FORM S-4

Registration of securities issued in business combination transactions

Filing Date: **2001-08-03**
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FILER

EXTENDED STAY AMERICA INC

CIK:**1002579**| IRS No.: **363996573** | State of Incorp.:**DE** | Fiscal Year End: **1231**
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SIC: **7011** Hotels & motels

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FORT LAUDERDALE FL 33301

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9547131600

As filed with the Securities and Exchange Commission on August 3, 2001
Registration No. 333-

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM S-4
REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

EXTENDED STAY AMERICA, INC.
(Exact name of registrant as specified in its charter)
Delaware
(State or other jurisdiction of incorporation or organization)
36-3996573
(I.R.S. Employer Identification No.)
450 East Las Olas Boulevard
Fort Lauderdale, FL 33301
(954) 713-1600
(Address, including zip code, and telephone number, including area code, of Registrants' principal executive offices)

Gregory R. Moxley
450 East Las Olas Boulevard
Fort Lauderdale, FL 33301
(954) 713-1600
(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copies to:
Andrew R. Schleider, Esq.
Shearman & Sterling
599 Lexington Avenue
New York, New York 10022

Approximate date of commencement of proposed sale to the public: As soon as possible following the effective date of this registration statement.

If the securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

<TABLE>
<CAPTION>

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered	Proposed Maximum Offering Price Per Security	Proposed Maximum Aggregate Offering Price (1)	Amount of Registration Fee (2)
<S>	<C>	<C>	<C>	<C>
9 7/8% senior subordinated notes due 2011	$300,000,000	100%	$300,000,000	$75,000

</TABLE>

(1) Estimated solely for the purposes of calculating the registration fee in accordance with Rule 457(f) under the Securities Act of 1933, as amended.

(2) Calculated based upon the market value of the securities to be received by the registrants in the exchange in accordance with Rule 457(f).

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

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The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

Subject to completion dated , 2001

EXTENDED STAY AMERICA, INC.

OFFER TO EXCHANGE

Unregistered 9 7/8% Senior Subordinated Notes due 2011
($300,000,000 aggregate principal amount outstanding issued June 27, 2001)

for

9 7/8 % Senior Subordinated Notes due 2011
($300,000,000 aggregate principal amount)
that have been registered under the Securities Act of 1933

TERMS OF EXCHANGE OFFER

- The exchange offer will expire at 5:00 p.m., New York City time, on , 2001, unless we extend the offer.
- Tenders of outstanding unregistered notes may be withdrawn at any time before 5:00 p.m. on the date of expiration of the exchange offer.
- All outstanding unregistered notes that are validly tendered and not validly withdrawn will be exchanged.
- The terms of the exchange notes to be issued are substantially similar to the unregistered notes, except for being registered under the Securities Act of 1933 and not having any transfer restrictions.
- The exchange of notes will not be a taxable exchange for U.S.federal income tax purposes.
- We will not receive any proceeds from the exchange offer.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the notes to be distributed in the exchange offer, nor have any of these organizations determined that this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this prospectus is , 2001

Each holder of an unregistered security wishing to accept the exchange offer must deliver the unregistered notes to be exchanged, together with the letter of transmittal that accompanies this prospectus and any other required documentation, to the exchange agent identified in this prospectus. Alternatively, you may effect a tender of unregistered notes by book-entry transfer into the exchange agent's account at the Depositary Trust Company ("DTC"). All deliveries are at the risk of the holder. You can find detailed instructions concerning delivery in the section called "The Exchange Offer" in this prospectus and in the accompanying letter of transmittal.

If you are a broker-dealer that receives exchange notes for your own account you must acknowledge that you will deliver a prospectus in connection with any resale of the exchange notes. The letter of transmittal accompanying this prospectus states that by so acknowledging and by delivering a prospectus, you will not be deemed to admit that you are an "underwriter" within the meaning of the Securities Act. You may use this prospectus, as we may amend or supplement it in the future, for your resales of exchange notes. We will make this prospectus available to any broker-dealer for use in connection with any such resale for a period of 180 days after the date of expiration of this exchange offer.

You should rely only on the information contained in or incorporated by reference in this prospectus. We have not authorized anyone to provide you with different or additional information. If anyone provides you with different or additional information, you should not rely on it. You should assume that the information contained or incorporated by reference in this prospectus is accurate only as of the date of this prospectus or the date of the document incorporated by reference. Our business, financial condition, results of operations and prospects may have changed since then. We are not making an offer of the notes in any jurisdiction where the offer is not permitted.

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All references in this prospectus to "we," "us," "our" or "Extended Stay America" mean Extended Stay America, Inc. and its subsidiaries, unless indicated otherwise. References to "$" and "dollars" are to United States dollars. Where we refer to the "outstanding notes" we are referring to the 9 7/8% senior subordinated notes due 2011, issued on June 27, 2001. Where we refer to the "exchange notes" we are referring to the 9 7/8% senior subordinated notes due 2011 to be issued pursuant to this exchange offer. Where we refer to the "notes" we are referring to either the outstanding notes or the exchange notes, as the context requires.

This prospectus incorporates important business and financial information about us that is not included in or delivered with this prospectus. You may obtain documents that we filed with the Securities and Exchange

Commission and incorporated by reference in this prospectus by requesting the documents, in writing or by telephone, from the Securities and Exchange Commission or from:

Prior to August 31, 2001:	After August 31, 2001:
Corporate Secretary	Corporate Secretary
Extended Stay America, Inc.	Extended Stay America, Inc.
450 E. Las Olas Boulevard	101 North Pine Street
Ft. Lauderdale, Florida 33301	Spartanburg, South Carolina 29302
Telephone number (954) 713-1600	Telephone number (864) 573-1600

If you would like to request copies of these documents, please do so by , 2001, which is five business days before the expiration date of the exchange offer, in order to receive them before the expiration of the exchange offer. See "Where You Can Get More Information."

CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS

This prospectus includes forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Securities Exchange Act of 1934, as amended, regarding, among other things, our plans, strategies and prospects, both business and financial. Although we believe that our plans, intentions and expectations reflected in or suggested by these forward-looking statements are reasonable, we cannot assure you that we will achieve or realize these plans, intentions or expectations. Forward-looking statements are inherently subject to risks, uncertainties and assumptions. Many of the forward-looking statements contained in this prospectus may be identified by the use of forward-looking words such as "believe," "expect," "anticipate," "should," "planned," "estimated" and "potential," among others. Important factors that could cause actual results to differ materially from the forward-looking statements we make in this prospectus are set forth in this prospectus and include, but are not limited to:

- uncertainty as to changes in economic activity and the impact of such changes on the consumer demand for lodging products in general and for extended stay lodging products in particular;
- increasing competition in the extended stay lodging market;
- uncertainty as to our future profitability;
- our ability to meet construction and development schedules and budgets;
- our ability to develop and implement the operational and financial systems needed to manage rapidly growing operations;
- our ability to integrate and successfully operate any properties acquired in the future and the risks associated with such properties;
- our ability to increase or maintain revenue and profitability in our new and mature properties;
- our ability to obtain financing on acceptable terms to finance our growth;
- our ability to secure alternative financing on commercially reasonable terms or at all in order to meet amortization requirements under our existing credit facility; and
- our ability to operate within the limitations imposed by financing arrangements.

All forward-looking statements attributed to us or a person acting on our behalf are expressly qualified in their entirety by this cautionary statement. You are cautioned not to place undue reliance on these forward-looking statements. All these forward-looking statements are based on our expectations as of the date of this prospectus. We do not intend to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

WHERE YOU CAN GET MORE INFORMATION

Available Information

We are subject to the information reporting requirements of the Exchange Act. In addition, the indenture governing the notes provides that regardless of whether we are at any time required to file reports with the Securities and Exchange Commission, we will file with the SEC and furnish to the holders of the notes all such reports and

other information as would be required to be filed with the SEC if we were subject to the reporting requirements of the Exchange Act. The Exchange Act file number of our SEC filings is 0-27360. You may read and copy any document we file at the following SEC public reference rooms:

Judiciary Plaza	500 West Madison Street	7 World Trade Center
450 Fifth Street, N.W	14th Floor	Suite 1300
Rm. 1024	Chicago, Illinois 60661	New York, New York 10048
Washington, D.C. 20549		

You may obtain information on the operation of the public reference room in Washington, D.C. by calling the SEC at 1-800-SEC-0330. We file information electronically with the SEC. Our SEC filings are available from the SEC's Internet site at http://www.sec.gov, which contains reports, proxy and information statements and other information regarding issuers that file electronically. You may also inspect our SEC reports and other information at the New York Stock Exchange, 20 Broad Street, New York, New York 10005.

Incorporation of Documents by Reference

This prospectus contains summaries, believed to be accurate in all material respects, of certain terms of certain agreements, but reference is hereby made to the actual agreements, copies of which will be made available upon request to us, for complete information with respect thereto, and all such summaries are qualified in their entirety by this reference. Any such request for the agreements summarized herein should be directed to Corporate Secretary, Extended Stay America, Inc., 450 E. Las Olas Boulevard, Ft. Lauderdale, Florida 33301, telephone number (954) 713-1600. This prospectus incorporates by reference the following documents:

- Our Annual Report on Form 10-K for the year ended December 31, 2000, dated and filed with the Commission on March 2, 2001;
- Our Quarterly Report on Form 10-Q for the period ended March 31, 2001, dated and filed with the Commission on May 15, 2001;
- Our Current Reports on Form 8-K dated and filed with the Commission on June 15, 2001 and June 28, 2001; and
- Our Proxy Statement, dated as of March 20, 2001, filed with the Commission in definitive form on March 20, 2001.

We are also incorporating by reference additional documents we may file pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934 after the date of this prospectus and before:

- the exchange of the exchange notes for the outstanding notes; or
- to the extent this prospectus is used by one or more broker-dealers in connection with the resale of exchange notes received by that broker-dealer for its own account in exchange for outstanding notes acquired as a result of market-making or other trading activities, the date those resales are complete.

This additional information is a part of this prospectus from the date of filing of those documents. Any statements made in this prospectus or in a document incorporated or deemed to be incorporated by reference in this prospectus will be deemed to be modified or superceded for purposes of this prospectus to the extent that a statement contained in this prospectus or in any other subsequently filed document which is also incorporated or deemed to be incorporated by reference in this prospectus modifies or supersedes the statement. Any statement so modified or superceded will not be deemed, except as so modified or superseded, to constitute a part of this prospectus. The information relating to us contained in this prospectus should be read together with the information in the documents incorporated by reference.

MARKET AND INDUSTRY DATA

Market and industry data used throughout this prospectus were obtained through company research, surveys and studies conducted by third parties and

industry and general publications. We have not independently verified market and industry data from third-party sources. While we believe internal company surveys are reliable and market definitions are appropriate, neither these surveys nor these definitions have been verified by any independent sources. The source of the industry information included in this prospectus is Smith Travel Research, which did not provide any form of consultation, advice, or counsel regarding any aspect of this exchange offer, and is not in any way associated with this exchange offer.

Summary

This summary highlights information contained elsewhere in or incorporated by reference into this prospectus. This summary is not complete and may not contain all of the information that you should consider before participating in the exchange offer. You should read the entire prospectus and accompanying letter of transmittal carefully, including the "Risk Factors" section and our financial statements contained elsewhere or incorporated by reference in this prospectus.

EXTENDED STAY AMERICA

We develop, own, and operate extended stay lodging facilities which provide an affordable and attractive lodging alternative at a variety of price points for value-conscious guests. Our facilities are designed to offer a superior product at lower rates than most other lodging providers within their respective price segments. Our facilities feature fully furnished rooms which are generally rented on a weekly basis to guests such as business travelers, professionals on temporary work assignment, persons between domestic situations, and persons relocating or purchasing a home. We had revenue of $518.0 million for 2000, an increase of 24% from $417.7 million for 1999, and EBITDA of $259.1 million for 2000, an increase of 32% from $196.3 million for 1999.

We believe that extended stay properties generally have higher operating margins, lower occupancy break-even thresholds, and higher returns on capital than traditional hotels, primarily as a result of the typically longer length of stay, lower guest turnover, and lower operating expenses. In addition, we believe the extended stay market is one of the most rapidly growing and underserved segments of the U.S. lodging industry, with demand for extended stay lodging significantly exceeding the current and anticipated near-term supply of dedicated extended stay rooms. Of the 4.0 million rooms available in the lodging industry at December 31, 2000, extended stay hotel chains had only approximately 191,000 rooms. Of these 191,000 total extended stay rooms, approximately 118,000 rooms operated in the lower tier segment of the extended stay market, a segment defined by weekly room rates generally below $500 and the segment in which we operate. We had approximately 42,000 rooms (or about 36% of the lower tier segment) at the end of 2000. We believe that there exist strong growth opportunities in the lower tier segment of the extended stay market. As of March 31, 2001, we owned and operated 400 extended stay lodging facilities in 38 states and had 28 facilities under construction. We expect to continue to rapidly expand our operations and currently expect to make capital expenditures of about $350 million per year through 2003. We plan to continue an active development program thereafter, subject to the availability of financing on reasonable terms. We may also make opportunistic acquisitions of other lodging companies.

Our Brands

We own and operate three brands in the extended stay lodging market--StudioPLUS Deluxe Studios(R), EXTENDED STAYAMERICA Efficiency Studios(R) and Crossland Economy Studios(R). Each brand is designed to appeal to different price points generally below $500 per week. All three brands offer the same core components: a living/sleeping area; a fully equipped kitchen or kitchenette; and a bathroom. EXTENDED STAY rooms are designed to compete in the economy category. Crossland rooms are typically smaller than EXTENDED STAY rooms and are targeted for the budget category, and StudioPLUS facilities serve the mid-price category and generally feature larger guest rooms, an exercise room, and a swimming pool.

Our Strategy

Our objective is to be the leading national provider of extended stay lodging. Our goal is to maximize value to customers by providing a superior, newly constructed, and well-maintained product at each price point while

maintaining high operating margins. We attempt to achieve this goal through the following strategies:

Build Brand Awareness. We believe that guests value a recognizable brand when selecting lodging accommodations. We believe our increasing national presence, high customer satisfaction ratings and selective advertising and promotion, provide our brands with distinct advantages over their local and regional competitors. We plan to allocate our capital for at least the next two years primarily to the Extended Stay America brand but will consider additional StudioPLUS and Crossland properties on an opportunistic basis.

Provide a Superior Product at a Lower Price. We have designed our facilities to offer a superior product at lower rates than most other lodging providers within their respective price segments. Each of our brands is targeted to a different price point: StudioPLUS--median rate $309 per week (daily equivalent--$44); EXTENDED STAY--median rate $279 per week (daily equivalent $40); and Crossland--median rate $199 per week (daily equivalent--$28). Room rates at our facilities vary significantly depending upon local market factors. These rates contrast with average daily rates in 2000 of $68, $52, and $42 for the midprice, economy, and budget segments, respectively, in the lodging industry.

Achieve Operating Efficiencies. We believe that the design and price level of our facilities attract guest stays of several weeks. This creates a more stable revenue stream which, together with low cost amenities, should lead to reduced administrative and operational costs and higher operating margins. We also use our information systems to manage individual facility-specific factors, such as pricing, payroll, and occupancy levels, on a company-wide basis.

Optimize Low Cost Amenities. We seek to provide the level of amenities needed to offer quality accommodations while maintaining high operating margins. Our facilities contain a variety of non-labor intensive features that are attractive to extended stay guests. These features include a fully-equipped kitchen or kitchenette, weekly housekeeping, color television with cable or satellite hook-up, coin-operated laundromat, and telephone service with voice mail messaging, and, at many StudioPLUS facilities, an exercise room and swimming pool. To help maintain affordability of room rates, labor-intensive services such as daily cleaning, room service, and restaurants are not provided.

Employ a Standardized Concept. We have developed standardized plans and specifications for our facilities. This provides for lower construction and purchasing costs and establishes uniform quality and operational standards. We believe that the uniformity of our facilities is advantageous when consumers are faced with a variety of lodging options.

Targeted Expansion. We will continue to expand nationally into regions of the country that contain the demographic factors we think are necessary to support one or more of our facilities. We target sites that generally have a large and/or growing population in the surrounding area with a large employment base. These sites also generally have good visibility from a major traffic artery and are in close proximity to convenience stores, restaurants, and shopping centers.

RECENT DEVELOPMENTS

On July 24, 2001 we entered into a credit agreement establishing $900 million of senior credit facilities. We used a portion of the borrowings under the new credit facilities to repay all indebtedness outstanding under our old credit facility. The new credit facilities consist of (i) a $50 million A-1 term loan facility, (ii) a $50 million A-2 delayed draw term loan facility, (iii) a $100 million A-3 delayed draw term loan facility (iv) a $500 million B term loan facility and (v) a $200 million revolving credit facility. The new credit facilities are guaranteed by our subsidiaries and are secured by liens on all stock of our subsidiaries and all other current and future assets owned by us and our subsidiaries (other than mortgages on real property). We have not yet borrowed under the delayed draw term loans and as of July 31, 2001, had only borrowed a total of $19 million under the revolving credit facility. The remaining availability under the facilities will be used for general corporate purposes, which may include acquisitions. We refer to these new credit facilities, together with the offering of the outstanding notes and the application of the proceeds, collectively, as the "financing transactions".

On May 18, 2001, we announced that we would be relocating our corporate headquarters from Ft. Lauderdale, FL to Spartanburg, SC. We expect to incur non-recurring charges of approximately $8.5 million during 2001 in connection with the move, including approximately $2.4 million in non-cash charges related to the abandonment of unamortized leasehold improvements and charges associated with the valuation of stock options for terminated employees.

Our principal executive offices are currently located at 450 E. Las Olas Boulevard, Ft. Lauderdale, Florida 33301. Our telephone number in Ft. Lauderdale is (954) 713-1600. On May 18, 2001 we announced that we would relocate our corporate headquarters to Spartanburg, South Carolina in the third quarter of 2001. We expect this move to be completed by August 31, 2001. Our new address will be 101 North Pine Street, Spartanburg, SC 29302, and our new telephone number will be (864) 573-1600. We maintain a Web site on the Internet at www.extstay.com. Our Web site, and the information contained on it, are not to be considered part of this prospectus.

SUMMARY OF THE EXCHANGE OFFER

On June 27, 2001, we issued $300 million aggregate principal amount of unregistered 9 7/8% senior subordinated notes due 2011 under an indenture dated June 27, 2001. The exchange notes will be our obligations and will be entitled to the benefits of that indenture. The form and terms of the exchange notes are identical in all material respects to the form and terms of unregistered notes, except that the exchange notes have been registered under the Securities Act, and therefore will contain no restrictive legends. For additional information on the terms of the exchange offer, see "The Exchange Offer."

