the rights of Lender under this letter agreement. Lender agrees that Franchisor shall have no obligation to resolve inconsistent instructions if it receives instructions from more than one lender and Franchisor shall have no liability to any lender as a result of any action that Franchisor takes in good faith at the direction of another lender, or any failure of Franchisor to act in the face of inconsistent instructions.

**[IF PRIOR LENDER COMFORT LETTERS EXIST:** Reference is also made to a letter agreement dated \_\_\_\_\_, by and among Franchisor **[CONFIRM ENTITY]**, Franchisee **[CONFIRM ENTITY]** and Lender **[CONFIRM ENTITY]** (“**Existing Comfort Letter**”). **[IF EXISTING COMFORT LETTER IS WITH SAME LENDER:** This letter agreement amends and restates in its entirety the Existing Comfort Letter,

{000011-002419 00212425.DOC; 1}

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Re: [HOTEL BRAND] [HOTEL NAME] (City, State) – Facility No. \_\_\_\_

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which is of no further force or effect. ] [IF MORE THAN ONE EXISTING COMFORT LETTER WILL BE REPLACED, MODIFY ¶¶ 7 AND 8].

1. **Cure Period.**

(a) **Notice and Cure Period.** Franchisor will concurrently provide Lender a copy of any default notice sent to Franchisee under the Franchise Agreement. The notice will be sent to Lender at the address set forth above or such other address designated by Lender in writing, provided that only a single address may be designated and it may not be a P.O. Box. Lender shall have the right, but not the obligation, to cure the default within a cure period of fifteen (15) calendar days beyond the expiration of the cure period, if any, given to Franchisee ("**Lender's Cure Period**").

(b) **Non-Monetary Default Requiring Possession to Cure.** If the default is for failure to comply with physical standards or other non-monetary default which could only be cured by Lender acquiring possession and/or ownership of the Hotel (an "**Acquisition**"), Lender may have an additional period not to exceed one hundred eighty (180) calendar days ("**Additional Period**") commencing at the expiration of Lender's Cure Period. The Additional Period is for Lender to complete its Acquisition, through foreclosure or other appropriate proceedings, and may be extended by Franchisor in its determination if requested by Lender. If Lender wants the Additional Period, Lender must: (i) notify Franchisor no later than the date it commences proceedings that Lender wants the Additional Period; (ii) commence proceedings within Lender's Cure Period and diligently prosecute such proceedings to completion; and (iii) comply with the obligations of Franchisee under the Franchise Agreement not being performed by Franchisee during the Additional Period including payment of all monetary obligations but excluding those obligations which can only be performed by Franchisee or which Lender cannot perform without possession and/or ownership of the Hotel.

If Lender commences a foreclosure or other proceeding intended to result in the Acquisition but Franchisor has not issued a default notice to Franchisee or Lender has cured Franchisee's default during Lender's Cure Period, Lender may exercise the rights under this letter agreement if Lender (i) notifies Franchisor of its proceeding as required by this letter agreement and confirms its intention to proceed under the terms of this letter agreement and (ii) subsequently completes its Acquisition within one hundred eighty (180) calendar days of the date Lender commenced its proceeding (as such one hundred eighty (180) day period may be extended by Franchisor in its determination if requested by Lender). Lender must also comply with the obligations in Subparagraph 1(b)(iii) while the Acquisition is pending. Franchisor acknowledges and agrees that an Acquisition shall not be deemed a sale or lease of the Hotel under the Franchise Agreement, nor a violation of any control or transfer provisions of the Franchise Agreement, and shall not be subject to any right of first refusal or right of first offer contained in the Franchise Agreement.

(c) **Franchisor's Rights to Terminate Franchise Agreement.** Notwithstanding any other provision of this letter agreement, Franchisor may terminate the Franchise Agreement during the Lender's Cure Period or any Additional Period if any of the following occur: (i) Franchisee's default or any subsequent default, in the sole opinion of Franchisor, damages the image or reputation of Franchisor or any brand name owned and/or licensed by Hilton Worldwide Holdings, Inc., a Delaware corporation, or its subsidiaries or affiliates (collectively, "**Hilton Worldwide**"); (ii) Franchisor is required to terminate the Franchise Agreement by court order or action of any trustee in bankruptcy or debtor in possession of the Hotel; or (iii) the Additional Period expires without other arrangements, satisfactory to Franchisor in its sole discretion, having been entered into between Franchisor and Lender.

