

For Immediate Release

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Paul Whetsell Forms CapStar Hotel Company LLC

Firm to Focus on Acquiring/Building Select-service Hotels, Primarily in Urban Markets

WASHINGTON, D.C., June 13, 2006—Hotel industry veteran Paul Whetsell, former chairman and CEO of MeriStar Hospitality, has formed a new firm, CapStar Hotel Company LLC, with plans to acquire and develop premium-branded, select-service hotels primarily in major U.S. urban markets. In a related development, Whetsell said that the new company has agreed to form an investment partnership for acquisition purposes.

Whetsell said the investment partnership initially will target acquisitions in major markets on the East and West Coasts, as well as in select cities in the Midwest. “Our preferred hotel size will be 125 to 300 rooms with limited food and beverage operations and meeting facilities,” he said. “We will focus on the premium, select-service brands from the top-tier franchise companies, such as Marriott, Hilton, Starwood, InterContinental and Hyatt.”

Over time, CapStar’s portfolio is expected to comprise approximately 65 percent acquired hotels and 35 percent new development. “In the acquisition area, we will look for several types of properties,” he said. “One type will be a relatively new product, typically less than five years old and located in city center and major suburban locations. The second acquisition profile will be older hotels or non-hotel properties that can be completely retrofitted and repositioned essentially as a ‘new hotel’.”

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Whetsell said that the hotels acquired by CapStar will be operated by proven, third-party management companies. “We will work closely with operating companies that own hotels or can bring us deals, as well as with the brokerage community,” he noted. “While we are under no specific constraints in terms of transaction size, typically our deals will be in the \$20 million to \$50 million range.

“We believe the industry is still in the early middle stage of the industry growth cycle,” Whetsell added. “We see continued favorable supply/demand fundamentals and strong near-term RevPAR growth. While the acquisition market today is quite competitive, CapStar executives have a long track record of sourcing deals, responding quickly and creatively and then closing with certainty.”

CapStar will be staffed by a small team of professionals who will source transactions, provide hands-on asset management and oversee renovation, construction and development activities. CapStar has agreed to form the investment partnership with an affiliate of Lehman Brothers Real Estate Partners II, L.P. to pursue its business plan.

CapStar Hotel Company will be headquartered at:

4501 North Fairfax Drive

Arlington, Va. 22203

(703) 387-3800

Additional information is available at the company’s Web site www.capstar.com.