The Exchange Offer.....	We are offering to exchange $300 million in principal amount of our 9 7/8% senior subordinated notes due 2011, which have been registered under the federal securities laws, for $300 million principal amount of our outstanding unregistered 9 7/8% senior subordinated notes due 2011, which we issued on June 27, 2001 in a private placement. You have the right to exchange your outstanding notes for an equal principal amount of exchange notes with substantially identical terms. In order for your outstanding notes to be exchanged, you must properly tender them before the expiration of the exchange offer. All outstanding notes that are validly tendered and not validly withdrawn before the expiration of the exchange offer will be exchanged. We will issue the exchange notes on or as promptly as practicable after the expiration of the exchange offer.
Registration Rights Agreement.....	We sold the outstanding notes on June 27, 2001 in a private placement. At that time, we signed a registration rights agreement which requires us to conduct this exchange offer. This exchange offer is intended to satisfy those registration rights set forth in the registration rights agreement. After the exchange offer is complete, you will no longer be entitled to registration rights with respect to outstanding notes you do not exchange.
If you do not exchange your outstandingnotes.....	If you do not exchange your outstanding notes

	for exchange notes in the exchange offer, you will continue to be subject to the restrictions on transfer as provided in the outstanding notes and the indenture governing those notes. In general, you may not offer or sell your outstanding notes unless the offer or sale is registered under the federal securities laws or unless those notes are sold in a transaction exempt from or not subject to the registration requirements of the federal securities laws and applicable state securities laws.
Expiration Date.....	The exchange offer will expire at 5:00 p.m., Eastern time, on , 2001, unless we extend the expiration date.
Conditions to the Exchange Offer..	The exchange offer is subject to conditions, which we may waive. The exchange offer is not conditioned upon any minimum amount of outstanding notes being tendered for exchange. We reserve the right: o to delay the acceptance of the outstanding notes; o to terminate the exchange offer if specified conditions have not been satisfied; o to extend the expiration date of the exchange offer and retain all tendered outstanding notes subject to the right of tendering holders to withdraw their tenders of outstanding notes; and

	o to waive any condition or otherwise amend the terms of the exchange offer in any respect.
Procedures for Tendering Oustanding Notes.....	If you wish to tender your outstanding notes for exchange, you must: o complete and sign the enclosed letter of transmittal by following the related instructions; and o send the letter of transmittal, as directed in the instructions,together with any other required documents, to the exchange agent, either (1) with the outstanding notes to be tendered or (2) in compliance with the specified procedures for guaranteed delivery of the outstanding notes. Brokers, dealers, commercial banks, trust companies and other nominees may also effect tenders by book-entry transfer. Please do not send your letter of transmittal or certificates representing your outstanding notes to us. Those documents should only be sent to the exchange agent.Questions regarding how to tender and requests for information should be directed to the exchange agent.
Special Procedures for Beneficial Owners Withdrawal Rights.....	If your outstanding notes are registered in the name of a broker, dealer, commercial bank, trust company or other nominee, we urge you to contact that person promptly if you wish to tender your outstanding notes in the exchange offer. You may withdraw the tender of your outstanding notes at any time before the expiration date of the exchange offer by

	delivering a written notice of your withdrawal to the exchange agent. You must also follow the withdrawal procedures as described under the heading "The Exchange Offer--Withdrawal of Tenders."
Resales of Exchange Notes.....	We believe that you will be able to offer for resale, resell or otherwise transfer exchange notes issued in the exchange offer without compliance with the registration and prospectus delivery provisions of the federal securities laws, as long as: o you are acquiring the exchange notes in the ordinary course of business; o you are not participating, and have no arrangement or understanding with any person to participate, in a distribution of the exchange notes; and o you are not our affiliate. An affiliate of ours is a person that "controls or is controlled by or is under common control with" us. Our belief is based on interpretations by the Staff of the Securities and Exchange Commission, as set forth in no-action letters issued to third parties unrelated to us. The Staff has not considered this exchange offer in the context of a no-action letter, and we cannot be sure that the Staff would make a similar determination with respect to this exchange offer. If our belief is not accurate and you transfer an exchange note without delivering a prospectus meeting the requirements of the federal securities laws or without an exemption from these laws, you may incur liability under the federal securities laws. We do not and will not assume or indemnify you against this liability.

	Each broker-dealer that receives exchange notes for its own account in exchange for outstanding notes that were acquired by that broker-dealer as a result of market-making or other trading activities must agree to deliver a prospectus meeting the requirements of the federal securities laws in connection with any resale of the exchange notes by that broker-dealer.
Exchange Agent.....	The exchange agent for the exchange offer is Manufacturers and Traders Trust Company. The address, telephone number and facsimile number of the exchange agent are set forth in "The Exchange Offer--Exchange Agent" and in the letter of transmittal.

SUMMARY DESCRIPTION OF THE NOTES

The following summarized description of the notes, including the exchange notes, is subject to a number of important exceptions and qualifications. For additional information on the terms of the notes, see "Description of the Notes."

Issuer.....	Extended Stay America, Inc.
Securities Offered.....	$300,000,000 aggregate principal amount of 9?% senior subordinated notes due 2011.
Maturity.....	June 15, 2011.

Interest.....	9?% per annum, payable semi-annually in arrears on June 15 and December 15, commencing December 15, 2001. Interest on each exchange note will accrue from the last interest payment date on which interest was paid on the outstanding notes surrendered, or if no interest has been paid, from June 27, 2001.
Optional Redemption.....	We may redeem any of the notes beginning on June 15, 2006. The initial redemption price is 104.938% of their principal amount, plus accrued interest. The redemption price will decline each year after 2006 and will be 100% of their principal amount, plus accrued interest, beginning on June 15, 2009. In addition, before June 15, 2004, we may redeem up to 35% of the aggregate principal amount of notes originally issued with the proceeds from sales of certain kinds of our capital stock at a redemption price equal to 109.875% of their principal amount, plus accrued interest to the redemption date.We may make such redemption only if, after any such redemption, at least 65% of the aggregate principal amount of notes originally issued under the indenture remains outstanding.
Change of Control.....	Upon a change of control, as defined in "Description of the Notes," we will be required to make an offer to purchase the notes. The purchase price will equal 101% of the principal amount of the notes on the date of purchase, plus accrued and unpaid interest to the date of repurchase.
Ranking.....	The notes will be senior subordinated obligations, and will rank:

- junior to all of our existing and future senior indebtedness, including any borrowings under our credit facilities;
- equally with our 9.15% senior subordinated notes due 2008 of which $200 million in aggregate principle amount was outstanding as of March 31, 2001;
- equally with any of our future senior subordinated indebtedness and our trade payables;
- senior to any of our future subordinated indebtedness; and
- effectively junior to all of the liabilities of our subsidiaries, including their trade payables.

As of March 31, 2001, assuming that we had issued the notes and had entered into the new credit agreement at that time, the notes would have ranked junior to:

- $550 million of indebtedness under the new credit facilities; and
- $183.9 million of liabilities of our subsidiaries, including trade payables but excluding intercompany obligations.

	In addition, as of July 25, 2001, we would have had $345 million of availability under our new credit facilities, subject to customary conditions.
Certain Covenants.....	The terms of the notes limit our ability and the ability of our restricted subsidiaries to: o incur additional indebtedness; o create liens; o pay dividends, make investments or make other restricted payments; o purchase or redeem capital stock; o issue stock of subsidiaries; o sell assets; o engage in transactions with stockholders and affiliates; and o effect a consolidation or merger. These limitations are subject to a number of important qualifications and exceptions. For more details, see the section "Description of the Notes--Certain Covenants."
Use of Proceeds.....	We will not receive any proceeds from the exchange offer.

Risk Factors

You should carefully consider the risks described below and the other information contained in this prospectus before making a decision participate in this exchange offer. In addition, the risks described below are not the only risks we face. We have only described the risks we consider to be the most material. However, there may be additional risks that are viewed by us as not as material or that are not presently known to us.

If any of the events described below were to occur, our business, prospects, financial condition, results of operations, or cash flows could be materially and adversely affected. When we say below that something could or will have a material adverse effect on us, we mean that it could or will have one or more of these effects. In those cases, the price of the notes could decline and our ability to make interest and principal payments under the notes could be impaired.

Risk Factors Relating to Our Business and Industry

We are exposed to risks associated with the lodging industry.

The extended stay segment of the lodging industry may be adversely affected by changes in national or local economic conditions, neighborhood characteristics and other local market conditions, such as an oversupply of hotel space or a reduction in demand for hotel space in a geographic area, changes in travel patterns, extreme weather conditions, changes in governmental regulations which influence or determine wages, prices, or construction costs, changes in interest rates, the availability of financing for operating or capital needs, and changes in real estate tax rates and other operating expenses. Our principal assets consist of real property, and real estate values are sensitive to changes in local market and economic conditions and to fluctuations in the economy as a whole. In addition, due in part to the strong correlation between the lodging industry's performance and economic conditions, the lodging industry is subject to cyclical changes in revenues and profits. We cannot assure you that consumer demand for extended stay hotels will continue or that we will be able to maintain or increase our occupancy or room rates as our facilities age. These risks may be exacerbated by the relatively illiquid nature of real estate holdings. Our ability to vary our portfolio in response to

changes in economic and other conditions will be limited. We cannot assure you that downturns or prolonged adverse conditions in real estate or capital markets or in national, state, or local economies, and our inability to dispose of an investment when we find disposition to be advantageous or necessary, will not have a material adverse impact on us.

We operate in a highly competitive industry.

The lodging industry is highly competitive. We compete with traditional lodging facilities (including limited service hotels), other extended stay facilities (including those owned and operated by competing chains and individually-owned extended stay facilities), and alternative lodging (including short-term lease apartments). We compete based on a number of factors including room rates, quality of accommodations, service levels, convenience of location, reputation, reservation systems, name recognition, and supply and availability of alternative lodging. We consider the location of our lodging facilities, the reasonableness of our room rates, and the services and guest amenities provided at our facilities to be among the most important competitive factors. Demographic or other changes in a given market could impact the convenience or desirability of the location of our lodging facilities in that market.

We expect that competition within the budget, economy, and mid-price segments of the extended stay lodging market may continue to increase. A number of companies have entered these segments and have developed new extended stay facilities. These competitors include new participants in the lodging industry generally and participants in other segments of the lodging industry that have entered the extended stay market. They also include existing participants in the extended stay market that have increased their product offering to include facilities in the budget, economy, or mid-price segments. We compete for both quality locations to build new facilities and for guests to fill and pay for those facilities. A number of our competitors have greater financial resources than we do and better relationships with lenders and sellers, and may therefore be able to find and develop the best sites before we can. Also, we cannot assure you that our competitors will not reduce their rates, offer greater convenience, services, or amenities, or build new hotels in direct competition with our existing facilities, all of which could have a material adverse effect on us.

We are exposed to substantial risks due to our development of new facilities.

We intend to grow primarily by developing additional extended stay lodging facilities that we will own. Our development involves substantial risks, including:

- development costs exceeding budgeted or contracted amounts;
- delays in completion of construction;
- failure to obtain all necessary zoning and construction permits;
- delays and costs associated with using and replacing contractors and subcontractors in constructing our properties;
- inability to obtain financing on favorable terms;
- not achieving desired revenue or cash flow levels from developed properties;
- competition for suitable development sites;
- inability to recover development in the event a project is abandoned;
- changes in governmental rules, and interpretations, including interpretations of the requirements of the Americans with Disabilities Act;
- adverse effects in general economic and business conditions; and
- unexpected environmental conditions on the property that may arise and result in potential environmental liability.

Although we intend to manage our development to reduce these risks, we cannot assure you that present or future developments will meet our expectations.

Our success depends on our ability to manage our growth effectively.

Since 1995 we have been rapidly expanding our operations. As of March 31, 2001, we owned and operated 400 extended stay lodging facilities and had 28 facilities under construction. We expect to make capital expenditures of about $350 million a year through 2003. We plan to continue an active development program thereafter, subject to the availability of capital on reasonable terms.

We may increase our capital expenditures and property openings in future years, in which case our capital needs will increase. In addition we may make acquisitions. We cannot assure you, however, that we will complete the development and construction of the facilities or that these facilities will be completed in a timely manner or within budget. Our failure to expand according to our plans or to manage our growth could have a material adverse effect on us.

The success of our rapid development depends on several factors, including the implementation of enhanced operational and financial systems and the use of additional management, operational, and financial resources. For example, we need to recruit and train property managers and other personnel for each new lodging facility as well as additional accounting personnel. We cannot assure you that we will be able to manage our expanding operations effectively. Our failure to implement these enhanced systems and add resources on a cost-effective basis could have a material adverse effect on us.

We may not be able to obtain the capital necessary to grow as quickly as we intend.

We expect to continue to rapidly expand our operations. We expect to make capital expenditures of about $350 million a year through 2003. We may increase our capital expenditures and property openings in future years, in which case our capital needs will increase. In addition, we may make acquisitions. After 2003 we anticipate needing additional funding to continue expansion as currently planned. However, the timing and the amount of financing needed depend on a number of factors, including:

- the number and cost of properties we construct or acquire;
- the timing of the development;
- whether we complete any acquisitions;
- the cash flow generated by our facilities; and
- any open market repurchases of our common stock.

Our need for capital may also be affected by other factors that are beyond our control, including:

- competitive conditions;
- governmental regulations; and
- capital costs and market conditions.

Also, if capital markets provide favorable opportunities, our plans or assumptions change or prove to be inaccurate, or our existing sources of funds prove to be insufficient to fund our growth and operations, we may seek additional capital sooner than we currently anticipate. If we do make acquisitions or if we increase the amount of planned capital expenditures, our capital needs will increase. Sources of financing may include public or private debt or equity financing. We cannot assure you that we will be able to obtain additional financing on acceptable terms, if at all. Our failure to raise additional capital could result in the delay or abandonment of some or all of our development and expansion plans, which could have a material adverse effect on us. For example, in 1998 we incurred a $12.0 million valuation allowance for charges relating to a reduction in our development plans as a result of unfavorable capital market conditions that required us to abandon certain early stage development projects and renegotiate the terms of a number of sites under option.

We are subject to additional risks when we acquire existing extended stay facilities or companies.

We have made, may continue to make, and from time to time engage in discussions about, acquisitions of other lodging facilities or other properties that are suitable for conversion to the extended stay concept and acquisitions of other companies that own extended stay lodging facilities. There are additional risks associated with making these acquisitions, including:

- possible environmental and other regulatory costs;
- potential disruption of our ongoing business;
- incurring additional debt;
- diversion of our attention;
- potential inability to integrate the acquired business with existing operations: and
- unanticipated problems or liabilities.

Some or all of these risks could have a material adverse effect on us.

We cannot assure you that we will be able to acquire other lodging facilities or companies on favorable terms or at all, or that facilities we acquire will perform as expected. We may be competing for facilities and companies with entities that have substantially greater financial resources than we do or can accept more risk than we can prudently manage. This competition may reduce the number of suitable opportunities for us and increase the cost of acquiring extended stay lodging facilities and companies.

Our revenues are subject to seasonal fluctuations.

The lodging industry is seasonal in nature. Our occupancy rates and revenues generally are lower than average during the first and fourth quarter of each calendar year. Seasonal variations in revenues at facilities may adversely affect our near-term operating revenues and cash flow from operations, which in turn could impact our ability to make any interest and principal payments on our debt.

We have fixed expenses and variable revenues.

The majority of our expenses remain constant even if our revenues drop. The expenses of owning and operating a lodging facility are not significantly reduced when circumstances such as market and economic factors and competition cause a reduction in revenues. Accordingly, a significant decline in our revenues would have a disproportionately adverse effect on our cash flow and ability to make interest and principal payments on our debt.

We cannot readily dispose of assets to generate cash.

Our principal assets consist of real property. Real estate values are sensitive to changes in local market and economic conditions and to fluctuations in the economy as a whole. Risks we are exposed to may be exacerbated by the relatively illiquid nature of our real estate holdings. Our ability to vary our portfolio of assets in response to changes in economic and other conditions is limited. Downturns or prolonged adverse conditions in real estate or capital markets or in national, state, or local economies, and our inability to dispose of a property when advantageous or necessary, may have a material adverse impact on us.

We may be adversely affected by the cost of complying with existing and future environmental regulations.

As an owner or operator of real property, we may be liable under various federal, state, and local environmental laws for the costs of removal or remediation of hazardous or toxic substances on our property. These laws may impose liability whether or not we are aware of, or are responsible for, the presence of those hazardous or toxic substances. The presence of contamination from hazardous or toxic substances on our property, or the failure to properly treat contaminated property, also may adversely affect our ability to sell the real property or to borrow money using that real property as collateral. Further, if we arrange for the disposal or treatment of hazardous or toxic substances we also may be liable for the costs of removal or treatment of those substances at the disposal or treatment facility, even though that facility was never owned or operated by us. Some environmental laws and principles could also be used to impose on us liability for releases of hazardous materials, including asbestos-containing materials, into the environment, and third parties may seek recovery from us for personal injury associated with exposure to those released materials. We may be adversely affected by the obligation to pay for the cost of complying with environmental laws or defending against third party claims. In addition, in the event any future legislation is adopted, we may be required to make significant capital and operating expenditures in response to that legislation.

Environmental laws may also impose restrictions on the manner in which we can use or transfer our property or conduct our business. Compliance with these restrictions may also require substantial expenditures. Our ownership of real property could cause us to be liable for these expenses.

We attempt to minimize exposure to potential environmental liability through our site-selection procedures. We typically secure an option to purchase

land subject to some contingencies. Prior to exercising the option and purchasing the property, we conduct a Phase I environmental assessment, which generally involves a physical inspection and database search, but not soil or groundwater analyses, and conduct Phase II assessments, which generally involve soil or groundwater analyses, as we think necessary. Our efforts to minimize exposure to potential environmental liability may not be successful. Despite our efforts, the cost of defending against claims of liability, remediating contaminated property, or complying with environmental laws could materially and adversely affect us.

Our insurance may not fully compensate us for our losses.

We maintain comprehensive insurance on each of our properties, including liability, fire, and extended coverage, in the types and amounts we believe are adequate and customary in the lodging industry. Nevertheless, there are some types of losses, generally of a catastrophic nature, such as hurricanes, earthquakes, and floods, that may be uninsurable or not economically insurable. We use our discretion in determining amounts, coverage limits, and deductibility provisions of insurance, with a view to obtaining appropriate insurance on our properties at a reasonable cost and on suitable terms. Our insurance coverage may not be sufficient to cover the full current market value or replacement value of our investment in a facility in the event of a loss. Inflation, changes in building codes and ordinances, environmental considerations, and other factors might make it impossible or impractical to use insurance proceeds to replace or repair a facility that has been damaged or destroyed. Under these and other circumstances, insurance proceeds may not be adequate to restore our economic position with respect to a damaged or destroyed property.