(d) **Expiration of Franchise Agreement.** Nothing in this letter agreement will extend the Franchise Agreement beyond its stated expiration date.

LENDER

Re: [HOTEL BRAND] [HOTEL NAME] (City, State) – Facility No. \_\_\_\_

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(e) Receiver Appointment. If a receiver is appointed to operate the Hotel at the request of Lender, Franchisor may require the receiver to enter into Franchisor's then-current form of receiver agreement or other documentation that Franchisor considers reasonably necessary.

2. **Acquisition and Assumption.**

(a) Election to Terminate. [DELETE THIS ¶ 2(a) IF THE HOTEL IS HILTON-MANAGED WITH A FRANCHISE LICENSE OR GIVEN FOR A PORTFOLIO LOAN AND THE NUMBER OF HOTELS OPERATING UNDER THE SAME BRAND EXCEEDS THE LESSER OF 15 HOTELS OR 1.5% OF THE TOTAL NUMBER OF HOTELS OPERATING UNDER THE BRAND] If Lender completes its Acquisition before the expiration of the applicable time periods set forth in Paragraph 1, Lender may elect to terminate the Franchise Agreement. Lender must give written notice to Franchisor within twenty (20) calendar days after the Acquisition of its election to terminate. The termination will be effective twenty (20) calendar days after receipt by Franchisor of the notice. If Lender elects to terminate the Franchise Agreement, Lender shall not be liable for any termination fees or liquidated damages for early termination. Lender shall be solely liable for all fees and obligations of Franchisee that accrue during the time period from the date of the Acquisition through the termination date and the de-identification obligations following termination of the Franchise Agreement.

(b) Assumption. [DELETE FIRST SENTENCE ONLY IF ¶ 2(a) IS DELETED: If Lender does not elect to terminate the Franchise Agreement, then the Franchise Agreement will continue in full force and effect.] Lender will be deemed to have assumed the Franchise Agreement as of the date of the Acquisition for the remainder of the term and will be obligated to perform all of the obligations of "Franchisee" under the Franchise Agreement existing at or accruing after the Acquisition date ("**Assumption**"). Lender must, at Franchisor's request, enter into Franchisor's then current form assumption agreement ("**Assumption Agreement**") to document the Assumption. Lender will within ten (10) business days after the request by Franchisor provide Franchisor all information necessary for Franchisor to determine that Lender is not a Sanctioned Person (as defined in Paragraph 7(a) of this letter agreement) and prepare the Assumption Agreement. If Franchisor confirms that Lender is not a Sanctioned Person, Franchisor will deliver the Assumption Agreement to Lender, and Lender will execute and return the Assumption Agreement to Franchisor within ten (10) business days after Franchisor delivers it. Lender's failure to timely execute and deliver to Franchisor the Assumption Agreement shall be a default under the Franchise Agreement entitling Franchisor to terminate the Franchise Agreement. The conditions contained in the transfer provisions of the Franchise Agreement relevant to a new Franchisee as determined appropriate by Franchisor shall apply with respect to the Assumption, including but not limited to submission by Lender of its ownership structure, organizational documents and evidence of insurance. Any renovation requirements imposed by Franchisor in connection with the Assumption will not exceed those which Franchisor could have imposed had Franchisee remained as the Franchisee under the Franchise Agreement. No transfer fee will be imposed. However, Lender agrees to pay Franchisor a processing fee for the Assumption equal to the fee for a permitted transfer in the Franchise Agreement. If the Franchise Agreement does not reference a permitted transfer fee, then the fee will be Five Thousand Dollars (\$5,000). In connection with the Assumption, Lender must diligently cure all defaults which it could not cure before the Acquisition under the terms of Subparagraph 1(b), except for personal and non-curable defaults as defined below, within the time period determined by Franchisor based on the nature of the default and/or the condition of the Hotel at the time of Lender's Acquisition. The term "personal and non-curable defaults" as used in this Subparagraph shall collectively mean such default (i) occurred before the date of Lender's Acquisition; (ii) is a non-curable default; (iii) is purely personal to Franchisee (e.g., failure to provide adequate notice or past failure to maintain Franchisee's company status); and (iv) is unrelated to the operation of the Hotel.