We are highly dependent on our senior management.

Our success depends to a significant extent upon the efforts and abilities of senior management and other key employees, particularly Mr. H. Wayne Huizenga, the Chairman of our Board of Directors, Mr. George D. Johnson, Jr. our Chief Executive Officer, and Mr. Robert A. Brannon, our President and Chief Operating Officer. The loss of the services of any of these individuals could have a material adverse effect upon us. We do not have employment or consulting agreements with any officers nor do we carry key-man life insurance on any officers.

Investors with significant equity ownership may have interests that conflict with your interests.

As of March 31, 2001, H. Wayne Huizenga, the Chairman of our Board of Directors, George D. Johnson, Jr., our Chief Executive Officer, and Stewart H. Johnson, one of our directors, beneficially owned a significant amount of our common stock. Some decisions concerning our operations or financial structure may present conflicts of interest between the owners of our capital stock and the holders of the notes. For example, if we encounter financial difficulties, or are unable to pay our debts as they mature, the interests of equity investors might conflict with your interests as a holder of the notes. In addition, equity investors may have an interest in pursuing acquisitions, divestitures, financings, or other transactions that, in their judgment, could enhance their equity investment, even though these transactions might involve risk to you.

Risk Factors Relating to the Notes

Our debt could adversely affect our financial results and prevent us from fulfilling our obligations under the notes.

We have a substantial amount of debt. Assuming we had issued the notes and entered into the new credit agreement as of March 31, 2001 and applied the proceeds, as of March 31, 2001 our total debt would have been $1.05 billion. Our total stockholders' equity would have been $978.5 million, and our debt to equity ratio would have been 1.07 times.

In addition, as of July 25, 2001, we had the ability to borrow an additional $345 million under our new credit facilities, all of which would be senior to the notes. The terms of our debt, including the notes, allow us to incur a significant amount of additional debt. Assuming all of the financing transactions were completed at the beginning of the period, our EBITDA less capital expenditures and cash interest would have been $(86.8) million for the year ended December 31, 2000 and $(29.4) million for the three months ended

March 31, 2001. We expect to continue to incur significant negative cash flow after capital expenditures as we continue to expand our operations.

Our substantial debt could have important consequences to you. For example, our debt could:

- make it more difficult for us to satisfy our obligations with respect to the
- hinder our ability to borrow or reborrow under our credit facility;
- hinder our ability to obtain additional financing in the future for working capital, capital expenditures, acquisitions, or general corporate purposes;
- increase our vulnerability to general adverse economic and industry conditions;
- limit our flexibility in planning for and reacting to changes in our business industry;
- require us to dedicate a substantial portion of our cash flow from operations to the payment of principal and interest on our debt, thereby reducing the cash flow available for working capital, capital expenditures, acquisitions, or general corporate purposes; and
- disadvantage us compared to our competitors with less debt.

Our ability to service our debt depends on many factors beyond our control.

Our ability to make payments on our debt, including the notes, will depend on our ability to generate cash in the future. Whether we generate sufficient cash depends, in part, on general economic, financial, competitive, legislative, regulatory, and other factors.

We expect to continue to incur significant negative cash flow (after capital expenditures) as we continue to grow. We expect to make capital expenditures of about $350 million a year through 2003. We plan to continue an active development program thereafter, subject to the availability of financing on reasonable terms. Based on our current performance, we believe we will be able to fund our continued expansion through 2003 with our expected cash flow from operations, cash on hand, and borrowings expected to be available under our new credit facilities. We may increase our capital expenditures and property openings in future years, in which case our capital needs will increase. We may also need additional capital depending on a number of factors, including the number of properties we construct or acquire, the timing of that development, the cash flow generated by our properties and the amount of open market repurchases we make of our common stock.

We cannot assure you, however, that our business will generate sufficient cash flow from operations. If our properties do not perform as we expect, we may be unable to make required payments under our debt, including the notes and we may need to refinance all or a portion of our debt or sell assets in order to repay these obligations.

We may have to refinance the indebtedness under our new credit facilities, which begin to mature on July 19, 2007, and our 9.15% senior subordinated notes will mature prior to these notes. In addition, our new credit facilities will mature before the notes. Furthermore, the notes permit us to incur additional indebtedness, which may mature and need to be refinanced prior to the maturity date of the notes. We cannot assure you that, if necessary, we will be able to refinance our debt, including our new credit facilities, our 9.15% senior subordinated notes due 2008 and the notes, on acceptable terms or at all. Our ability to refinance our debt will depend on, among other things, our financial condition at the time, the restrictions in the instruments governing our outstanding indebtedness and other factors, including market conditions, which are beyond our control. In the absence of any refinancing, we could be forced to dispose of assets in order to make up for any shortfall in the payments due on our indebtedness under circumstances that might not be favorable to realizing the highest price for these assets.

Our credit facility prohibits us from purchasing notes. In addition, we may not have sufficient funds to satisfy our obligations.

The indenture governing the notes requires us to offer to repurchase the notes upon the occurrence of a change of control. Certain important corporate events that would increase the level of our indebtedness, such as leveraged

recapitalizations, may not constitute a "change of control" under the indenture. Our new credit facilities generally prohibit us from repurchasing the notes and provide that any change of control under the notes will be a default. Any future credit or other debt agreements to which we become a party may contain similar restrictions and provisions. If a change of control occurs at a time when we are prohibited from repurchasing notes, we could seek the consent of our lenders to repurchase the notes or we could attempt to refinance the debt that contains that prohibition. However, we cannot assure you that we will be able to obtain lender consent or refinance those borrowings. Even if such a consent were obtained or the debt is refinanced, we cannot assure you that we would have the funds necessary to repurchase the notes. Our failure to repurchase the notes would be a default under the indenture which would, in turn, be a default under our other debt agreements. If our debt were to be accelerated, we may be unable to repay these amounts and make the required repurchase of our notes.

The notes are subordinate to our senior debt and to the debt of our subsidiaries.

The notes are unsecured and are expressly subordinated to all of our senior debt. Our 9.15% senior subordinated notes due 2008 rank equally with the notes being offered in this offering but mature prior to those notes. Debt under our new credit facilities is secured, and our new credit facilities are guaranteed by our subsidiaries and secured by liens on all stock of our subsidiaries and all other current and future assets owned by us and our subsidiaries (other than mortgages on our real property). In the event we become bankrupt or insolvent, or we liquidate, reorganize, dissolve, or otherwise wind up our business, or upon the acceleration of any debt, the lenders under our credit facilities and any other holder of our senior debt must be paid in full before any payments are made on the notes being offered in this offering. In addition, under some circumstances, no payment may be made with respect to the principal of or interest on the notes if a payment default or some other defaults exist with respect to some senior debt.

The notes rank equally with our other senior subordinated debt. As of March 31, 2001, we had $200.0 million of existing senior subordinated debt outstanding. If assets remain after the repayment of all of our senior

debt in event we become bankrupt or insolvent, or we liquidate, reorganize, dissolve, or otherwise wind up our business, the notes would share proportionately with our other senior subordinated debt.

Substantially all of our business is conducted, and assets are owned, by our subsidiaries. All existing and future liabilities (including trade payables) of these subsidiaries will be effectively senior to the notes. Each of our subsidiaries guarantees our debt under the new credit facilities. In the event of a bankruptcy, insolvency, liquidation, reorganization, dissolution, or other winding up of any of our subsidiaries, creditors of our subsidiaries will generally be entitled to payment of their claims from the assets of those subsidiaries before any remaining assets are made available for distribution to us. As of March 31, 2001, our subsidiaries had $183.9 million of liabilities, excluding inter-company payables and their guarantees of our debt.

Our credit facility and indentures limit our discretion in managing our business.

The terms and covenants of our new credit facilities, the indenture governing the 9.15% senior subordinated notes due 2008 and the indenture governing the notes impose significant operating and financial restrictions on us. These restrictions will affect, and in many respects, significantly limit or prohibit, our ability to:

- incur additional debt;
- pay dividends on our stock or repurchase stock;
- prepay, redeem, or purchase including the notes;
- make investments;
- create liens;
- engage in with stockholders or affiliates;
- sell assets; and
- engage in and consolidations.

In addition, our new credit facilities require us to maintain specified financial ratios. We cannot assure you that we will be able to maintain these ratios or that these covenants will not adversely affect our ability to finance

future operations and capital needs or to engage in other business activities that may be in our interest.

A breach of any of these covenants or our failure to comply with the required financial ratios could result in a default under our credit facilities, the indenture governing the 9.15% senior subordinated notes due 2008, or the indenture. In the event of a default, the lenders under our credit facilities could prevent us from making payments of principal or interest on the notes being offered in this offering. Those lenders could also elect to declare all amounts borrowed under our new credit facilities, together with accrued interest, to be immediately due and payable. If the debt under our new credit facilities were accelerated, our assets might not be sufficient to repay that debt, the 9.15% senior subordinated notes due 2008, and the notes being offered in this offering in full. Please read the "Description of the Notes" section later in this prospectus.

There may not be a public market for the notes.

There is no existing trading market for the outstanding notes. We cannot be sure that any trading market for the exchange notes will develop. If such a market were to develop, the outstanding notes and the exchange notes could trade at prices that may be lower than the initial offering price, depending on many factors, including prevailing interest and dividend rates, our operating results and the market for similar securities.

If you do not exchange your outstanding notes, you may have difficulty transferring them at a later time.

We will issue exchange notes in exchange for the outstanding notes after the exchange agent receives your outstanding notes, the letter of transmittal and all related documents before the expiration of the exchange offer. You should allow adequate time for delivery if you choose to tender your outstanding notes for exchange. Outstanding notes that are not exchanged will remain subject to restrictions on transfer and will not have any rights to registration. If you do participate in the exchange offer for the purpose of participating in the distribution of the exchange notes, you must comply with the registration and prospectus delivery requirements of the Securities Act of

1933 for any resale Each broker-dealer who holds outstanding notes for its own account to market-making or other trading activities and who receives exchange notes its own account must acknowledge that it will deliver a prospectus in connection with any resale of the notes. If any outstanding notes are not tendered in the exchange or are tendered but not accepted, the trading market those outstanding notes could be negatively affected due to the limited of outstanding notes expected to remain outstanding following the of the exchange offer.

Use Of Proceeds

We will not receive any proceeds from the exchange offer. In consideration for issuing the exchange notes contemplated by this prospectus, we will receive unregistered notes from you in like principal amount. The unregistered notes surrendered in exchange for the exchange notes will be retired and canceled. Accordingly, issuance of the exchange notes will not result in any change in our indebtedness.

Capitalization

The following table sets forth our consolidated capitalization as of March 31, 2001 (1) on a historical basis, and (2) as adjusted for completion of all of the financing transactions as if they had each occurred on March 31, 2001. This

table should be read in conjunction with the information included elsewhere in this prospectus.

<TABLE>

	As of March 31, 2001	
	Actual	As Adjusted for the Financing Transactions
	(in thousands)	
<S>	<C>	<C>
Long-Term Debt (including current portion):		
Old credit facility (1)	$ 798,000	$ --
New credit facilities (2)	--	555,000
9.15% Senior Subordinated Notes	200,000	200,000
Notes offered pursuant to the financing transactions	--	300,000
Total long-term debt (including current portion)	998,000	1,055,000
Stockholders' Equity:		
Common Stock, $.01 par value, 500,000,000 shares authorized and 94,496,823 shares issued and outstanding	945	945
Additional paid-in capital	811,043	811,043
Retained earnings (3)	172,481	166,481
--		
Total stockholders' equity	984,469	978,469
Total capitalization	$1,982,469	$2,033,469

</TABLE>

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(1) The as adjusted column for the completion of the financing transactions reflects the repayment of $798 million of debt outstanding on March 31, 2001 under our old credit facility but does not reflect the repayment of additional borrowings made by us under our old credit facility after March 31, 2001. As of July 25, 2001, we had no debt outstanding under our old credit facility.

(2) As of July 25, 2001 we had $195 million available under our revolving credit facility and the $150 million available under the delayed draw term loan under the new credit facilities, subject to customary conditions. All of these borrowings would be senior to the exchange notes offered by this prospectus.

(3) As a result of the financing transactions, we expect to write off approximately $6 million of capitalized debt issuance costs, net of tax, relating to our old credit facility in the quarter ending September 30, 2001.

Selected Consolidated Financial And Other Data

The selected income statement data for the years ended December 31, 1998, 1999 and 2000 and the selected balance sheet data as of December 31, 1999 and 2000 are derived from the financial statements of Extended Stay America, including the notes, audited by PricewaterhouseCoopers LLP, independent accountants, incorporated by reference into this prospectus. The selected income statement data for the years ended December 31, 1996 and 1997 and the selected balance sheet data as of December 31, 1996, 1997 and 1998 have been derived from audited financial statements of Extended Stay America not included in this

prospectus. The selected financial data for the three months ended March 31, 2000 and 2001 and as of March 31, 2001 are derived from the unaudited consolidated financial statements of Extended Stay America, incorporated by reference into this prospectus and as of March 31, 2000, from unaudited consolidated financial statements previously filed with the Securities and Exchange Commission. The unaudited financial statements include all adjustments, consisting of normal recurring accruals, which, in the opinion of Extended Stay America, are necessary for a fair presentation of the financial position and results of operations for these periods. Operating results for the three months ended March 31, 2001 are not necessarily indicative of the results that may be expected for the entire year ending December 31, 2001. The selected consolidated financial and other operating data set forth below should be read together with the information contained elsewhere in or incorporated by reference into this prospectus.

<TABLE>
<CAPTION>

	Year Ended December 31,				
	1996	1997	1998	1999	2000
	(in thousands, except per share and operating data)				
<S>	<C>	<C>	<C>	<C>	<C>
Income Statement Data:					
Revenue	$ 38,809	$ 130,800	$ 283,087	$ 417,662	$ 518,033
Property operating expenses	16,560	60,391	122,469	180,429	214,500
Corporate operating and property management expenses	16,867	29,951	39,073	42,032	44,433
Other charges (income)	--	19,895	12,000	(1,079)	--
Depreciation and amortization	6,139	21,331	42,293	60,198	66,269
Income (loss) from operations	(757)	(768)	67,252	136,082	192,831
Interest expense (income), net (1)	(13,744)	(9,242)	20,521	56,074	76,136
Provision for income taxes	5,231	5,838	18,693	32,004	46,678
Cumulative effect of accounting change, net (2)	--	--	--	779	--
Net income from continuing operations	$ 7,756	$ 2,636	$ 28,038	$ 47,225	$ 70,017
Net income from continuing operations per share:					
Basic	$ 0.11	$ 0.03	$ 0.29	$ 0.49	$ 0.73
Diluted	$ 0.10	$ 0.03	$ 0.29	$ 0.49	$ 0.72
Weighted average shares outstanding:					
Basic	71,933	94,233	95,896	96,254	95,372
Diluted	73,935	95,744	96,800	96,939	96,601
Ratio of earnings to fixed charges (3)	39.13x	4.90x	1.76x	2.04x	2.21x
Operating Data:					
Average occupancy rates (4)	73%	73%	73%	74%	80%
Average weekly rate (5)	$ 261	$ 263	$ 286	$ 292	$ 304
RevPAR	189	193	207	216	242
Operating facilities (at period end)	75	185	305	362	392
Weighted average rooms available (6)	3,783	12,558	25,334	36,054	39,871
Rooms (at period end)	7,611	19,299	32,189	38,301	41,585
Facilities under construction (at period end)	61	84	51	23	19
Rooms under construction (at period end)	6,864	8,953	5,320	2,515	2,074
Balance Sheet Data (at period end):					
Cash and cash equivalents	$ 224,325	$ 3,212	$ 623	$ 6,449	$ 13,386
Total assets	668,435	1,070,891	1,694,582	1,927,249	2,121,602
Long-term debt (including current					

portion)	--	135,000	653,000	853,000	947,000
Stockholders' equity	628,714	834,659	866,751	915,590	982,633

</TABLE>

<TABLE>
<CAPTION>

	Three Months Ended March 31,	
	2000	2001
	(unaudited)	
Income Statement Data:		
<S>	<C>	<C>
Revenue	$ 113,940	$ 134,414
Property operating expenses	50,931	56,839
Corporate operating and property management expenses	10,913	11,626
Other charges (income)	--	--
Depreciation and amortization	16,149	17,542
Income (loss) from operations	35,947	48,407
Interest expense (income), net (1)	17,144	19,697
Provision for income taxes	7,521	11,483
Cumulative effect of accounting change, net (2)	--	669
Net income from continuing operations	$ 11,282	$ 16,558
Net income from continuing operations per share:		
Basic	$ 0.12	$ 0.17
Diluted	$ 0.12	$ 0.17
Weighted average shares outstanding:		
Basic	95,632	95,745
Diluted	96,078	98,874
Ratio of earnings to fixed charges (3)	1.86x	2.14x
Operating Data:		
Average occupancy rates (4)	73%	76%
Average weekly rate (5)	$ 299	$ 321
RevPAR	220	244
Operating facilities (at period end)	372	400
Weighted average rooms available (6)	38,751	41,917
Rooms (at period end)	39,337	42,492
Facilities under construction (at period end)	20	28
Rooms under construction (at period end)	2,243	2,957
Balance Sheet Data (at period end):		
Cash and cash equivalents	$ 5,451	$ 8,737
Total assets	1,958,209	2,168,175
Long-term debt (including current portion)	882,000	993,000
Stockholders' equity	922,846	984,46

</TABLE>

(footnotes appear on following page)

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(1) Excludes interest of $0.3 million, $1.7 million, $17.6 million, $10.2 million and $10.9 million for 1996, 1997, 1998, 1999, and 2000 respectively, and $2.2 million and $2.6 million for the three months ended March 31, 2000 and March 31, 2001, respectively, capitalized

during the construction of our facilities under Statement of Financial Accounting Standards Statement No. 34 "Capitalization of Interest Cost."

(2) In 1999, pursuant to Statement of Position 98-5, "Reporting on the Costs of Start-up Activities", we changed our method of accounting for compensation and other training related costs incurred prior to the opening of a property, to expense them as they are incurred. In the quarter ended March 31, 2001, we adopted Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities", as amended, and designated our interest rate cap contracts as cash-flow hedges of our variable rate debt. Since the fair value of the interest rate cap contracts at adoption was zero, the entire transition adjustment was recognized in earnings.

(3) For purposes of calculating this ratio, earnings include income from continuing operations before income taxes plus fixed charges other than capitalized expenses. Fixed charges consist of interest, whether expensed or capitalized.

(4) Average occupancy rates are determined by dividing the rooms occupied on a daily basis by the total number of rooms. Due to our rapid expansion, our overall average occupancy rate has been negatively impacted by the lower occupancy typically experienced during the pre-stabilization period for newly opened facilities. We expect the negative impact on overall average occupancy to decline as the ratio of newly opened properties to total properties in operation declines.