(c) Subsequent Sale. The transfer provisions of the Franchise Agreement will apply to any sale, assignment or transfer by Lender after an Assumption. If the transfer is to a third party who

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desires to continue to operate the Hotel, these provisions require a change of ownership application, approval of the third party, and payment of an application fee.

3. **Notice.** Lender agrees to notify Franchisor (a) contemporaneously with commencement of any action (such as a foreclosure proceeding) that may result in an Acquisition, (b) contemporaneously with ghd filing of a petition for appointment of a receiver or any other action initiated by Lender that impacts possession of the Hotel, (c) promptly after any Acquisition of the date the Acquisition occurred, or (d) promptly after Lender no longer has a security interest in the Hotel or the Loan is paid in full, but Lender's failure to give notice under this Subparagraph 3(d) will not affect the automatic termination of this letter agreement under Paragraph 13 [if no Franchisor Estoppel] 14 [if Franchisor Estoppel]. Lender further agrees to promptly provide to Franchisor a copy of any order appointing a receiver or of foreclosure, or any other judicial or administrative order from an action initiated by Lender that impacts possession of the Hotel. All notices to Franchisor should be sent to the following address or such other address periodically designated by Franchisor in writing:

Hilton Worldwide Holdings, Inc.  
Attention: General Counsel  
7930 Jones Branch Drive, Suite 1100  
McLean, Virginia 22102

4. **Subordination.** Franchisor acknowledges and agrees that the Franchise Agreement, to the extent that it creates any interest in the Hotel, is and shall be subordinate to the mortgage or deed of trust of Lender placed or to be placed on the Hotel in accordance with the terms of the Loan.

5. **Confidentiality and Non-Disclosure.** The provisions of this letter agreement shall not be disclosed by Lender or Franchisee to any third party, excepting Franchisee's or Lender's respective employees, directors, officers, agents, regulators or legal and financial representatives on a need-to-know basis, and/or unless as required by law or as mutually agreed to by the parties and/or as part of any due diligence performed as a part of a sale or participation of the Loan by Lender. As part of such disclosure, except for disclosure required by government regulation, Lender or Franchisee must ensure that third parties are advised of, and agree to be bound by, the terms of this confidentiality provision. Except as provided above, Franchisee and Lender agree not to copy, reproduce or otherwise make available in any form whatsoever to any other person, firm, corporation, or business the provisions of this letter agreement.

6. **Franchisee Estoppel and Release.** As consideration for this letter agreement relating to the Loan, Franchisee hereby:

(a) certifies to Franchisor that the Franchise Agreement is in full force and effect, and no default, claim, breach, offset, defense to full and strict enforcement, waiver, or estoppel (collectively, a "**Claim**"), or condition that could with passage of time, giving notice or otherwise become a Claim, currently exists or has existed against Franchisor or Hilton Worldwide under the Franchise Agreement [IF APPLICABLE: or the Existing Comfort Letter ].

(b) [IF APPLICABLE: represents that the loan referenced in the Existing Comfort Letter has been paid in full [DELETE FIRST CLAUSE IF LOAN IS BEING ASSUMED] and agrees that the Existing Comfort Letter is null and void and of no further force and effect, and Hilton Worldwide has no obligations of any kind under the Existing Comfort Letter.]

(c) agrees that this letter agreement will remain in full force and effect in favor of Lender with respect to the Loan, as the Loan may periodically be modified, amended, extended, supplemented, or restated.

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Re: [HOTEL BRAND] [HOTEL NAME] (City, State) – Facility No. \_\_\_\_

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(d) agrees that this letter agreement was provided to Lender at Franchisee's request.

(e) fully and forever releases, discharges, and agrees to indemnify, defend, and hold harmless Franchisor, its predecessors, successors and assigns and each of their respective former and present officers, employees, directors, shareholders, partners, members, parents, subsidiaries, affiliates, alter egos, representatives, agents, and attorneys (collectively, the "**Released Parties**"), from any and all Claims, demands, liens, actions, agreements, suits, causes of action, obligations, controversies, debts, costs, attorney's fees, expenses, damages, judgments, orders, and liabilities of whatever kind or nature in law, equity, or otherwise, whether now known or suspected which have, may or do exist ("**Released Claims**"), based on any facts, events, or omissions occurring before the execution of this letter agreement which arise out of, concern, pertain, or relate in any way to the Franchise Agreement **[IF APPLICABLE: or the Existing Comfort Letter ]**. Franchisee acknowledges that it may hereafter discover Claims presently unknown or unsuspected, or facts in addition to or different from those which it now knows or believes to be true, with respect to the matters released by this letter agreement. Nevertheless, Franchisee fully and finally settles and releases all such matters, and all Claims relative thereto, which do now, may or have existed between the Released Parties and Franchisee.