(5) Average weekly room rates are determined by dividing room revenue by the number of rooms occupied on a daily basis for the applicable period and multiplying by seven.

(6) Weighted average rooms available is calculated by dividing total room nights available during the year by the number of days in the period.

THE EXCHANGE OFFER

Purpose and Effect of the Exchange Offer

On June 27, 2001, we sold $300 million in principal amount of senior subordinated notes in a private placement to a limited number of qualified institutional buyers and non-US persons outside the United States. In connection with the sale of those senior subordinated notes we entered into a registration rights agreement where we agreed to use commercially reasonable efforts to file with the Securities and Exchange Commission a registration statement under the Securities Act of 1933 covering the exchange offer and to cause that registration statement to become effective under that act. Upon the effectiveness of that registration statement, we must offer each holder of the outstanding notes the opportunity to exchange its outstanding notes for an equal principal amount of exchange notes. For the purposes of the exchange offer, you will be considered a holder of the outstanding notes if you are a person in whose name any outstanding notes are registered or if you have obtained a properly completed assignment of outstanding notes from a registered holder.

We are making the exchange offer to comply with our obligations under the registration rights agreement. A copy of the registration rights agreement has been filed as an exhibit to the registration statement of which this prospectus is a part.

In order to participate in the exchange offer, you must represent to us, among other things, that:

- the exchange notes being acquired in the exchange offer are being obtained in the ordinary course of your business;
- you are not engaging in, and do not intend to engage in, a distribution of the exchange notes;

- you do not have an arrangement or understanding with any third person to participate in a distribution of the exchange notes; and

- you are not an affiliate of ours. An affiliate is any person who "controls or is controlled by or is under common control with" us.

Resale of the Exchange Notes

Based on previous interpretations by the Staff of the Commission set forth in no-action letters issued to third parties, including Exxon Capital Holdings Corporation (available May 13, 1988), Morgan Stanley & Co. Incorporated (available June 5, 1991), Mary Kay Cosmetics, Inc. (available June 5, 1991), Warnaco, Inc. (available October 11, 1991), and K-III Communications Corp. (available May 14, 1993), we believe that the exchange notes issued in the exchange offer may be offered for resale, resold, and otherwise transferred by you without compliance with the registration and prospectus delivery provisions of the Securities Act of 1933, as long as you can properly make the representations set forth above in "--Purpose and Effect of the Exchange Offer."

If you tender in the exchange offer with the intention of participating in a distribution of the exchange notes, you cannot rely on the interpretation by the Staff of the Commission and you must comply with the registration and prospectus delivery requirements of the Securities Act of 1933 in connection with a resale transaction. Each broker-dealer that receives exchange notes for its own account in exchange for outstanding notes, where the outstanding notes were acquired by that broker-dealer as a result of market-making or other trading activities, must acknowledge that it will deliver a prospectus in connection with any resale of the exchange notes by that broker-dealer. In order to facilitate the disposition of exchange notes by broker-dealers participating in the exchange offer, we have agreed, subject to specific conditions, to make this prospectus, as it may be amended or supplemented from time to time, available for delivery by those broker-dealers to satisfy their prospectus delivery obligations under the Securities Act of 1933 for up to 120 days after the expiration date of the exchange offer. Any broker-dealer that acquired outstanding notes directly from us, and not as a result of market making or other trading activities, may not rely on the interpretation of the Staff of the Commission as discussed above or participate in the

exchange offer, and must comply with all the registration and prospectus delivery requirements of the Securities Act in order to sell these notes. See "Plan of Distribution."

The exchange offer is not being made to, nor will we accept surrenders for exchange from, holders of outstanding notes in any jurisdiction in which the exchange offer or the acceptance of the exchange offer would not be in compliance with the securities or blue sky laws of the particular jurisdiction. We are obligated to deal with only one entity representing the broker-dealers participating in the exchange offer, which is Morgan Stanley & Co. Incorporated, unless it elects not to act as the representative of the broker-dealers. Any holder that is a broker-dealer participating in the exchange offer must notify Morgan Stanley & Co. Incorporated at the telephone number listed in the enclosed letter of transmittal and must comply with the procedures for brokers-dealers participating in the exchange offer. Under the registration rights agreement, we are not required to amend or supplement the prospectus for a period exceeding 180 days after the expiration date of the exchange offer, except in limited circumstances where we suspend use of the registration statement. We have not entered into any arrangement or understanding with any person to distribute the exchange notes to be received in the exchange offer. See "Plan of Distribution."

Terms of the Exchange Offer

Upon the terms and subject to the conditions set forth in this prospectus and in the letter of transmittal, we will accept any and all outstanding notes validly tendered and not withdrawn before 5:00 p.m., Eastern time, on the day the exchange offer expires. We will issue $1,000 in principal amount of exchange notes in exchange for each $1,000 principal amount of outstanding notes accepted in the exchange offer.

As of the date of this prospectus, $300 million in principal amount of the notes are outstanding. This prospectus, together with the enclosed letter of transmittal, is being sent to all registered holders of the outstanding notes on this date. There will be no fixed record date for determining registered holders

of the outstanding notes entitled to participate in the exchange offer; however, holders of the outstanding notes must tender their certificates or cause their outstanding notes to be tendered by book-entry transfer before the expiration date of the exchange offer to participate.

The form and terms of the exchange notes will be the same as the form and terms of the outstanding notes except that the exchange notes will be registered under the Securities Act of 1933 and therefore will not bear legends restricting their transfer. Following completion of the exchange offer, our obligations under the registration rights agreement will terminate.

We intend to conduct the exchange offer in accordance with the provisions of the registration rights agreement and applicable federal securities laws. Outstanding notes that are not tendered for exchange under the exchange offer will remain outstanding and will be entitled to the rights under the related indenture. Any outstanding notes not tendered for exchange will not retain any rights under the registration rights agreement and will remain subject to transfer restrictions. See "--Consequences of Failure to Exchange."

We will be deemed to have accepted validly tendered outstanding notes when, as and if we will have given written notice, or oral notice that is promptly confirmed in writing, of our acceptance to the exchange agent. The exchange agent will act as agent for the tendering holders for the purposes of receiving the exchange notes from us. If any tendered outstanding notes are not accepted for exchange because of an invalid tender, the occurrence of other events set forth in this prospectus, or for any other reason, certificates for any unaccepted outstanding notes will be returned, or, in the case of outstanding notes tendered by book-entry transfer, those unaccepted outstanding notes will be credited to an account maintained with The Depository Trust Company, without expense to the tendering holder of those outstanding notes as promptly as practicable after the expiration date of the exchange offer. See "--Procedures for Tendering.

Holders who tender outstanding notes in the exchange offer will not be required to pay brokerage commissions or fees or, subject to the instructions in the enclosed letter of transmittal, transfer taxes with respect to the exchange of notes in the exchange offer. We will pay all charges and expenses, other than applicable taxes and other fees described below, in connection with the exchange offer. See "--Fees and Expenses."

Expiration Date; Extensions; Amendments

The expiration date will 5:00 p.m., Eastern time, on , 2001, unless we, in our sole discretion, extend the exchange offer, in which case the expiration date will be the latest date and time to which the exchange offer is extended. We may, in our sole discretion, extend the expiration date of, or terminate, the exchange offer.

To extend the exchange offer, we must notify the exchange agent by written notice, or oral notice that is promptly confirmed in writing, before 9:00 a.m., Eastern time, on the next business day after the previously scheduled expiration date and make a public announcement of the extension. Without limiting the manner in which we may choose to make a public announcement of any delay, extension, amendment, or termination of the exchange offer, we will have no obligation to publish, advertise, or otherwise communicate that public announcement, other than by making a timely release to an appropriate news agency.

We reserve the right:

- to delay accepting any outstanding notes, to extend the exchange offer or to terminate the exchange offer if any of the conditions listed below under "--Conditions" are not satisfied, by giving written notice, or oral notice that is promptly confirmed in writing, of the delay, extension, or termination to the exchange agent; or

- to amend the terms of the exchange offer in any manner consistent with the registration rights agreement.

Any delay in acceptances, extension, termination, or amendment will be followed as promptly as practicable by oral or written notice of the delay to the registered holders of the outstanding notes. If we amend the exchange offer

in a manner that constitutes a material change, we will promptly disclose the amendment by means of a prospectus supplement that will be distributed to the registered holders of the outstanding notes, and we will extend the exchange offer for a period of five to ten business days, depending upon the significance of the amendment and the manner of disclosure to the registered holders of the outstanding notes, if the exchange offer would otherwise expire during this period.

Upon satisfaction or waiver of all the conditions to the exchange offer, we will accept, promptly after the expiration date of the exchange offer, all outstanding notes properly tendered and will issue the exchange notes promptly after acceptance of the outstanding notes. See "--Conditions" below. For purposes of the exchange offer, we will be deemed to have accepted properly tendered outstanding notes for exchange when, as and if we will have given written notice, or oral notice that is promptly confirmed in writing, of our acceptance to the exchange agent.

Interest on the New Notes

The exchange notes will bear interest from the date of the last interest payment on the outstanding notes or, if no interest has been paid, from the date of original issuance of the outstanding notes (June 27, 2001). Holders whose outstanding notes are exchanged will be deemed to have waived the right to receive any interest accrued, but not paid, on the outstanding notes.

Conditions

Without regard to any other terms of the exchange offer, we will not be required to exchange any exchange notes for any outstanding notes and may terminate the exchange offer before the acceptance of any outstanding notes for exchange, if:

- any action or proceeding is instituted or threatened in any court or by or before any governmental agency with respect to the exchange offer which, in our reasonable judgment, might materially impair our ability to proceed with the exchange offer;

- the Staff of the Commission proposes, adopts or enacts any law, statute, rule or regulation or issues any interpretation of any existing law, statute, rule or regulation, which, in our reasonable judgment, might materially impair our ability to proceed with the exchange offer; or

- any governmental approval or approval by holders of the outstanding notes has not been obtained, which approval we will, in our reasonable judgment, deem necessary for the completion of the exchange offer.

These conditions are for our sole benefit and may be asserted by us regardless of the circumstances giving rise to any such conditions, or may be waived by us in whole or in part at any time at our sole discretion. If we determine that any of these conditions are not satisfied, we may:

- refuse to accept any outstanding notes and return all tendered outstanding notes to the tendering holders, or, in the case of outstanding notes tendered by book-entry transfer, credit those outstanding notes to an account maintained with The Depository Trust Company;

- extend the exchange offer and retain all outstanding notes tendered before the expiration of the exchange offer, subject to the rights of holders who tendered the outstanding notes to withdraw their tendered outstanding notes; or

- subject to applicable law, waive unsatisfied conditions with respect to the exchange offer and accept all properly tendered outstanding notes that have not been withdrawn. If the waiver constitutes a material change to the exchange offer, we will promptly disclose the waiver by means of a prospectus supplement that will be distributed to the registered holders of the outstanding notes, and we will extend the exchange offer for a period of five to ten business days, depending upon the significance of the waiver and the manner of disclosure to the registered holders of the outstanding notes, if the exchange offer would otherwise expire during this period.

Procedures for Tendering

To tender in the exchange offer, you must complete, sign and date an original or facsimile letter of transmittal, have the signatures on the letter of transmittal guaranteed if required by the letter of transmittal, and mail or otherwise deliver the letter of transmittal to the exchange agent for receipt before the expiration date of the exchange offer. In addition:

- certificates for the outstanding notes must be received by the exchange agent, along with the letter of transmittal;
- a timely confirmation of transfer by book-entry of those outstanding notes, if the book-entry procedure is available, into the exchange agent's account at The Depository Trust Company, as set forth in the procedure for book-entry transfer described below, must be received by the exchange agent before the expiration date of the exchange offer; or
- you must comply with the guaranteed delivery procedures described below.

To be tendered effectively, the exchange agent must receive the letter of transmittal and other required documents at the address listed below under "--Exchange Agent" before the expiration of the exchange offer.

If you tender your outstanding notes and do not withdraw them before the expiration date of the exchange offer, you will be deemed to have an agreement with us in accordance with the terms and subject to the conditions set forth in this prospectus and in the letter of transmittal.

The method of delivery of outstanding notes, the letter of transmittal and all other required documents to the exchange is at your risk. Instead of delivery by mail, it is recommended that you use an overnight or hand delivery service, properly insured. In all cases, sufficient time should be allowed to assure delivery to the exchange agent before the expiration date of the exchange offer. No letter of transmittal or

outstanding notes should be sent to us. You may request your brokers, dealers, commercial banks, trust companies or nominees to effect the above transactions for you.

Any beneficial owner whose outstanding notes are registered in the name of a broker, dealer, commercial bank, trust company, or other nominee and who wishes to tender its outstanding notes should contact the registered holder promptly and instruct that registered holder to tender the outstanding notes on the beneficial owner's behalf. If the beneficial owner wishes to tender its outstanding notes on the owner's own behalf, that owner must, before completing and executing the letter of transmittal and delivering its outstanding notes, either make appropriate arrangements to register ownership of the outstanding notes in that owner's name or obtain a properly completed assignment from the registered holder. The transfer of registered ownership of outstanding notes may take considerable time.

Signatures on a letter of transmittal or a notice of withdrawal must be guaranteed by an eligible institution unless the related outstanding notes are tendered:

- by a registered holder who has not completed the box entitled "Special Issuance Instructions" or "Special Delivery Instructions" on the letter of transmittal; or
- for the account of an eligible institution.

Each of the following is deemed an eligible institution:

- a member firm of a registered national securities exchange or of the National Association of Securities Dealers, Inc.;
- a commercial bank;
- a trust company having an office or correspondent in the United States; or
- an eligible guarantor institution as provided by Rule 17Ad-15 of the Securities Exchange Act of 1934.

If the letter of transmittal is signed by a person other than the

registered holder of any outstanding notes, the outstanding notes must be endorsed or accompanied by a properly completed bond power, signed by the registered holder as his, her or its name appears on the outstanding notes.

If the letter of transmittal, or any outstanding notes or bond powers, are signed by trustees, executors, administrators, guardians, attorneys-in-fact, officers of corporations or others acting in a fiduciary or representative capacity, those persons should so indicate when signing, and evidence satisfactory to us of their authority to so act must be submitted with the letter of transmittal, unless we waive that requirement.

We will determine all questions as to the validity, form, eligibility, including time of receipt, acceptance of tendered outstanding notes, and withdrawal of tendered outstanding notes, in our sole discretion. All of these determinations by us will be final and binding. We reserve the absolute right to reject any and all outstanding notes not properly tendered or any outstanding notes our acceptance of which would, in the opinion of our counsel, be unlawful. We also reserve the right to waive any defects, irregularities or conditions of tender as to particular outstanding notes. Our interpretation of the terms and conditions of the exchange offer, including the instructions in the letter of transmittal, will be final and binding on all parties. Unless waived, any defects or irregularities in connection with tenders of outstanding notes must be cured within the time we determine. Although we intend to notify holders of outstanding notes of defects or irregularities with respect to tenders of outstanding notes, neither we, nor the exchange agent, or any other person will incur any liability for failure to give this notification. Tenders of outstanding notes will not be deemed to have been made until defects or irregularities have been cured or waived. Any outstanding notes received by the exchange agent that are not properly tendered and as to which the defects or irregularities have not been cured or waived will be returned by the exchange agent to the tendering holders of outstanding notes, unless otherwise provided in the letter of transmittal, as soon as practicable following the expiration date of the exchange offer.

In addition, we reserve the right, in our sole to purchase or make offers for any outstanding notes that remain after the expiration date of the exchange offer or, as set forth under "--Conditions," to terminate the exchange offer and, to the extent by applicable law, purchase outstanding notes in the open market, in negotiated transactions or otherwise. The terms of any purchases or offers could differ from the terms of the exchange offer.

If the holder of notes is a broker-dealer participating in the exchange offer that will receive exchange notes for its own account in exchange for outstanding notes that were acquired as a result of market making or other trading activities, that broker-dealer will be required to acknowledge in the letter of transmittal that it will deliver a prospectus in connection with any resale of the exchange notes and otherwise agree to comply with the procedures described above under "--Resale of the Exchange Notes"; however, by so acknowledging and delivering a prospectus, that broker-dealer will not be deemed to admit that it is an "underwriter" within the meaning of the Securities Act of 1933.

In all cases, issuance of the exchange notes for outstanding notes that are accepted for exchange in the exchange offer will be made only after timely receipt by the exchange agent of certificates for those outstanding notes or a timely confirmation of book-entry transfer of the outstanding notes into the exchange agent's account at The Depository Trust Company, a properly completed and duly executed letter of transmittal, and all other required documents. If any tendered outstanding notes are not accepted for any reason set forth in the terms and conditions of the exchange offer, if the holder withdraws previously tendered outstanding notes, or if outstanding notes are submitted for a greater principal amount of outstanding notes than the holder desires to exchange, then the unaccepted, withdrawn or portion of non-exchanged outstanding notes, as appropriate, will be returned as promptly as practicable after the expiration or termination of the exchange offer, or, in the case of outstanding notes tendered by book-entry transfer, those unaccepted, withdrawn or portion of non-exchanged outstanding notes, as appropriate, will be credited to an account maintained with The Depository Trust Company, without expense to the tendering holder of those notes.

Book-Entry Transfer

The exchange agent will make a request to establish an account with respect to the outstanding notes at The Depository Trust Company for the purposes of the exchange offer within two business days after the date of this prospectus, and any financial institution that is a participant in The Depository Trust Company's systems may make book-entry delivery of outstanding notes by causing The Depository Trust Company to transfer the outstanding notes into the exchange agent's account at The Depository Trust Company in accordance with The Depository Trust Company's procedures for transfer. However, although delivery of outstanding notes may be effected through book-entry transfer at The Depository Trust Company, the letter of transmittal or a manually signed facsimile of the letter of transmittal, with any required signature guarantees or an agent's message, in the case of a book-entry transfer, and any other required documents, must, in any case, be transmitted to and received by the exchange agent at the address set forth below under "--Exchange Agent" on or before the expiration date of the exchange offer, unless the holder complies with the guaranteed delivery procedures described below.

The exchange agent and The Depository Trust Company have confirmed that any financial institution that is a participant in The Depository Trust Company system may utilize the Book-Entry Transfer Facility Automated Tender Offer Program ("ATOP") procedures to tender the notes.