7. **Lender Estoppel and Release.** As consideration for this letter agreement relating to the Loan, Lender hereby:

(a) certifies to Franchisor that Lender is not a Sanctioned Person. "**Sanctioned Person**" means any person or entity (including financial institutions) who is, or is owned or controlled by, or acting on behalf of any of the foregoing: (a) the Government of any country subject to comprehensive U.S. sanctions in force and which currently include the Government of Cuba, Iran, North Korea, Sudan, and Syria ("**Sanctioned Countries**"); (b) located in, organized under the laws of or ordinarily resident in Sanctioned Countries; and (c) identified by any government or legal authority under applicable Trade Restrictions as a person with whom dealings and transactions by Franchisee and/or its Affiliates are prohibited or restricted, including but not limited to persons designated under United Nations Security Council Resolutions, the U.S. Department of the Treasury's Office of Foreign Assets Control ("**OFAC**") List of Specially Designated Nationals and Other Blocked Persons; the U.S. Department of State's lists of persons subject to non-proliferation sanctions; the European Union Financial Sanctions List; persons and entities subject to Special Measures regulations under Section 311 of the USA PATRIOT Act and the Bank Secrecy Act.

(b) agrees that this letter agreement shall remain in full force and effect in favor of Lender with respect to the Loan, as the Loan may periodically be modified, amended, extended, supplemented or restated.

(c) **[IF LENDER IS A PARTY TO EXISTING COMFORT LETTER:]** certifies to Franchisor that no Claim, or condition that could with the passage of time, giving notice or otherwise become a Claim by or through Lender, currently exists or has existed against Hilton Worldwide under the Existing Comfort Letter.

(d) **[IF LENDER IS A PARTY TO EXISTING COMFORT LETTER:]** agrees that the Existing Comfort Letter is null and void and of no further force and effect, and Hilton Worldwide has no obligations of any kind under the Existing Comfort Letter.

(e) **[IF FOR A LOAN ORIGINATED AT AN EARLIER DATE:]** represents and warrants as of the date of its signature below that Lender has not issued a notice of default with respect to the Loan and is not aware of any issue that currently constitutes or with the passage of time would constitute a default under the Loan and that Lender has not taken any action intended to result in Lender acquiring possession and/or ownership of the Hotel.



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Re: [HOTEL BRAND] [HOTEL NAME] (City, State) – Facility No. \_\_\_\_

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(f) **[IF LENDER IS NOT A BANK OR ENTITY PRIMARILY ENGAGED IN THE BUSINESS OF MAKING LOANS:** represents and warrants in favor of Franchisor that it is solely controlled by [INSERT NAME] as of the Effective Date of this letter agreement. Franchisor has entered into this letter agreement based on Lender's representation. Lender acknowledges that any change of control of Lender will be deemed to be an assignment of this letter agreement that is subject to Paragraph 11 **[if no Franchisor Estoppel]** 12 **[if Franchisor Estoppel]**. If Franchisor's consent is required, Franchisor may require that assignor and assignee enter into an Assignment in accordance with Subparagraph 11 **[if no Franchisor Estoppel]** 12 **[if Franchisor Estoppel]** (c).

(g) **[IF LENDER IS A PARTY TO EXISTING COMFORT LETTER:]** fully and forever releases, discharges, and agrees to indemnify, defend and hold harmless the Released Parties from any and all Released Claims by or through Lender based on any facts, events, or omissions occurring before the execution of this letter agreement which arise out of, concern, pertain, or relate in any way to this letter agreement or the Existing Comfort Letter.

(h) **[IF NO EXISTING COMFORT LETTER OR LENDER IS NOT A PARTY TO EXISTING COMFORT LETTER]** fully and forever releases, discharges, and agrees to indemnify, defend and hold harmless the Released Parties from any and all Released Claims by or through Lender based on any facts, events, or omissions occurring before the execution of this letter agreement which arise out of, concern, pertain, or relate in any way to this letter agreement.

8. **[ONLY IF REQUESTED; CHANGE CROSS-REFERENCES IN ¶3 AND ¶7: Franchisor Estoppel.** Subject to the acknowledgement by Lender that Franchisor does not own or operate the Hotel, Franchisor hereby certifies to Lender that, to Franchisor's knowledge as of the date indicated on the first page of this letter agreement, (a) the Franchise Agreement is in full force and effect, and (b) no default currently exists under the Franchise Agreement. "**Franchisor's knowledge**" means the actual knowledge of applicable and reasonably obvious Hotel operational matters regularly reviewed by company employees who have given their attention to such matters in the ordinary course of business and does not include any investigation by those employees or others of other matters or beyond their usual and customary reviews of the Hotel, nor does it include constructive notice of matters or information located in public or Hotel records. "**Default**" means matters which have been the subject of an actual notice of default under the Franchise Agreement and does not include matters which are or may be in process, under discussion, or otherwise addressed **[INSERT QUALIFIERS IF NEEDED]**, provided, however, that the Hotel **[ failed its most recent Quality Assurance Inspection ] [ is delinquent in payment of fees to Franchisor in the amount of \$\_\_\_\_\_ ]**.

9. **Communication with Lender.** Franchisee agrees that Franchisor may discuss with Lender or its designee the status of the Hotel, the Franchise Agreement, or any matter to which Lender is entitled to notice under the terms of this letter agreement. Franchisee agrees that the Released Parties shall not be liable to Franchisee for taking any action or providing any information required or contemplated by this letter agreement.

10. **Management.** Any change to the general manager or the management company for the Hotel (collectively, "**Management**") made by Lender or a receiver is subject to Franchisor's prior written approval. Franchisor will use its business judgment in determining whether to approve the new Management. After an Assumption, the terms of the Franchise Agreement will govern with respect to Management.

11. **Collateral Assignment.** If the Franchise Agreement is being pledged by Franchisee to Lender as security for Franchisee's obligations to Lender under the Loan, issuance of this letter agreement evidences Franchisor's consent to the collateral assignment. Lender's rights in connection



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Re: [HOTEL BRAND] [HOTEL NAME] (City, State) – Facility No. \_\_\_\_

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with the Franchise Agreement as assigned are governed by the terms and conditions in this letter agreement.

12. **Assignment.** This letter agreement may not be assigned by Lender without the written consent of Franchisor; provided, however, Franchisor's consent is not required for any assignment to:

(a) a direct or indirect subsidiary of Lender in connection with an Acquisition.

(b) the trustee in a securitization **if** Lender (i) directly transfers the Loan to the trustee of a securitized pool of loans **and** (ii) gives notice to Franchisor within thirty (30) days of the transfer, identifying the new "Lender" and the new address for notice. If Lender fully complies with the provisions of this Subparagraph, Franchisor will recognize the trustee as "Lender" under this letter agreement; but Franchisor may, in its discretion, reject any notice that is not sent by Lender or that is not sent in a timely manner in accordance with this Subparagraph.

(c) any subsequent holder or holders of the Loan ("**Assignee**") **if** (1) the Loan is not in default when notice is given; (2) Lender gives notice to Franchisor, identifying Assignee and the new address for notice, within thirty (30) days of the transfer; and (3) the Assignee (i) is a commercial bank, investment bank, pension fund, finance company, insurance company, or other financial institution engaged in the business of making loans or any fund managed by any of the foregoing, (ii) is not a competitor of Franchisor, and (iii) does not own directly or indirectly, any equity interest in Franchisee or its constituent owners; provided, however, that Franchisor may, in its discretion, reject a notice if the Loan is in default when notice is given, or if the notice is not sent by Lender, or if notice is not sent in a timely manner in accordance with this Subparagraph. On receipt and acceptance of the notice, Franchisor will promptly prepare its then-current form of Assignment and Assumption Agreement ("**Assignment**") and Lender and Assignee must promptly execute and return the Assignment. Franchisor may charge a nominal fee for processing the Assignment. If there is more than one Assignee, the Assignees must (i) designate a single representative to receive notices, negotiate on behalf of and bind each Assignee in connection with this letter agreement and any assignment thereof, and (ii) acknowledge that Franchisor shall be entitled to rely on such designation and deal solely with such representative without the necessity of notifying, negotiating with, or obtaining the consent of, each Assignee.