Any Depository Trust Company participant may make book-entry delivery of outstanding notes by causing Depository Trust Company to transfer such notes into the exchange agent's account in accordance with The Depository Trust Company's ATOP procedures for transfer. However, the exchange for the notes so tendered will only be made after a book-entry confirmation of such book-entry transfer of notes into the exchange agent's account, and timely receipt by the exchange agent of an agent's message and any other documents required by the letter of transmittal. The term "agent's message" means a message, transmitted by The Depository Trust Company and received by the exchange agent and forming part of a book-entry confirmation, which states that The Depository Trust Company has received an express acknowledgment from a participant tendering the notes that are the subject of such book-entry confirmation that such participant has received and agrees to be bound by the terms of the letter of transmittal, and that we may enforce such agreement against such participant.

Guaranteed Delivery Procedures

Holders who wish to tender their outstanding notes and who cannot timely deliver their outstanding notes, the letter of transmittal, or any other required documents to the exchange agent before the expiration date, may effect a tender if:

- the tender is made through an eligible institution;
- before the expiration date of the exchange offer, the exchange agent receives from that eligible institution a properly completed and duly executed notice of guaranteed delivery, by facsimile, mail or hand delivery, listing the name and address of the holder, the certificate number(s) of the outstanding notes and the principal amount of outstanding notes tendered and stating that the tender is being made by that notice and guaranteeing that, within three New York Stock Exchange trading days after the date of execution of the notice of guaranteed delivery, the letter of transmittal, together with the certificate(s) representing the outstanding notes in proper form for transfer, or a confirmation of book-entry transfer, as the case may be, and any other documents required by the letter of transmittal, will be deposited by the eligible institution with the exchange agent; and
- the exchange agent receives the properly completed and executed letter of transmittal, as well as the certificate(s) representing all tendered outstanding notes in proper form for transfer and other documents required by the letter of transmittal within three New York Stock Exchange trading days after the date of execution of the notice of guaranteed delivery.

Withdrawal of Tenders

Except as otherwise provided, tenders of outstanding notes may be withdrawn

at any time before 5:00 p.m., Eastern time, on the expiration date of the exchange offer. To withdraw a tender of outstanding notes in the exchange offer, a written or facsimile notice of withdrawal must be received by the exchange agent at its address listed below before that time. The notice of withdrawal must:

- specify the name of the person having deposited the outstanding notes to be withdrawn;
- identify the outstanding notes to be withdrawn;
- be signed by the holder in the same manner as the original signature on the letter of transmittal by which the outstanding notes were tendered or be accompanied by documents of transfer sufficient to have the exchange agent register the transfer of the outstanding notes in the name of the person withdrawing the tender; and
- specify the name in which any outstanding notes are to be registered, if different from that of the person who deposited the outstanding notes to be withdrawn.

We will determine all questions as to the validity, form, and eligibility of the notices, which determination will be final and binding on all parties. Any outstanding notes so withdrawn will be deemed not to have been validly tendered for purposes of the exchange offer, and no exchange notes will be issued with respect to those outstanding notes unless the outstanding notes so withdrawn are validly re-tendered.

Any outstanding notes that have been tendered but that are withdrawn or not accepted for payment will be returned to the holder of those outstanding notes, or in the case of outstanding notes tendered by book-entry transfer, will be credited to an account maintained with The Depository Trust Company, without cost to the holder as soon as practicable after withdrawal, rejection of tender or termination of the exchange offer. Properly withdrawn outstanding notes may be re-tendered by following one of the procedures described above under "--Procedures for Tendering" at any time before the expiration date of the exchange offer.

Termination of Registration Rights

All rights given to holders of outstanding notes under the registration rights agreement will terminate upon the completion of the exchange offer, except with respect to our duty:

- to keep the registration statement effective until the closing of the exchange offer and for a period not to exceed 180 days after the expiration date of the exchange offer; and
- to provide copies of the latest version of this prospectus to any broker dealer that requests copies of this prospectus for use in connection with any resale by that broker-dealer of exchange notes received for its own account pursuant to the exchange offer in exchange for outstanding notes acquired for its own account as a result of market-making or other trading activities, subject to the conditions described above under "-- Resale of the Exchange Notes."

Exchange Agent

Manufacturers and Traders Trust Company has been appointed exchange agent for the exchange offer. Questions and requests for assistance, requests for additional copies of this prospectus or the letter of transmittal, and requests for copies of the notice of guaranteed delivery with respect to the outstanding notes, should be addressed to the exchange agent as follows:

By Registered Mail, Certified Mail, Overnight Courier or Hand Delivery:	By Facsimile:
Manufacturers and Traders Trust Company One M&T Plaza, 7th Floor Buffalo, New York 14203 Attention: Corporate Trust Department	Fax (716) 842-5503

Fees and Expenses.

We will pay the expenses of soliciting tenders in connection with the exchange offer. The principal solicitation is being made by mail; however, additional solicitation may be made by facsimile, telephone, or in person by some of our officers and regular employees and those of our affiliates.

We have not retained any dealer-manager in connection with the exchange offer and will not make any payments to broker-dealers or others soliciting acceptances of the exchange offer. We will, however, pay the exchange agent reasonable and customary fees for its services and will reimburse the exchange agent for its reasonable out-of-pocket expenses in connection with the exchange offer.

We estimate that our cash expenses in connection with the exchange offer will be about $125,000. These expenses include registration fees, fees and expenses of the exchange agent, accounting and legal fees, and printing costs, among others.

We will pay all transfer taxes, if any, applicable to the exchange of the outstanding notes for exchange notes. The tendering holder of outstanding notes, however, will pay applicable taxes if certificates representing outstanding notes not tendered or accepted for exchange are to be delivered to, or are to be issued in the name of, any person other than the registered holder of outstanding notes tendered, or

- if tendered, the certificates representing outstanding notes are registered in the name of any person other than the person signing the letter of transmittal; or

- if a transfer tax is imposed for any reason other than the exchange of the outstanding notes in the exchange offer.

If satisfactory evidence of payment of the transfer taxes or exemption from payment of transfer taxes is not submitted with the letter of transmittal, the amount of the transfer taxes will be billed directly to the tendering holder and the exchange notes need not be delivered until the transfer taxes are paid.

Consequences of Failure to Exchange

Participation in the exchange offer is voluntary. Holders of the outstanding notes are urged to consult their financial and tax advisors in making their own decisions on what action to take.

Outstanding notes that are not exchanged for the exchange notes in the exchange offer will not retain any rights under the registration rights agreement and will remain restricted securities for purposes of the federal securities laws. Accordingly, the outstanding notes may not be offered, sold, pledged, or otherwise transferred except:

- to a "qualified institutional buyer," within the meaning of Rule 144A under the Securities Act of 1933, purchasing for its own account or for the account of a qualified institutional buyer in a transaction meeting the requirements of Rule 144A;

- in an offshore transaction complying with Rule 903 or 904 of Regulation S under the Securities Act of 1933;

- under an exemption from registration under the Securities Act of 1933 provided by Rule 144 under that act, if available;

- to an "institutional accredited investor" as defined in Rule 501(a)(1), (2), (3) or (7) of Regulation D in a transaction exempt from the registration requirements of the Securities Act of 1933; or

- under an effective registration statement under the Securities Act of 1933; and

in each case, in accordance with all other applicable securities laws.

DESCRIPTION OF THE NOTES

General

The outstanding notes were, and the exchange notes will be, issued under the indenture, dated as of June 27, 2001, between Extended Stay America, as Issuer, and Manufacturers and Traders Trust Company, as trustee. The terms of the notes include those stated in the indenture and those made part of the indenture by reference to the Trust Indenture Act of 1939. The following summary of certain provisions of the indenture does not purport to be complete and is subject to, and is qualified in its entirety by reference to, all the provisions of the indenture (including the definitions of certain terms therein and those terms made a part thereof by the Trust Indenture Act of 1939, as amended, and the notes).

The terms of the exchange notes to be issued are substantially similar to the outstanding notes, except that the exchange notes will be registered under the Securities Act and will not bear legends restricting the transfer thereof. The outstanding notes are, and the exchange notes will continue to be, unsecured senior subordinated obligations of Extended Stay America, initially limited to $300.0 million in aggregate principal amount, and will mature on June 15, 2011. Interest on the notes is payable semi-annually on June 15 and December 15 of each year commencing on December 15, 2001 to holders of record at the close of business on June 1 or December 1 immediately preceding the interest payment date.

Principal of, premium, if any, and interest on the notes will be payable and the notes may be exchanged or transferred at the office or agency of Extended Stay America in the Borough of Manhattan, the City of New York (which initially will be the corporate trust office of the trustee, at 50 Broadway, New York, New York 10004); provided that, at the option of Extended Stay America, payment of interest may be made by check mailed to the holders at their addresses as they appear in the Security Register.

The notes will be issued only in fully registered form, without coupons, in denominations of $1,000 of principal amount and any integral multiple thereof. No service charge will be made for any registration of transfer or exchange of notes, but Extended Stay America may require payment of a sum sufficient to cover any transfer tax or other similar governmental charge payable in connection therewith.

Subject to the covenants described below under "Covenants" and applicable law, Extended Stay America may issue additional notes under the indenture. The exchange notes and any outstanding notes not exchanged in the exchange offer and any additional notes subsequently issued would be treated as a single class for all purposes under the indenture.

Optional Redemption

The notes will be redeemable, at our option in whole or in part, at any time or from time to time, on or after June 15, 2006 and prior to maturity, upon not less than 30 nor more than 60 days' prior notice mailed by first class mail to each holder's registered address, at the following redemption prices (expressed in percentages of principal amount), plus accrued and unpaid interest, if any, to the redemption date (subject to the right of holders of record on the relevant regular record date that is on or prior to the redemption date to receive interest due on the relevant interest payment date), if redeemed during the 12-month period commencing June 15 of the years set forth below:

<TABLE>
<CAPTION>

Year	Redemption Price

2006	104.938%
2007	103.292
2008	101.646
2009 and thereafter	100.000

In addition, at any time prior to June 15, 2004, we may redeem up to 35% of the principal amount of the notes with the proceeds of one or more sales of our Capital Stock (other than Disqualified Stock), at any time or from time to time in part, at a redemption price (expressed as a percentage of principal amount) of 109.875% plus accrued and unpaid interest, if any, to the redemption date (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date); provided, however, that at least 65% of the original principal amount of the notes must remain outstanding after each such redemption; provided further, that notice of such redemption is mailed within 60 days after the consummation of such sale or sales.

In the case of any partial redemption, selection of the notes for redemption will be made by the trustee in compliance with the requirements of the principal national securities exchange, if any, on which the notes are listed or, if the notes are not listed on a national securities exchange, by lot or by such other method as the trustee in its sole discretion shall deem to be fair and appropriate; provided that no note of $1,000 in principal amount or less shall be redeemed in part. If any note is to be redeemed in part only, the notice of redemption relating to such note shall state the portion of the principal amount thereof to be redeemed. A new note in principal amount equal to the unredeemed portion thereof will be issued in the name of the holder thereof upon cancellation of the original note.

Sinking Fund

There will be no sinking fund payments for the notes.

Ranking and Subordination

The notes are subordinated to all obligations under our new credit facilities and our other Senior Indebtedness and will be pari passu with our 9.15% senior subordinated notes. The payment of the principal of, premium, if any, and interest or other amounts due on the notes is subordinated in right of payment, as set forth in the indenture, to the prior payment in full in cash or cash equivalents when due of all our Senior Indebtedness. As of March 31, 2001, on a pro forma basis giving effect to the financing transactions, our outstanding Senior Indebtedness would have been $550 million (exclusive of unused commitments under our new credit facility aggregating $350 million). Although the indenture contains limitations on the amount of additional indebtedness that we may incur, under certain circumstances the amount of such indebtedness could be substantial and, in any case, such indebtedness may be Senior Indebtedness. See "Certain Covenants--Limitation on Indebtedness" below. In addition, all existing and future liabilities (including trade payables) of our subsidiaries will be effectively senior to the notes, and as of March 31, 2001, such subsidiaries had $183.9 million of liabilities (excluding inter-company payables and guarantees of our indebtedness). Notwithstanding the foregoing, payment from the money or the proceeds of U.S. Government Obligations held in any defeasance trust described under "--Defeasance" below, will not be contractually subordinated in right of payment to any Senior Indebtedness or subject to the restrictions described herein.

"Senior Indebtedness" means the following obligations of Extended Stay America, whether outstanding on the date the notes are issued or thereafter Incurred:

(1) all our Indebtedness and all other monetary obligations (including, without limitation, expenses, fees, principal, interest, reimbursement obligations under letters of credit and indemnities payable in connection therewith) under (or in respect of) the Credit Agreement or any Interest Rate Agreement or Currency Agreement relating to the Indebtedness under the Credit Agreement; and

(2) all our other Indebtedness and all other monetary obligations (other than the notes), including principal and interest on such Indebtedness, unless such Indebtedness, by its terms or by the terms of any agreement or instrument pursuant to which such Indebtedness is issued, is pari passu with, or subordinated in right of payment to, the notes; provided that the term "Senior Indebtedness" shall not include:

(A) our 9.15% senior subordinated notes;

(B) any of our Indebtedness which, when incurred, was without recourse to Extended Stay America;

(C) any Indebtedness of Extended Stay America to a Subsidiary of Extended Stay America, or to a joint venture in which Extended Stay America has an interest;

(D) any Indebtedness of Extended Stay America, to the extent not permitted by the "Limitation on Indebtedness" covenant or the "Limitation on Senior Subordinated Indebtedness" covenant described below; (but as to any such Indebtedness under the Credit Agreement, no such violation shall be deemed to exist if the Bank Agent shall have received an officer's certificate of Extended Stay America to the effect that the issuance of such Indebtedness does not violate the indenture);

(E) any repurchase, redemption or other obligation in respect of Disqualified Stock;

(F) any Indebtedness to any employee of Extended Stay America or any of its respective Subsidiaries;

(G) any liability for taxes owed or owing by Extended Stay America; or

(H) any Trade Payables.

Senior Indebtedness will also include interest accruing subsequent to events of bankruptcy of Extended Stay America and its Subsidiaries at the rate provided for in the document governing such Senior Indebtedness, whether or not such interest is an allowed claim enforceable against the debtor in a bankruptcy case under bankruptcy law.

Except with respect to the money, securities or proceeds held under any defeasance trust established in accordance with the indenture, upon any payment or distribution of the assets or securities of Extended Stay America of any kind or character, whether in cash, property or securities, upon any dissolution or winding up or upon a total or partial liquidation, or reorganization of Extended Stay America, whether voluntary or involuntary, or in bankruptcy, insolvency, receivership or other proceedings, all amounts due or to become due upon all Senior Indebtedness (including any interest accruing subsequent to an event of bankruptcy at the rate provided in such Senior Indebtedness, whether or not such interest is an allowed claim enforceable against the debtor under the United States Bankruptcy Code or other applicable law) shall first be paid in full, in cash or cash equivalents, before the holders of the notes or the trustee on behalf of the holders of the notes shall be entitled to receive any payment by (or on behalf of) Extended Stay America on account of Senior Subordinated Obligations or any payment to acquire any of the notes for cash, property or securities, or any distribution with respect to the notes of any cash, property or securities. Before any payment may be made by, or on behalf of, Extended Stay America on any Senior Subordinated Obligations (other than with the money, securities or proceeds held under any defeasance trust established in accordance with the Indenture), upon any such dissolution, winding up, liquidation or reorganization, any payment or distribution of assets or securities of Extended Stay America of any kind or character, whether in cash, property or securities, to which the holders of the notes or the trustee on behalf of the holders of the notes would be entitled, but for the subordination provisions of the Indenture, shall be made by Extended Stay America or by any receiver, trustee in bankruptcy, liquidating trustee, agent or other similar Person making such payment or distribution or by the holders of the notes or the trustee if received by them or it, directly to the holders of the Senior

Indebtedness (pro rata to such holders on the basis of the respective amounts of Senior Indebtedness held by such holders) or their representatives or to any trustee or trustees under any indenture pursuant to which any such Senior Indebtedness may have been issued, as their respective interests appear, to the extent necessary to pay all such Senior Indebtedness in full, in cash or cash equivalents after giving effect to any concurrent payment, distribution or provision therefor to or for the holders of such Senior Indebtedness.

No direct or indirect payment by or on behalf of Extended Stay America of Senior Subordinated Obligations (other than with the money, securities or proceeds held under any defeasance trust established in accordance with the indenture), whether pursuant to the terms of the notes or upon acceleration or otherwise shall be made if, at the time of such payment, there exists a default in the payment of all or any portion of the obligations on any Senior Indebtedness of Extended Stay America and such default shall not have been cured or waived or the benefits of this sentence waived by or on behalf of the holders of such Senior Indebtedness. In addition, during the continuance of any other event of default with respect to any Designated Senior Indebtedness pursuant to which the maturity thereof may be accelerated, upon receipt by the trustee of written notice from the trustee or other representative for the holders of such Designated Senior Indebtedness (or the holders of at least a majority in principal amount of such Designated Senior Indebtedness then outstanding), no payment of Senior Subordinated Obligations (other than with the money, securities or proceeds held under any defeasance trust established in accordance with the indenture) may be made by or on behalf of Extended Stay America upon or in respect of the notes for a period (a "Payment Blockage Period") commencing on the date of receipt of such notice and ending 179 days thereafter (unless, in each case, such Payment Blockage Period shall be terminated by written notice to the trustee from such trustee of, or other representatives for, such holders or by payment in full in cash or cash equivalents of such Designated Senior Indebtedness or such event of default has been cured or waived). Not more than one Payment Blockage Period may be commenced with respect to the notes during any period of 360 consecutive days. Notwithstanding anything in the indenture to the contrary, there must be 180 consecutive days in any 360-day period in which no Payment Blockage Period is in effect. No event of default (other than an event of default pursuant to the financial maintenance covenants under the Credit Agreement) that existed or was continuing (it being acknowledged that any subsequent action that would give rise to an event of default pursuant to any provision under which an event of default previously existed or was continuing shall constitute a new event of default for this purpose) on the date of the commencement of any Payment Blockage Period with respect to the Designated Senior Indebtedness initiating such Payment Blockage Period shall be, or shall be made, the basis for the commencement of a second Payment Blockage Period by the representative for, or the holders of, such Designated Senior Indebtedness, whether or not within a period of 360 consecutive days, unless such event of default shall have been cured or waived for a period of not less than 90 consecutive days.

To the extent any payment of Senior Indebtedness (whether by or on behalf of Extended Stay America, as proceeds of security or enforcement of any right of setoff or otherwise) is declared to be fraudulent or preferential, set aside or required to be paid to any receiver, trustee in bankruptcy, liquidating trustee, agent or other similar Person under any bankruptcy, insolvency, receivership, fraudulent conveyance or similar law, then if such payment is recovered by, or paid over to, such receiver, trustee in bankruptcy, liquidating trustee, agent or other similar Person, the Senior Indebtedness or part thereof originally intended to be satisfied shall be deemed to be reinstated and outstanding as if such payment had not occurred. To the extent the obligation to repay any Senior Indebtedness is declared to be fraudulent, invalid, or otherwise set aside under any bankruptcy, insolvency, receivership, fraudulent conveyance or similar law, then the obligation so declared fraudulent, invalid or otherwise set aside (and all other amounts that would come due with respect thereto had such obligation not been so affected) shall be deemed to be reinstated and outstanding as Senior Indebtedness for all purposes hereof as if such declaration, invalidity or setting aside had not occurred.

By reason of the subordination provisions described above, in the event of liquidation or insolvency, creditors of Extended Stay America who are not holders of Senior Indebtedness may recover less, ratably, than holders of Senior Indebtedness and may recover more, ratably, than holders of the notes.

Change of Control

Upon the occurrence of any of the following events (each a "Change of Control") Extended Stay America must commence and consummate, within the time

periods set forth in the indenture, an Offer to Purchase for all

notes then outstanding, at a purchase price equal to 101% of the principal amount thereof, plus accrued interest (if any) to the Payment Date:

(1) such time as a "person" or "group" (as those terms are used in Sections 13(d) and 14(d)(2) of the Exchange Act), other than the Existing Stockholders and their respective Affiliates, becomes the ultimate "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act) of more than 35% of the total voting power of the Voting Stock of Extended Stay America on a fully diluted basis and such ownership represents a greater percentage of the total voting power of the Voting Stock of Extended Stay America, on a fully diluted basis, than is held by or for the Existing Stockholders and their Affiliates on such date; or

(2) such time as individuals who on the Closing Date constitute the Board of Directors (together with any new or replacement directors whose election by the Board of Directors or whose nomination by the Board of Directors for election by Extended Stay America's stockholders was approved by a vote of at least a majority of the members of the Board of Directors then still in office who either were members of the Board of Directors on the Closing Date or whose election or nomination for election was so approved) cease for any reason to constitute a majority of the members of the Board of Directors then in office.

"Existing Stockholders" means H. Wayne Huizenga, George D. Johnson, Jr. and Stewart H. Johnson, their spouses and any one or more of their lineal descendants and their spouses or any trust created solely for the benefit of any such Persons.

There can be no assurance that Extended Stay America will have sufficient funds available at the time of any Change of Control to make any debt payment (including repurchases of notes) required by the foregoing covenant (as well as may be contained in other securities of Extended Stay America which might be outstanding at the time). The above covenant requiring Extended Stay America to repurchase the notes will, unless consents are obtained, require Extended Stay America to repay all indebtedness then outstanding which by its terms would prohibit such note repurchase, either prior to or concurrently with such note repurchase.

Extended Stay America will not be required to make an Offer to Purchase pursuant to this covenant if a third party makes an Offer to Purchase in compliance with this covenant and repurchases all notes validly tendered and not withdrawn under such Offer to Purchase.

Covenants

Limitation on Indebtedness

(a) Extended Stay America will not, and will not permit any of its Restricted Subsidiaries to, Incur any Indebtedness (other than the notes, the Existing Notes and Indebtedness existing on the Closing Date); provided that Extended Stay America or any Restricted Subsidiary may Incur Indebtedness if, after giving effect to the Incurrence of such Indebtedness and the receipt and application of the proceeds therefrom, the Interest Coverage Ratio would be greater than 2.00 to 1.00.

Notwithstanding the foregoing, Extended Stay America and any Restricted Subsidiary (except as specified below) may Incur each and all of the following:

(1) Indebtedness outstanding at any time in an aggregate principal amount not to exceed $900 million (together with any refinancings thereof) under this clause (1), less any amount of such Indebtedness permanently repaid since the date of the indenture as provided under the "Limitation on Asset Sales" covenant described below;

(2) Indebtedness owed (A) by a Restricted Subsidiary to Extended Stay America; provided that if such Indebtedness exceeds $500,000 it shall be evidenced by a promissory note or (B) by Extended Stay America or a Restricted Subsidiary to any Restricted Subsidiary; provided that any event which results

in any such Restricted Subsidiary ceasing to be a Restricted Subsidiary or any subsequent transfer of such Indebtedness (other than to Extended Stay America or another Restricted Subsidiary) shall be deemed, in each case, to constitute an Incurrence of such Indebtedness not permitted by this clause (2);

(3) Indebtedness issued in exchange for, or the net proceeds of which are used to refinance or refund, then outstanding Indebtedness (other than Indebtedness Incurred under clause (2), (4) or (6) of this paragraph) and any refinancings thereof in an amount not to exceed the amount so refinanced or refunded (plus premiums, accrued interest, fees and expenses); provided that Indebtedness the proceeds of which are used to refinance or refund the notes or Indebtedness that is pari passu with, or subordinated in right of payment to, the notes shall only be permitted under this clause (3) if (A) in case the notes are refinanced in part or the Indebtedness to be refinanced is pari passu with the notes, such new Indebtedness, by its terms or by the terms of any agreement or instrument pursuant to which such new Indebtedness is outstanding, is expressly made pari passu with, or subordinate in right of payment to, the remaining notes, (B) in case the Indebtedness to be refinanced is subordinated in right of payment to the notes, such new Indebtedness, by its terms or by the terms of any agreement or instrument pursuant to which such new Indebtedness is issued or remains outstanding, is expressly made subordinate in right of payment to the notes at least to the extent that the Indebtedness to be refinanced is subordinated to the notes and (C) such new Indebtedness, determined as of the date of Incurrence of such new Indebtedness, does not mature prior to the Stated Maturity of the Indebtedness to be refinanced or refunded (or, if earlier, the stated maturity of the notes), and the Average Life of such new Indebtedness is at least equal to the remaining Average Life of the Indebtedness to be refinanced or refunded (or, if less, the remaining Average Life of the notes); and provided further that in no event may Indebtedness of Extended Stay America that is pari passu with or subordinated in right of payment to the notes be refinanced by means of any Indebtedness of any Restricted Subsidiary pursuant to this clause (3);

(4) Indebtedness (A) in respect of performance, surety or appeal bonds provided in the ordinary course of business, (B) under Currency Agreements and Interest Rate Agreements; provided that such agreements (a) are designed solely to protect Extended Stay America or its Restricted Subsidiaries against fluctuations in foreign currency exchange rates or interest rates and (b) do not increase the Indebtedness of the obligor outstanding at any time other than as a result of fluctuations in foreign currency exchange rates or interest rates or by reason of fees, indemnities and compensation payable thereunder; and (C) arising from agreements providing for indemnification, adjustment of purchase price or similar obligations, or from Guarantees or letters of credit, surety bonds or performance bonds securing any obligations of Extended Stay America or any of its Restricted Subsidiaries pursuant to such agreements, in any case Incurred in connection with the disposition of any business, assets or Restricted Subsidiary (other than Guarantees of Indebtedness Incurred by any Person acquiring all or any portion of such business, assets or Restricted Subsidiary for the purpose of financing such acquisition), in a principal amount not to exceed the gross proceeds actually received by Extended Stay America or any Restricted Subsidiary in connection with such disposition;

(5) Indebtedness of Extended Stay America, to the extent the net proceeds thereof are promptly (A) used to purchase notes tendered in an Offer to Purchase made as a result of a Change in Control or (B) deposited to defease the notes as described below under "Defeasance";

(6) Guarantees of the notes and Guarantees of Indebtedness of Extended Stay America by any Restricted Subsidiary provided the Guarantee of such Indebtedness is permitted by and made in accordance with the "Limitation on Issuance of Guarantees by Restricted Subsidiaries" covenant described below;

(7) Indebtedness, Incurred to finance Extended Stay Assets, in an aggregate amount (together with any refinancings thereof) not to exceed at any one time outstanding the Net Cash Proceeds, or the fair market value of property other than cash, received by Extended Stay America after the

Closing Date from the issuance and sale of its Capital Stock (other than Disqualified Stock), including an Incurrence (permitted by the indenture) of Indebtedness of Extended Stay America upon conversion of such Indebtedness into Capital Stock (other than Disqualified Stock) of Extended Stay America, to a Person that is not a Subsidiary of Extended Stay America, to the extent such sale of Capital Stock has not been used

pursuant to clause (C)(2) of the first paragraph, or clause (3), (4) or (6) of the second paragraph, of the "Limitation on Restricted Payments" covenant to make a Restricted Payment; and

(8) Indebtedness, in addition to Indebtedness permitted under clauses (1) through (7) above, in an aggregate principal amount outstanding at any time (together with any refinancings thereof) not to exceed $30 million less any amount of such Indebtedness permanently repaid as provided under the "Limitation on Asset Sales" covenant described below.

(b) Notwithstanding any other provision of this "Limitation on Indebtedness" covenant, the maximum amount of Indebtedness that Extended Stay America or a Restricted Subsidiary may Incur pursuant to this "Limitation on Indebtedness" covenant shall not be deemed to be exceeded, with respect to any outstanding Indebtedness due solely to the result of fluctuations in the exchange rates of currencies.

(c) For purposes of determining any particular amount of Indebtedness this "Limitation on Indebtedness" covenant, (1) Indebtedness Incurred the Credit Agreement on or prior to the Closing Date shall be treated as pursuant to clause (1) of the second paragraph of this "Limitation on Indebtedness" covenant, (2) Guarantees, Liens or obligations with respect to letters of credit supporting Indebtedness otherwise included in the determination of such particular amount shall not be included and (3) any Liens granted pursuant to the equal and ratable provisions referred to in the "Limitation on Liens" covenant described below shall not be treated as Indebtedness. For purposes of determining compliance with this "Limitation on Indebtedness" covenant, in the event that an item of Indebtedness meets the criteria of more than one of the types of Indebtedness permitted above (other than Indebtedness referred to in clause (1) of the preceding sentence), Extended Stay America, in its sole discretion, shall classify, and from time to time may reclassify, such item of Indebtedness and only be required to include the amount and type of such Indebtedness in one of such clauses.

Limitation on Senior Subordinated Indebtedness

Extended Stay America shall not Incur any Indebtedness that is subordinate in right of payment to any Senior Indebtedness unless such Indebtedness is pari passu with, or subordinated in right of payment to, the notes; provided that the foregoing limitation shall not apply to distinctions between categories of Senior Indebtedness of Extended Stay America that exist by reason of any Liens or Guarantees arising or created in respect of some but not all such Senior Indebtedness.

Limitation on Liens

Extended Stay America shall not Incur any Indebtedness secured by a Lien ("Secured Indebtedness") which is not Senior Indebtedness unless contemporaneously therewith effective provision is made to secure the notes equally and ratably with (or, if the Secured Indebtedness is subordinated in right of payment to the notes, prior to) such Secured Indebtedness for so long as such Secured Indebtedness is secured by a Lien.

Limitation on Restricted Payments

Extended Stay America will not, and will not permit any Restricted Subsidiary to, directly or indirectly:

(1) declare or pay any dividend or make any distribution on or with respect to its Capital Stock (other than (x) dividends or distributions payable solely in shares of its Capital Stock (other than Disqualified Stock) or in options, warrants or other rights to acquire shares of such Capital Stock and (y) pro rata dividends or distributions on Common Stock of Restricted Subsidiaries held by minority stockholders) held by Persons other than Extended Stay America or any of its Restricted Subsidiaries;

(2) purchase, redeem, retire or otherwise acquire for value any shares of Capital Stock of (A) Extended Stay America or an Unrestricted Subsidiary (including options, warrants or other rights to acquire such shares of Capital Stock) held by any Person or (B) a Restricted Subsidiary (including options, warrants or other rights to acquire such shares of Capital Stock) held by any Affiliate of Extended Stay

America (other than a Wholly Owned Restricted Subsidiary) or any holder (or any Affiliate of such holder) of 5% or more of the Capital Stock of Extended Stay America;

(3) make any voluntary or optional principal payment, or voluntary or optional redemption, repurchase, defeasance, or other acquisition or retirement for value, of Indebtedness of Extended Stay America that is subordinated in right of payment to the notes; or

(4) make any Investment, other than a Permitted Investment, in any Person (such payments or any other actions described in clauses (1) through (4) above being collectively "Restricted Payments"), if, at the time of, and after giving effect to, the proposed Restricted Payment:

(A) a Default or Event of Default shall have occurred and be continuing;

(B) Extended Stay America could not Incur at least $1.00 of Indebtedness under the first paragraph of the "Limitation on Indebtedness" covenant; or

(C) the aggregate amount of all Restricted Payments (the amount, if other than in cash, to be determined in good faith by the Board of Directors, whose determination shall be conclusive and evidenced by a Board Resolution) made after March 10, 1998 shall exceed the sum of (1) 50% of the aggregate amount of the Adjusted Consolidated Net Income (or, if the Adjusted Consolidated Net Income is a loss, minus 100% of the amount of such loss) (determined by excluding income resulting from transfers of assets by Extended Stay America or a Restricted Subsidiary to an Unrestricted Subsidiary) accrued on a cumulative basis during the period (taken as one accounting period) beginning on the first day of the fiscal quarter immediately following March 10, 1998 and ending on the last day of the last fiscal quarter preceding the Transaction Date for which reports have been filed with the Commission or provided to the trustee pursuant to the "Commission Reports and Reports to holders" covenant plus (2) the aggregate Net Cash Proceeds received by Extended Stay America after March 10, 1998 from the issuance and sale permitted by the indenture (or, if prior to the Closing Date, the terms of the Existing Notes) of its Capital Stock (other than Disqualified Stock) to a Person who is not a Subsidiary of Extended Stay America, including an issuance or sale permitted by the indenture (or, if prior to the Closing Date, the terms of the Existing Notes) of Indebtedness of Extended Stay America for cash subsequent to March 10, 1998 upon the conversion of such Indebtedness into Capital Stock (other than Disqualified Stock) of Extended Stay America, or from the issuance to a Person who is not a Subsidiary of Extended Stay America of any options, warrants or other rights to acquire Capital Stock of Extended Stay America (in each case, exclusive of any Disqualified Stock or any options, warrants or other rights that are redeemable at the option of the holder, or are required to be redeemed, prior to the Stated Maturity of the notes), in each case except to the extent such Net Cash Proceeds are used to Incur Indebtedness outstanding under clause (7) of the "Limitation on Indebtedness" covenant, plus (3) an amount equal to the net reduction in Investments (other than reductions in Permitted Investments) in any Person resulting from payments of interest on Indebtedness, dividends, repayments of loans or advances, or other transfers of assets, in each case to Extended Stay America or any Restricted Subsidiary or from the Net Cash Proceeds from the sale of any such Investment (except, in each case, to the extent any such payment or proceeds are included

in the calculation of Adjusted Consolidated Net Income), or from redesignations of Unrestricted Subsidiaries as Restricted Subsidiaries (valued in each case as provided in the definition of "Investments"), not to exceed, in each case, the amount of Investments previously made by Extended Stay America or any Restricted Subsidiary in such Person or Unrestricted Subsidiary.

The foregoing provision shall not be violated by reason of:

(1) the payment of any dividend within 60 days after the date of declaration thereof if, at said date of declaration, such payment would comply with the foregoing paragraph;

(2) the redemption, repurchase, defeasance or other acquisition or retirement for value of Indebtedness that is subordinated in right of payment to the notes including premium, if any, and accrued

and unpaid interest, with the proceeds of, or in exchange for, Indebtedness Incurred under clause (3) of the second paragraph of part (a) of the "Limitation on Indebtedness" covenant;

(3) the repurchase, redemption or other acquisition of Capital Stock of Extended Stay America or an Unrestricted Subsidiary (or options, warrants or other rights to acquire such Capital Stock) in exchange for, or out of the proceeds of a substantially concurrent offering of, shares of Capital Stock (other than Disqualified Stock) of Extended Stay America (or options, warrants or other rights to acquire such Capital Stock);

(4) the making of any principal payment or the repurchase, redemption, retirement, defeasance or other acquisition for value of Indebtedness of Extended Stay America which is subordinated in right of payment to the notes in exchange for, or out of the proceeds of, a substantially concurrent offering of, shares of the Capital Stock (other than Disqualified Stock) of Extended Stay America (or options, warrants or other rights to acquire such Capital Stock);

(5) payments or distributions, to dissenting stockholders pursuant to applicable law, pursuant to or in connection with a consolidation, merger or transfer of assets that complies with the provisions of the indenture applicable to mergers, consolidations and transfers of all or substantially all of the property and assets of Extended Stay America;

(6) Investments acquired in exchange for Capital Stock (other than Disqualified Stock) of Extended Stay America; or

(7) Restricted Payments in an aggregate amount not to exceed $100 million; provided that, except in the case of clauses (1) and (3), no Default or Event of Default shall have occurred and be continuing or occur as a consequence of the actions or payments set forth therein.

Each Restricted Payment permitted pursuant to the preceding paragraph (other than the Restricted Payment referred to in clause (2) or (7) thereof, an exchange of Capital Stock for Capital Stock or Indebtedness referred to in clause (3) or (4) thereof and an Investment referred to in clause (6) thereof), and the Net Cash Proceeds from any issuance of Capital Stock referred to in clauses (3) and (4), shall be included in calculating whether the conditions of clause (C) of the first paragraph of this "Limitation on Restricted Payments" covenant have been met with respect to any subsequent Restricted Payments. In the event the proceeds of an issuance of Capital Stock of Extended Stay America are used for the redemption, repurchase or other acquisition of the notes, or Indebtedness that is pari passu with the notes, then the Net Cash Proceeds of such issuance shall be included in clause (C) of the first paragraph of this "Limitation on Restricted Payments" covenant only to the extent such proceeds are not used for such redemption, repurchase or other acquisition of Indebtedness.

Limitation on Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries

Extended Stay America will not, and will not permit any Restricted Subsidiary to, create or otherwise cause or suffer to exist or become effective any consensual encumbrance or restriction of any kind on the ability of any Restricted Subsidiary to:

(1) pay dividends or make any other distributions permitted by applicable law on any Capital Stock of such Restricted Subsidiary owned by Extended Stay America or any other Restricted Subsidiary;

(2) pay any Indebtedness owed to Extended Stay America or any other Restricted Subsidiary;

(3) make loans or advances to Extended Stay America or any other Restricted Subsidiary; or

(4) transfer any of its property or assets to Extended Stay America or any other Restricted Subsidiary.