(d) **[IF LENDER IS ACTING AS AN ADMINISTRATIVE AGENT:]** any successor administrative agent with respect to the Loan if the successor is a national bank, a state-chartered bank, or the U.S. branch of a foreign bank authorized to operate in the U.S. and the administrative agent identified as "Lender" under this letter agreement gives notice to Franchisor, identifying the new "Lender" and the new address for notice, within thirty (30) days of the transfer, but Franchisor may, in its discretion, reject any notice that is not sent by Lender or that is not sent in a timely manner in accordance with this Subparagraph.

13. **Execution.** Franchisee and Lender must sign three (3) duplicate originals of this letter agreement and return them to Franchisor to the attention of Shelley Weatherbie, Legal Department, at Hilton Worldwide Holdings, Inc., 7930 Jones Branch Drive, Suite 1100, McLean, VA 22102. An authorized representative of Franchisor will countersign on behalf of Franchisor when all conditions are fulfilled, and will provide fully-executed originals for Lender and Franchisee. This letter agreement may be signed in counterparts, each of which will be considered an original.

14. **Effectiveness and Termination.** This letter agreement will be effective only when Franchisor receives signatures indicating acceptance by Lender and Franchisee and Franchisor's authorized representative countersigns on the signature page. If Franchisor does not receive signed copies from Lender and Franchisee within thirty (30) days from the date indicated on the first page of this letter agreement, Franchisor's offer to enter into this letter agreement will be automatically withdrawn. Once effective, this letter agreement will automatically terminate if (a) Lender no longer has a security

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Re: [HOTEL BRAND[ [HOTEL NAME] (City, State) – Facility No. \_\_\_\_

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interest in the Hotel or the Loan is paid in full, (b) Lender transfers the Loan to another entity unless this letter agreement is assigned in compliance with its terms, (c) Lender breaches this letter agreement, (d) Lender has been taken over in any manner by any state or federal agency, (e) Franchisee transfers the Franchise Agreement, or (f) Franchisor terminates the Franchise Agreement in accordance with the terms of this letter agreement.

15. **General.** No entity may exercise any rights as Lender under this letter agreement if the entity or any affiliate is or becomes the owner of a direct or indirect beneficial interest (except a strictly passive interest) in Franchisee, other than through the exercise of rights under the Loan. The provisions of this letter agreement are applicable only for the Hotel and the parties to this letter agreement. Issuance and execution of this letter agreement or the granting of any conditions provided in this letter agreement does not constitute an obligation on Franchisor's part to provide the same at any future date. This letter agreement sets forth the entire agreement of the parties to this letter agreement in regard to the matters addressed in this letter agreement.

Sincerely,

[FRANCHISOR]

Signature Blocks on Following Page

LENDER

Re: [HOTEL BRAND] [HOTEL NAME] (City, State) – Facility No. \_\_\_\_

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**LENDER:**

[NAME]

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Accepted and agreed to \_\_\_\_\_, 2014

**FRANCHISEE:**

[NAME]

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Accepted and agreed to \_\_\_\_\_, 2014

**FRANCHISOR:**

[NAME]

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_ Authorized Signatory

Effective Date: \_\_\_\_\_, 2014

# **EXHIBIT L**

**VOLUNTARY TERMINATION  
OF  
FRANCHISE AGREEMENT**

**(OPEN HOTEL – CHANGE OF OWNERSHIP)**

**THIS VOLUNTARY TERMINATION OF FRANCHISE AGREEMENT** (“**Termination Agreement**”) is made as of the \_\_\_\_ day of \_\_\_\_\_, 20\_\_ (“**Effective Date**”), by and between [*Insert Franchisee Entity Name*], a[n] [*Insert State of Formation*] [*Insert Type of Entity*] (“**you**,” “**your**” or “**Franchisee**”) and [*Insert Franchisor Entity Name*], a Delaware limited liability company (“**we**,” “**us**,” “**our**” or “**Franchisor**”) (each a “**Party**”; collectively, the “**Parties**”).

**WHEREAS**, you and we are Parties to a franchise agreement dated [*Insert Date*] (with all applicable amendments, addenda, riders, supplemental agreements and assignments, the “**Franchise Agreement**”) with respect to the [*Insert Name of Hotel*] located at [*Insert Hotel Address*], [*Insert Facility Number*] (“**Hotel**”);

**WHEREAS**, we [or our affiliate, [*Insert Entity Name*] and [*Insert Name of New Franchisee Entity, State/Province of Formation, and Type of Entity*] (“**Transferee**”) have entered into a new franchise agreement for the Hotel as of the Effective Date and the Parties wish to terminate the Franchise Agreement as of the Effective Date.