The foregoing provisions shall not restrict any encumbrances or restrictions:

(1) existing on the Closing Date in the Credit Agreement, the indenture or any other agreements in effect on the Closing Date, and any modifications, extensions, refinancings, renewals, substitutions or replacements of such agreements; provided that the encumbrances and restrictions in any such modifications, extensions, refinancings, renewals, substitutions or replacements are no less favorable in any material respect to the holders than those encumbrances or restrictions that are then in effect and that are being modified, extended, refinanced, renewed, substituted or replaced;

(2) existing under or by reason of applicable law;

(3) existing with respect to any Person or the property or assets of such Person acquired by Extended Stay America or any Restricted Subsidiary, existing at the time of such acquisition and not incurred in contemplation thereof, which encumbrances or restrictions are not applicable to any Person or the property or assets of any Person other than such Person or the property or assets of such Person so acquired and any modifications, extensions, refinancings, renewals, substitutions or replacements of such agreements; provided that the encumbrances and restrictions in any such modifications, extensions, refinancings, renewals, substitutions or replacements are no less favorable in any material respect to the holders of notes than those encumbrances or restrictions that are then in effect and that are being modified, extended, refinanced, renewed, substituted or replaced;

(4) in the case of clause (4) of the first paragraph of this "Limitation on Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries" covenant, (A) that restrict in a customary manner the subletting, assignment or transfer of any property or asset that is a lease, license, conveyance or contract or similar property or asset, (B) existing by virtue of any transfer of, agreement to transfer, option or right with respect to, or Lien on, any property or assets of Extended Stay America or any Restricted Subsidiary not otherwise prohibited by the indenture or (C) arising or agreed to in the ordinary course of business, not relating to any Indebtedness, and that do not, individually or in the aggregate, detract from the value of property or assets of Extended Stay America or any Restricted Subsidiary in any manner material to Extended Stay America or any Restricted Subsidiary;

(5) with respect to a Restricted Subsidiary and imposed pursuant to an agreement that has been entered into for the sale or disposition of all or substantially all of the Capital Stock of, or property and assets of, such Restricted Subsidiary; or

(6) contained in the terms of any Indebtedness or any agreement pursuant to which such Indebtedness was issued if (A) the encumbrance or restriction applies only in the event of a payment default or a default with respect to a financial covenant contained in such Indebtedness or agreement, (B) the encumbrance or restriction is not materially more disadvantageous to the holders of the notes than is customary in comparable financings (as determined by Extended Stay America) and (C) Extended Stay America determines that any such encumbrance or restriction will not materially affect Extended Stay America's ability to make principal or interest payments on the notes.

Nothing contained in this "Limitation on Dividend and Other Payment

Restrictions Affecting Restricted Subsidiaries" covenant shall prevent Extended Stay America or any Restricted Subsidiary from (1) creating, incurring, assuming or suffering to exist any Liens otherwise permitted in the "Limitation on Liens" covenant or (2) restricting the sale or other disposition of property or assets of Extended Stay America or any of its Restricted Subsidiaries that secure Indebtedness of Extended Stay America or any of its Restricted Subsidiaries.

Limitation on the Issuance and Sale of Capital Stock of Restricted Subsidiaries

Extended Stay America will not sell, and will not permit any Restricted Subsidiary, directly or indirectly, to issue or sell, any shares of Capital Stock of a Restricted Subsidiary (including options, warrants or other rights to purchase shares of such Capital Stock) except:

(1) to Extended Stay America or a Wholly Owned Restricted Subsidiary;

(2) issuances of director's qualifying shares or sales to foreign nationals of shares of Capital Stock of foreign Restricted Subsidiaries, to the extent required by applicable law;

(3) if, immediately after giving effect to such issuance or sale, such Restricted Subsidiary would no longer constitute a Restricted Subsidiary and any Investment in such Person remaining after giving effect to such issuance or sale would have been permitted to be made under the "Limitation on Restricted Payments" covenant if made on the date of such issuance or sale; or

(4) issuances or sales of Common Stock of a Restricted Subsidiary, provided that Extended Stay America or such Restricted Subsidiary applies the Net Cash Proceeds, if any, of any such sale in accordance with clause (A) or (B) of the "Limitation on Asset Sales" covenant described below.

Limitation on Issuances of Guarantees by Restricted Subsidiaries

Extended Stay America will not permit any Restricted Subsidiary, directly or indirectly, to Guarantee any Indebtedness of Extended Stay America, other than Designated Debt ("Guaranteed Indebtedness"), unless (1) such Restricted Subsidiary simultaneously executes and delivers a supplemental indenture to the indenture providing for a senior subordinated Guarantee (a "Subsidiary Guarantee") of payment of the notes by such Restricted Subsidiary and (2) such Restricted Subsidiary waives and will not in any manner whatsoever claim or take the benefit or advantage of, any rights of reimbursement, indemnity or subrogation or any other rights against Extended Stay America or any other Restricted Subsidiary as a result of any payment by such Restricted Subsidiary under its Subsidiary Guarantee; provided that this paragraph shall not be applicable to any Guarantee of any Restricted Subsidiary that existed at the time such Person became a Restricted Subsidiary and was not Incurred in connection with, or in contemplation of, such Person becoming a Restricted Subsidiary. If the Guaranteed Indebtedness is (1) senior to the notes, then the Guarantee of such Guaranteed Indebtedness shall be senior to or pari passu with, the Subsidiary Guarantee or (2) pari passu with the notes, then the Guarantee of such Guaranteed Indebtedness shall be pari passu with, or subordinated to, the Subsidiary Guarantee or (3) subordinated to the notes, then the Guarantee of such Guaranteed Indebtedness shall be subordinated to the Subsidiary Guarantee at least to the extent that the Guaranteed Indebtedness is subordinated to the notes.

Notwithstanding the foregoing, any Subsidiary Guarantee by a Restricted Subsidiary may provide by its terms that it shall be automatically and unconditionally released and discharged upon (1) any sale, exchange or transfer, to any Person not an Affiliate of Extended Stay America, of all of Extended Stay America's and each Restricted Subsidiary's Capital Stock in, or all or substantially all the assets of, such Restricted Subsidiary (which sale, exchange or transfer is not prohibited by the indenture) or (2) the release or discharge of the Guarantee which resulted in the creation of such Subsidiary Guarantee, except a discharge or release by or as a result of payment under such Guarantee.

Limitation on Transactions with Shareholders and Affiliates

Extended Stay America will not, and will not permit any Restricted

Subsidiary to, directly or indirectly, enter into, renew or extend any transaction (including, without limitation, the purchase, sale, lease or exchange of property or assets, or the rendering of any service) with any holder (or any Affiliate of such holder) of 5% or more of any class of Capital Stock of Extended Stay America or with any Affiliate of Extended Stay America or any Restricted Subsidiary, except upon fair and reasonable terms no less favorable to Extended Stay America or such Restricted Subsidiary than could be obtained, at the time of such transaction or, if such transaction is pursuant to a written agreement, at the time of the execution of the agreement providing therefor, in a comparable arm's-length transaction with a Person that is not such a holder or an Affiliate.

The foregoing limitation does not limit, and shall not apply to:

(1) transactions (A) approved by a majority of the disinterested members of the Board of Directors or (B) for which Extended Stay America or a Restricted Subsidiary delivers to the trustee a written opinion of a nationally recognized investment banking firm stating that the transaction is fair to Extended Stay America or such Restricted Subsidiary from a financial point of view;

(2) any transaction solely between Extended Stay America and any of its Wholly Owned Restricted Subsidiaries or solely between Wholly Owned Restricted Subsidiaries;

(3) the payment of reasonable and customary fees and expenses to directors of Extended Stay America who are not employees of Extended Stay America;

(4) any payments or other transactions pursuant to any tax-sharing agreement between Extended Stay America and any other Person with which Extended Stay America files a consolidated tax return or with which Extended Stay America is part of a consolidated group for tax purposes; or

(5) any Permitted Investments or Restricted Payments not prohibited by the "Limitation on Restricted Payments" covenant. Notwithstanding the foregoing, any transaction or series of related transactions covered by the first paragraph of this "Limitation on Transactions with Shareholders and Affiliates" covenant and not covered by clauses (2) through (5) of this paragraph, (a) the aggregate amount of which exceeds $5 million in value, must be approved or determined to be fair in the manner provided for in clause (1)(A) or (B) above and (b) the aggregate amount of which exceeds $10 million in value, must be determined to be fair in the manner provided for in clause (1)(B) above.

Limitation on Asset Sales

Extended Stay America will not, and will not permit any Restricted Subsidiary to, consummate any Asset Sale, unless:

(1) the consideration received by Extended Stay America or such Restricted Subsidiary is at least equal to the fair market value of the assets sold or disposed of; and

(2) at least 75% of the consideration received consists of cash or Temporary Cash Investments or the assumption of Senior Indebtedness of Extended Stay America or Indebtedness of a Restricted Subsidiary, provided that Extended Stay America or such Restricted Subsidiary is irrevocably released from all liability under such Indebtedness.

In the event and to the extent that the Net Cash Proceeds received by Extended Stay America or any of its Restricted Subsidiaries from one or more Asset Sales occurring on or after the Closing Date in any period of 12 consecutive months exceed 10% of Adjusted Consolidated Net Tangible Assets (determined as of the date closest to the commencement of such 12-month period for which a consolidated balance sheet of Extended Stay America and its Subsidiaries has been filed with the Commission or provided to the trustee pursuant to the "Commission Reports and Reports to Holders" covenant), then Extended Stay America shall or shall cause the relevant Restricted Subsidiary to

(1) within twelve months after the date Net Cash Proceeds so received exceed 10% of Adjusted Consolidated Net Tangible Assets:

(A) apply an amount equal to such excess Net Cash Proceeds to permanently repay Senior Indebtedness of Extended Stay America, or any Restricted Subsidiary providing a Subsidiary Guarantee pursuant to the "Limitation on Issuances of Guarantees by Restricted Subsidiaries" covenant described above or Indebtedness of any other Restricted Subsidiary, in each case owing to a Person other than Extended Stay America or any of its Restricted Subsidiaries, or the Existing Notes; or

(B) invest an equal amount, or the amount not so applied pursuant to clause (A) (or enter into a definitive agreement committing to so invest within 12 months after the date of such agreement), in property or assets (other than current assets) of a nature or type or that are used in a business (or in a company having property and assets of a nature or type, or engaged in a business) similar or related to the nature or type of the property and assets of, or the business of, Extended Stay America and its Restricted Subsidiaries existing on the date of such investment; and

(2) apply (no later than the end of the 12-month period referred to in clause (1)) such excess Net Cash Proceeds (to the extent not applied pursuant to clause (1)) as provided in the following paragraph of this "Limitation on Asset Sales" covenant.

The amount of such excess Net Cash Proceeds required to be applied (or to be committed to be applied) during such 12-month period as set forth in clause (1) of the preceding sentence and not applied as so required by the end of such period shall constitute "Excess Proceeds."

If, as of the first day of any calendar month, the aggregate amount of Excess Proceeds not theretofore subject to an Offer to Purchase pursuant to this "Limitation on Asset Sales" covenant totals at least $35 million, Extended Stay America must commence, not later than the fifteenth Business Day of such month, and consummate an Offer to Purchase from the holders of notes and all holders of other Indebtedness that is pari passu with the notes containing provisions similar to those set forth in the indenture with respect to offers to purchase or redeem with the proceeds of sales of assets to purchase the maximum principal amount of notes and such other pari passu Indebtedness that may be purchased out of the Excess Proceeds. The offer price in any such Offer to Purchase will be equal to 100% of principal amount plus accrued and unpaid interest to the date of purchase, and will be payable in cash. If any Excess Proceeds remain after consummation of an Offer to Purchase, Extended Stay America may use those Excess Proceeds for any purpose not otherwise prohibited by the indenture. If the aggregate principal amount of notes and other pari passu Indebtedness tendered into such Offer to Purchase exceeds the amount of Excess Proceeds, the trustee will select the notes and such other pari passu Indebtedness to be purchased on a pro rata basis. Upon completion of each Offer to Purchase, the amount of Excess Proceeds will be reset at zero.

Commission Reports and Reports to Holders

Whether or not Extended Stay America is then required to file reports with the Commission, Extended Stay America shall file with the Commission all such reports and other information as it would be required to file with the Commission by Sections 13(a) or 15(d) under the Securities Exchange Act of 1934 if it were subject thereto; provided that, if filing such documents by Extended Stay America with the Commission is not permitted under the Exchange Act, Extended Stay America shall provide such documents to the trustee and upon written request supply copies of such documents to any prospective holder. Extended Stay America shall supply the trustee and each holder who so requests or shall supply to the trustee for forwarding to each such holder, without cost to such holder, copies of such reports and other information.

Events of Default

The following events will be defined as "Events of Default" in the indenture:

(1) default in the payment of principal of (or premium, if any, on) any note when the same becomes due and payable at maturity, upon acceleration, redemption or otherwise, whether or not such payment is prohibited by the provisions described above under "--Ranking and

Subordination";

(2) default in the payment of interest on any note when the same becomes due and payable, and such default continues for a period of 30 days, whether or not such payment is prohibited by the provisions described above under "--Ranking and Subordination";

(3) default in the performance or breach of the provisions of the indenture applicable to mergers, consolidations and transfers of all or substantially all of the assets of Extended Stay America or the failure to make or consummate an Offer to Purchase in accordance with the "Limitation on Asset Sales" or "Repurchase of notes upon a Change of Control" covenant;

(4) Extended Stay America defaults in the performance of or breaches any other covenant or agreement of Extended Stay America in the indenture or under the notes (other than a default specified in clause (1), (2) or (3) above) and such default or breach continues for a period of 30 consecutive days after written notice by the trustee or the holders of 25% or more in aggregate principal amount of the notes;

(5) there occurs with respect to any issue or issues of Indebtedness of Extended Stay America or any Significant Subsidiary having an outstanding principal amount of $25 million or more in the aggregate for all such issues of all such Persons, whether such Indebtedness now exists or shall hereafter be created, (a) an event of default that has caused the holder thereof to declare such Indebtedness to be due and payable prior to its Stated Maturity and such Indebtedness has not been discharged in full or such acceleration has not been rescinded or annulled within 30 days of such acceleration and/or (b) the failure to make a principal payment at the final (but not any interim) fixed maturity and such defaulted payment shall not have been made, waived or extended within 30 days of such payment default;

(6) any final judgment or order (not covered by insurance) for the payment of money in excess of $25 million in the aggregate for all such final judgments or orders against all such Persons (treating any deductibles, self-insurance or retention as not so covered) shall be rendered against Extended Stay America or any Significant Subsidiary and shall not be paid or discharged, and there shall be any period of 60 consecutive days following entry of the final judgment or order that causes the aggregate amount for all such final judgments or orders outstanding and not paid or discharged against all such Persons to exceed $25 million during which a stay of enforcement of such final judgment or order, by reason of a pending appeal or otherwise, shall not be in effect;

(7) a court having jurisdiction in the premises enters a decree or order for (A) relief in respect of Extended Stay America or any Significant Subsidiary in an involuntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, (B) appointment of a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official of Extended Stay America or any Significant Subsidiary or for all or substantially all of the property and assets of Extended Stay America or any Significant Subsidiary or (C) the winding up or liquidation of the affairs of Extended Stay America or any Significant Subsidiary and, in each case, such decree or order shall remain unstayed and in effect for a period of 60 consecutive days; or

(8) Extended Stay America or any Significant Subsidiary (A) commences a voluntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or consents to the entry of an order for relief in an involuntary case under any such law, (B) consents to the appointment of or taking possession by a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official of Extended Stay America or any Significant Subsidiary or for all or substantially all of the property and assets of Extended Stay America or any Significant Subsidiary or (C) effects any general assignment for the benefit of creditors.

If an Event of Default (other than an Event of Default specified in clause (7) or (8) above that occurs with respect to Extended Stay America) occurs and is continuing under the indenture, the trustee or the holders of at least 25% in aggregate principal amount of the notes, then outstanding, by written notice to Extended Stay America (and to the trustee if such notice is given by the holders), may, and the trustee at the request of such holders shall, declare the

principal of, premium, if any, and accrued interest on the notes to be immediately due and payable. Upon a declaration of acceleration, such principal of, premium, if any, and accrued interest shall be immediately due and payable; provided that any such declaration of acceleration shall not become effective until the earlier of (A) five Business Days after receipt of the acceleration notice by the Bank Agent and Extended Stay America or (B) acceleration of the Indebtedness under the Credit Agreement; provided further that such acceleration shall automatically be rescinded and annulled without any further action required on the part of the holders in the event that any and all Events of Default specified in the acceleration notice under the indenture shall have been cured, waived or otherwise remedied as provided in the indenture prior to the expiration of the period referred to in the preceding clauses (A) and (B). In the event of a declaration of acceleration because an Event of Default set forth in clause (5) above has occurred and is continuing, such declaration of acceleration shall be automatically rescinded and annulled if the event of default triggering such Event of Default pursuant to clause (5) shall be remedied or cured by Extended Stay America or the relevant Significant Subsidiary or waived by the holders of the relevant Indebtedness within 60 days after the declaration of acceleration with respect thereto. If an Event of Default specified in clause (7) or (8) above occurs with respect to Extended Stay America, the principal of, premium, if any, and accrued interest on the notes then outstanding shall become and be immediately due and payable without any declaration or other act on the part of the trustee or any holder. The holders of at least a majority in principal amount of the outstanding notes by written notice to Extended Stay America and to the trustee, may waive all past

defaults and rescind and annul a declaration of acceleration and its consequences if (1) all existing Events of Default, other than the nonpayment of the principal of, premium, if any, and interest on the notes that have become due solely by such declaration of acceleration, have been cured or waived and (2) the rescission would not conflict with any judgment or decree of a court of competent jurisdiction. For information as to the waiver of defaults, see "--Modification and Waiver."

The holders of at least a majority in aggregate principal amount of the outstanding notes may direct the time, method and place of conducting any proceeding for any remedy available to the trustee or exercising any trust or power conferred on the trustee. However, the trustee may refuse to follow any direction that conflicts with law or the indenture, that may involve the trustee in personal liability, or that the trustee determines in good faith may be unduly prejudicial to the rights of holders of notes not joining in the giving of such direction and may take any other action it deems proper that is not inconsistent with any such direction received from holders of notes. A holder may not pursue any remedy with respect to the indenture or the notes unless:

(1) the holder gives the trustee written notice of a continuing Event of Default;

(2) the holders of at least 25% in aggregate principal amount of outstanding notes make a written request to the trustee to pursue the remedy;

(3) such holder or holders offer the trustee indemnity satisfactory to the trustee against any costs, liability or expense;

(4) the trustee does not comply with the request within 60 days after receipt of the request and the offer of indemnity; and

(5) during such 60-day period, the holders of a majority in aggregate principal amount of the outstanding notes do not give the trustee a direction that is inconsistent with the request. However, such limitations do not apply to the right of any holder of a note to receive payment of the principal of, premium, if any, or interest on, such note or to bring suit for the enforcement of any such payment, on or after the due date expressed in the notes, which right shall not be impaired or affected without the consent of the holder.