**NOW, THEREFORE**, for good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, the Parties agree as follows:

- 1. Termination.** The Franchise Agreement is terminated on the Effective Date.
- 2. Estimated Payment.** On or before the Effective Date, you will pay all actual and estimated amounts due to us under the Franchise Agreement through the Effective Date (“**Estimated Payment**”) by electronic funds transfer in immediately available and good funds. We may apply the Estimated Payment to any amounts due under the Franchise Agreement. After the Effective Date, we will perform a final accounting of all amounts due under the Franchise Agreement. Within ten (10) days after we send notice to you of our final accounting, you will pay to us, by electronic funds transfer, in immediately available and good funds, any unpaid amounts due to us. If the Estimated Payment exceeds the amount due to us, we will refund the overage to you without interest.
- 3. Estoppel.** You certify to us that the Franchise Agreement was in full force and effect through the Effective Date and that no default, claim, breach, offset, defense to full and strict enforcement, waiver or estoppel (collectively, a “**Claim**”), or condition that could with the passage of time, giving of notice or otherwise become a Claim under the Franchise Agreement, currently exists or has existed against us, our parents, subsidiaries or affiliates, and each of their respective former and present officers, directors, shareholders, members, partners, alter egos, parents, affiliates, subsidiaries, employees, representatives, agents, attorneys, successors and assigns, in their corporate and individual capacities (collectively, “**Hilton Worldwide Entities**”).

**4. Release and Indemnity.** You, on behalf of yourself, your current and former officers, directors, shareholders, members, partners, parents, subsidiaries, affiliates, representatives, agents, successor and assigns, in their corporate and individual capacities, fully and forever release, discharge, and agree to indemnify, defend, and hold harmless the Hilton Worldwide Entities from any and all Claims, actions, agreements, attorneys' fees, causes of action, controversies, costs, damages, debts, demands, expenses, judgments, liens, obligations, orders, suits and liabilities of whatever kind or nature, whether in law, equity, or otherwise, whether now known or suspected that have existed or may have existed, or that do exist or that can, shall, or may exist after the Effective Date, based on any facts, events, or omissions occurring from any time on or before the Effective Date, which in any way arise out of, concern, pertain, or relate to the Franchise Agreement.

**5. Further Actions.** The Parties agree to execute such additional documentation and cooperate in further proceedings necessary to effectuate the terms of this Termination Agreement without charge or other consideration.

**6. Entire Agreement.** This Termination Agreement, including any exhibits hereto, constitutes the entire agreement and understanding between the Parties concerning the subject matter hereof, and supersedes and replaces all prior negotiations, proposed agreements and agreements, written and oral, relating thereto. No covenants, agreements, representations and warranties of any kind whatsoever have been made by any Party hereto, except as specifically set forth in this Termination Agreement. This Termination Agreement may be amended, modified, canceled, or waived only by written instrument executed by each of the Parties.

**7. Survival of Franchise Agreement Provisions.** The representations and warranties of this Termination Agreement and the obligation to pay any outstanding amounts under the Franchise Agreement, as well as the provisions of the Franchise Agreement that are intended under the terms of the Franchise Agreement to survive termination of the Franchise Agreement or by their nature are to be performed following termination of the Franchise Agreement, such as the indemnity and insurance requirements, are all deemed to survive the date of the execution of this Termination Agreement.

**8. Dispute Resolution.** All questions with respect to the construction of this Termination Agreement and the rights and liabilities of the Parties hereunder shall be governed by the internal laws of the state designated in the Franchise Agreement. A breach by you of any provision of this Termination Agreement is a breach of the Franchise Agreement. Any action or proceeding related to or arising out of this Termination Agreement shall be submitted and resolved exclusively by a court of competent jurisdiction located in the forum designated in the Franchise Agreement. The Parties stipulate that such forum is convenient to them and consent to venue and jurisdiction in the court. If we are the prevailing party, we shall be entitled to recover our reasonable attorneys' fees, court costs, costs of collection, expenses of litigation and other fees, costs and disbursements in any action brought to enforce or interpret this Termination Agreement or collect any amounts due hereunder or under the Franchise Agreement.

**9. Counterparts.** This Termination Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

**10. Severability.** The provisions of this Termination Agreement are severable, and if any provision is held void and unenforceable as a matter of law, the remainder shall continue in full force and effect.

**11. Successors and Assigns.** This Termination Agreement shall bind and inure to the benefit of the Parties to this Termination Agreement and their respective successors, assigns, heirs, administrators, executors and conservators.

**12. Authority.** Each Party represents and warrants that the individual signing this Termination Agreement on its behalf has the necessary authority and legal capacity to execute this instrument and represent it under this Termination Agreement.

**13. Waivers.** A waiver of any term or condition of this Termination Agreement will not be deemed to be, and may not be construed as, a waiver of any other term or condition of this Termination Agreement.

**14. Construction.** This Termination Agreement will be construed neutrally, and will not be applied more strictly against one Party than the other.

**15. Capitalized Terms.** Capitalized terms not otherwise defined in this Termination Agreement shall have the meanings assigned to the term in the Franchise Agreement.

**IN WITNESS WHEREOF**, the Parties have executed this Termination Agreement as of the Effective Date.

**FRANCHISEE:**

[FRANCHISEE ENTITY NAME],  
a[n] [State of Formation] [Type of Entity]

**FRANCHISOR:**

[FRANCHISOR ENTITY NAME],  
a Delaware limited liability company

By: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

Executed on: \_\_\_\_\_

Executed on: \_\_\_\_\_

# **EXHIBIT M**



## RECEIPT

### Conrad Franchise LLC

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If Conrad Franchise LLC offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

Rhode Island requires that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

Michigan requires that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If Conrad Franchise LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580 and the state agency listed on Exhibit I.

The franchisor is Conrad Franchise LLC, located at 7930 Jones Branch Drive, Suite 1100, McLean, VA 22102. Its telephone number is 703-883-1000.

Issuance date: December 12, 2013

The franchise seller for this offering is Hilton Worldwide, Inc. and [name] \_\_\_\_\_, [title] \_\_\_\_\_, [address] \_\_\_\_\_, [telephone number] \_\_\_\_\_.

Conrad Franchise LLC authorizes the respective state agencies identified on Exhibit I to receive service of process for it in the particular state.

I received a disclosure document dated December 12, 2013 that included the following Exhibits:

- |             |   |
|-------------|---|
| Exhibit A   | List of Franchised Hotels as of December 31, 2012   |
| Exhibit B   | List of Franchised Hotels Terminated, Canceled, Not Renewed or with Changes in Controlling Interest during 2012 |
| Exhibit C   | Financial Statements and Guarantee of Performance   |
| Exhibit D   | Franchise Agreement and Addendum  |
| Exhibit D-1 | State Addenda   |
| Exhibit D-2 | Development Incentive Promissory Note   |
| Exhibit E   | Guaranty of Franchise Agreement   |
| Exhibit F   | Franchise Application   |
| Exhibit G   | Hilton Information Technology System (HITS) Agreement   |
| Exhibit H   | Table of Contents – Brand Standards Manual  |
| Exhibit I   | State Administrators and Agents for Service of Process  |
| Exhibit J   | State Addenda to Disclosure Document  |
| Exhibit K   | Lender Comfort Letter Form  |
| Exhibit L   | Voluntary Termination Agreement   |
| Exhibit M   | Receipt   |

**PROSPECTIVE FRANCHISEE:**

**If a corporation or other business entity:**

\_\_\_\_\_  
(Name of Entity)

By: \_\_\_\_\_  
(Signature)

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**If an individual:**

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Printed Name)

Date: \_\_\_\_\_

**CITY/STATE OF PROPOSED HOTEL(S):**

\_\_\_\_\_

**PLEASE SIGN THIS RECEIPT IN DUPLICATE, RETAIN ONE FOR YOUR RECORDS, AND  
RETURN ONE SIGNED COPY (FRONT AND BACK) TO:**

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**If a corporation or other business entity:**

\_\_\_\_\_  
(Name of Entity)

By: \_\_\_\_\_  
(Signature)

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**If an individual:**

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Printed Name)

Date: \_\_\_\_\_

**CITY/STATE OF PROPOSED HOTEL(S):**

\_\_\_\_\_

**PLEASE SIGN THIS RECEIPT IN DUPLICATE, RETAIN ONE FOR YOUR RECORDS, AND  
RETURN ONE SIGNED COPY (FRONT AND BACK) TO:**