The indenture will require certain officers of Extended Stay America to certify, on or before a date not more than 105 days after the end of each fiscal year, that a review has been conducted of the activities of Extended Stay America and its Restricted Subsidiaries and Extended Stay America's and its Restricted Subsidiaries' performance under the indenture and that Extended Stay America has fulfilled all obligations thereunder, or, if there has been a default in the fulfillment of any such obligation, specifying each such default

and the nature and status thereof. Extended Stay America will also be obligated to notify the trustee of any default or defaults in the performance of any covenants or agreements under the indenture.

Consolidation, Merger and Sale of Assets

Extended Stay America will not consolidate with, merge with or into, or sell, convey, transfer, lease or otherwise dispose of all or substantially all of its property and assets (as an entirety or substantially an entirety in one transaction or a series of related transactions) to, any Person or permit any Person to merge with or into Extended Stay America unless:

(1) Extended Stay America shall be the continuing Person, or the Person (if other than Extended Stay America) formed by such consolidation or into which Extended Stay America is merged or that acquired or leased such property and assets of Extended Stay America shall be a corporation organized and validly existing under the laws of the United States of America or any state or jurisdiction thereof and shall expressly assume, by a supplemental indenture, executed and delivered to the trustee, all of the obligations of Extended Stay America on all of the notes and under the indenture;

(2) immediately after giving effect to such transaction, no Default or Event of Default shall have occurred and be continuing;

(3) immediately after giving effect to such transaction on a pro forma basis, Extended Stay America or any Person becoming the successor obligor of the notes shall have a Consolidated Net Worth equal to or greater than the Consolidated Net Worth of Extended Stay America immediately prior to such transaction;

(4) immediately after giving effect to such transaction on a pro forma basis Extended Stay America, or any Person becoming the successor obligor of the notes, as the case may be, could Incur at least $1.00 of Indebtedness under the first paragraph of the "Limitation on Indebtedness" covenant; provided that this clause (4) shall not apply to a consolidation, merger or sale of all (but not less than all) of the assets of Extended Stay America if all Liens and Indebtedness of Extended Stay America or any Person becoming the successor obligor on the notes, as the case may be, and its Restricted Subsidiaries outstanding immediately after such transaction would, if Incurred at such time, have been permitted to be Incurred (and all such Liens and Indebtedness, other than Liens and Indebtedness of Extended Stay America and its Restricted Subsidiaries outstanding immediately prior to the transaction, shall be deemed to have been Incurred) for all purposes of the indenture; and

(5) Extended Stay America delivers to the trustee an Officers' Certificate (attaching the arithmetic computations to demonstrate compliance with clauses (3) and (4)) and Opinion of Counsel, in each case stating that such consolidation, merger or transfer and such supplemental indenture complies with this provision and that all conditions precedent provided for herein relating to such transaction have been complied with; provided, however, that clauses (3) and (4) above do not apply if, in the good faith determination of the Board of Directors of Extended Stay America, whose determination shall be evidenced by a Board Resolution, the principal purpose of such transaction is to change the state of incorporation of Extended Stay America and that any such transaction shall not have as one of its purposes the evasion of the foregoing limitations.

Defeasance

Defeasance and Discharge. The indenture will provide that Extended Stay America will be deemed to have paid and will be discharged from any and all obligations in respect of the notes on the 123rd day after the deposit referred to below, and the provisions of the indenture will no longer be in effect with respect to the notes (except for, among other matters, certain obligations to register the transfer or exchange of the notes, to replace stolen, lost or mutilated notes, to maintain paying agencies and to hold monies for payment in trust) if, among other things:

(1) Extended Stay America has deposited with the trustee, in trust, money and/or U.S. Government Obligations that through the payment of interest and principal in respect thereof in accordance with their terms will provide money in an amount sufficient to pay the principal of,

premium, if any, and accrued interest on the notes on the Stated Maturity or on the applicable redemption dates, as the case may be, of such payments in accordance with the terms of the indenture and the notes;

(2) Extended Stay America has delivered to the trustee (a) either (x) an Opinion of Counsel to the effect that holders will not recognize income, gain or loss for federal income tax purposes as a result of Extended Stay America's exercise of its option under this "Defeasance" provision and will be subject to federal income tax on the same amount and in the same manner and at the same times as would have been the case if such deposit, defeasance and discharge had not occurred, which Opinion of Counsel must be based upon (and accompanied by a copy of) a ruling of the Internal Revenue Service to the same effect unless there has been a change in applicable federal income tax law after the Closing Date such that a ruling is no longer required or (y) a ruling directed to the trustee received from the Internal Revenue Service to the same effect as the aforementioned Opinion of Counsel and (b) an Opinion of Counsel to the effect that the creation of the defeasance trust does not violate the Investment Company Act of 1940 and after the passage of 123 days following the deposit, the trust fund will not be subject to the effect of Section 547 of the United States Bankruptcy Code or Section 15 of the New York Debtor and Creditor Law;

(3) immediately after giving effect to such deposit on a pro forma basis, no Event of Default, or event that after the giving of notice or lapse of time or both would become an Event of Default, shall

have occurred and be continuing on the date of such deposit or during the period ending on the 123rd day after the date of such deposit, and such deposit shall not result in a breach or violation of, or constitute a default under, any other agreement or instrument to which Extended Stay America or any of its Subsidiaries is a party or by which Extended Stay America or any of its Subsidiaries is bound;

(4) Extended Stay America is not prohibited from making payments in respect of the notes by the provisions described under "--Ranking and Subordination"; and

(5) if at such time the notes are listed on a national securities exchange, Extended Stay America has delivered to the trustee an Opinion of Counsel to the effect that the notes will not be delisted as a result of such deposit, defeasance and discharge.

Defeasance of Certain Covenants and Certain Events of Default. The indenture further will provide that the provisions of the indenture will no longer be in effect with respect to clauses (3) and (4) under "Consolidation, Merger and Sale of Assets" and all the covenants described herein under "Covenants," clause (3) under "Events of Default" with respect to such clauses (3) and (4) under "Consolidation, Merger and Sale of Assets," clause (4) under "Events of Default" with respect to such other covenants and clauses (5) and (6) under "Events of Default" shall be deemed not to be Events of Default upon, among other things, the deposit with the trustee, in trust, of money and/or U.S. Government Obligations that through the payment of interest and principal in respect thereof in accordance with their terms will provide money in an amount sufficient to pay the principal of, premium, if any, and accrued interest on the notes on the Stated Maturity or on the applicable redemption dates, as the case may be, of such payments in accordance with the terms of the indenture and the notes, the satisfaction of the provisions described in clauses (2)(b), (3), (4) and (5) of the preceding paragraph and the delivery by Extended Stay America to the trustee of an Opinion of Counsel to the effect that, among other things, the holders will not recognize income, gain or loss for federal income tax purposes as a result of such deposit and defeasance of certain covenants and Events of Default and will be subject to federal income tax on the same amount and in the same manner and at the same times as would have been the case if such deposit and defeasance had not occurred.

Defeasance and Certain Other Events of Default. In the event Extended Stay America exercises its option to omit compliance with certain covenants and provisions of the indenture with respect to the notes as described in the immediately preceding paragraph and the notes are declared due and payable because of the occurrence of an Event of Default that remains applicable, the amount of money and/or U.S. Government Obligations on deposit with the trustee will be sufficient to pay amounts due on the notes at the time of their Stated Maturity but may not be sufficient to pay amounts due on the notes at the time of the acceleration resulting from such Event of Default. However, Extended Stay

America will remain liable for such payments.

Modification and Waiver

Modifications and amendments of the indenture may be made by Extended Stay America and the trustee with the consent of the holders of not less than a majority in aggregate principal amount of the outstanding notes; provided, however, that no such modification or amendment may, without the consent of each holder affected thereby:

(1) change the Stated Maturity of the principal of, or any installment of interest on, any note;

(2) reduce the principal amount of, or premium, if any, or interest on, any note;

(3) change the place or currency of payment of principal of, or premium, if any, or interest on, any note;

(4) impair the right to institute suit for the enforcement of any payment on or after the Stated Maturity (or, in the case of a redemption, on or after the Redemption Date) of any note;

(5) reduce the above-stated percentage of outstanding notes the consent of whose holders is necessary to modify or amend the indenture;

(6) waive a default in the payment of principal of, premium, if any, or interest on the notes;

(7) modify the subordination provisions in a manner adverse to the holders; or

(8) reduce the percentage or aggregate principal amount of outstanding notes the consent of whose holders is necessary for waiver of compliance with certain provisions of the indenture or for waiver of certain defaults.

No Personal Liability of Incorporators, Stockholders, Officers, Directors, or Employees

The indenture provides that no recourse for the payment of the principal of, premium, if any, or interest on any of the notes or for any claim based thereon or otherwise in respect thereof, and no recourse under or upon any obligation, covenant or agreement of Extended Stay America in the indenture, or in any of the notes or because of the creation of any Indebtedness represented thereby, shall be had against any incorporator, stockholder, officer, director, employee or controlling person of Extended Stay America or of any successor Person thereof. Each holder, by accepting the notes, waives and releases all such liability.

Concerning the Trustee

The indenture provides that, except during the continuance of a Default, the trustee will not be liable, except for the performance of such duties as are specifically set forth in such indenture. If an Event of Default has occurred and is continuing, the trustee will use the same degree of care and skill in its exercise of the rights and powers vested in it under the indenture as a prudent person would exercise under the circumstances in the conduct of such person's own affairs.

The indenture and provisions of the Trust Indenture Act of 1939, as amended, incorporated by reference therein contain limitations on the rights of the trustee, should it become a creditor of Extended Stay America, to obtain payment of claims in certain cases or to realize on certain property received by it in respect of any such claims, as security or otherwise. The trustee is permitted to engage in other transactions; provided, however, that if it acquires any conflicting interest, it must eliminate such conflict or resign. The trustee is one of the lenders that are parties to the Credit Agreement.

Book-Entry; Delivery and Form

The exchange notes will initially be issued in the form of one or more global certificates. The global exchange notes will be deposited on the date the

exchange offer is completed with or on behalf of The Depository Trust Company and registered in the name of The Depository Trust Company or its nominee.

Extended Stay America understands that The Depository Trust Company is a limited purpose trust company organized under the laws of the State of New York, a "banking organization" within the meaning of New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the Uniform Commercial Code and a "Clearing Agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. The Depository Trust Company was created to hold securities for its participants and facilitate the clearance and settlement of securities transactions between participants through electronic book-entry changes in accounts of its participants, thereby eliminating the need for physical movement of certificates. Participants include securities brokers and dealers, banks, trust companies and clearing corporations and may include other organizations. Indirect access to The Depository Trust Company system is available to other banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a participant, either directly or indirectly.

So long as The Depository Trust Company, or its nominee, is the registered owner or holder of the global exchange notes, The Depository Trust Company or its nominee, as the case may be, will be considered the sole owner or holder of the notes represented by the global exchange notes for all purposes under the indenture and the notes. No beneficial owner of an interest in a global exchange note will be able to transfer that interest except in

accordance with The Depository Trust Company's applicable procedures, in addition to those provided for under the indenture.

Payments made with respect to a global exchange note will be made to The Depository Trust Company or its nominee, as the case may be, as the registered owner of the note. Extended Stay America will not have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests in a global exchange note or for maintaining, supervising or reviewing any records relating to beneficial ownership interests.

Extended Stay America expects that The Depository Trust Company or its nominee, upon receipt of any payments made with respect to a global exchange note, will credit participants' accounts with payments in amounts proportionate to their respective beneficial interests in the principal amount of the global exchange notes as shown on the records of The Depository Trust Company or its nominee. Extended Stay America also expects that payments by participants to owners of beneficial interests in the global exchange notes held through participants will be governed by standing instructions and customary practices, as is now the case with securities held for the accounts of customers registered in the names of nominees for the customers. These payments will be the responsibility of the participants.

Transfers between participants in The Depository Trust Company will be effected in the ordinary way in accordance with The Depository Trust Company rules and will be settled in same-day funds.

Extended Stay America understands that The Depository Trust Company will take any action permitted to be taken by a holder of notes, including the presentation of outstanding notes for exchange in the exchange offer, only at the direction of one or more participants to whose account The Depository Trust Company interests in the global notes are credited and only in respect of the portion of the aggregate principal amount of notes as to which the participant or participants has or have given direction.

Although The Depository Trust Company is expected to follow the above procedures in order to facilitate transfers of interests in the global exchange notes among participants of The Depository Trust Company, it is under no obligation to perform or continue to perform these procedures, and the procedures may be discontinued at any time. Extended Stay America will not have any responsibility for the performance by The Depository Trust Company or its respective participants or indirect participants of their respective obligations under the rules and procedures governing their operations.

Glossary of Defined Terms

A glossary of some of the defined terms used in the indenture is set out below. Reference is made to the indenture for the full definition of all terms, including those below, as well as any other capitalized term used herein for

which no definition is provided.

"Acquired Indebtedness" means Indebtedness of a Person existing at the time such Person becomes a Restricted Subsidiary or assumed in connection with an Asset Acquisition from such Person by a Restricted Subsidiary and not Incurred by such Person in connection with, or in anticipation of, such Person becoming a Restricted Subsidiary or such Asset Acquisition; provided that Indebtedness of such Person which is redeemed, defeased; retired or otherwise repaid at the time of or immediately upon consummation of the transactions by which such Person becomes a Restricted Subsidiary or such Asset Acquisition shall not be Acquired Indebtedness.

"Adjusted Consolidated Net Income" means, for any period, the aggregate net income (or loss) of Extended Stay America and its Restricted Subsidiaries for such period determined on a consolidated basis in conformity with GAAP; provided that the following items shall be excluded in computing Adjusted Consolidated Net Income (without duplication):

(1) the net income of any Person (other than Extended Stay America or a Restricted Subsidiary), except to the extent of the amount of dividends or other distributions actually paid to Extended Stay America or any of its Restricted Subsidiaries by such Person during such period;

(2) solely for the purposes of calculating the amount of Restricted Payments that may be made pursuant to clause (C) of the first paragraph of the "Limitation on Restricted Payments" covenant described below (and in such case, except to the extent includable pursuant to clause (1) above), the net income (or loss) of any Person accrued prior to the date it becomes a Restricted Subsidiary or is merged into or consolidated with Extended Stay America or any of its Restricted Subsidiaries or all or substantially all of the property and assets of such Person are acquired by Extended Stay America or any of its Restricted Subsidiaries;

(3) the net income of any Restricted Subsidiary to the extent that the declaration or payment of dividends or similar distributions by such Restricted Subsidiary of such net income to Extended Stay America or any Restricted Subsidiary is not at the time of such determination permitted by the operation of the terms of its charter or any agreement, instrument, judgment, decree, order, statute, rule or governmental regulation applicable to such Restricted Subsidiary;

(4) any gains or losses (on an after-tax basis) attributable to Asset Sales;

(5) except for purposes of calculating the amount of Restricted Payments that may be made pursuant to clause (C) of the first paragraph of the "Limitation on Restricted Payments" covenant described below, any amount paid or accrued as dividends on Preferred Stock of Extended Stay America or any Restricted Subsidiary owned by Persons other than Extended Stay America and any of its Restricted Subsidiaries; and

(6) all extraordinary gains and extraordinary losses.

"Adjusted Consolidated Net Tangible Assets" means the total amount of assets of Extended Stay America and its Restricted Subsidiaries (less applicable depreciation, amortization and other valuation reserves), except to the extent resulting from write-ups of capital assets (excluding write-ups in connection with accounting for acquisitions in conformity with GAAP), after deducting therefrom (1) all current liabilities of Extended Stay America and its Restricted Subsidiaries (excluding intercompany items) and (2) all goodwill, trade names, trademarks, patents, unamortized debt discount and expense and other like intangibles, all as set forth on the most recent quarterly or annual consolidated balance sheet of Extended Stay America and its Restricted Subsidiaries, prepared in conformity with GAAP and filed with the Commission or provided to the trustee pursuant to the "Commission Reports and Reports to holders" covenant.

"Affiliate" means, as applied to any Person, any other Person directly or indirectly controlling, controlled by, or under direct or indirect common control with, such Person. For purposes of this definition, "control" (including, with correlative meanings, the terms "controlling," "controlled by" and "under common control with"), as applied to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the

ownership of voting securities, by contract or otherwise.

"Asset Acquisition" means (1) an investment by Extended Stay America or any of its Restricted Subsidiaries in any other Person pursuant to which such Person shall become a Restricted Subsidiary or shall be merged into or consolidated with Extended Stay America or any of its Restricted Subsidiaries; provided that such Person's primary business is related, ancillary or complementary to the businesses of Extended Stay America and its Restricted Subsidiaries on the date of such investment or (2) an acquisition by Extended Stay America or any of its Restricted Subsidiaries of the property and assets of any Person other than Extended Stay America or any of its Restricted Subsidiaries that constitute substantially all of a division or line of business, or one or more hotel properties, of such Person; provided that the property and assets acquired are related, ancillary or complementary to the businesses of Extended Stay America and its Restricted Subsidiaries on the date of such acquisition.

"Asset Disposition" means the sale or other disposition by Extended Stay America or any of its Restricted Subsidiaries (other than to Extended Stay America or another Restricted Subsidiary) of (1) all or substantially all of the Capital Stock of any Restricted Subsidiary of Extended Stay America or (2) all or substantially all of the assets that constitute a division or line of business, or one or more hotel properties, of Extended Stay America or any of its Restricted Subsidiaries.

"Asset Sale" means any sale, transfer or other disposition (including by way of merger, consolidation or sale-leaseback transaction) in one transaction or a series of related transactions by Extended Stay America or any of its Restricted Subsidiaries to any Person other than Extended Stay America or any of its Restricted Subsidiaries of (1) all or any of the Capital Stock of any Restricted Subsidiary, (2) all or substantially all of the property and assets of an operating unit or business of Extended Stay America or any of its Restricted Subsidiaries or (3) any other property and assets of Extended Stay America or any of its Restricted Subsidiaries (other than the Capital Stock or other Investment in an Unrestricted Subsidiary) outside the ordinary course of business of Extended Stay America or such Restricted Subsidiary and, in each case, that is not governed by the provisions of the indenture applicable to mergers, consolidations and sales of assets of Extended Stay America; provided that "Asset Sale" shall not include (a) sales or other dispositions of inventory, receivables and other current assets, (b) sales, transfers or other dispositions of assets with a fair market value not in excess of $5 million in any transaction or series of related transactions, (c) sales, transfers or other dispositions of assets constituting a Restricted Payment permitted to be made under the "Limitation on Restricted Payments" covenant, (d) sales or other dispositions of assets for consideration at least equal to the fair market value of the assets sold or disposed of, to the extent that the consideration received would satisfy clause (B) of the "Limitation on Asset Sales" covenant or (e) sales, transfers or other dispositions of property or equipment that has become worn out, obsolete or damaged or otherwise unsuitable for use in connection with the business of Extended Stay America or its Restricted Subsidiaries.

"Average Life" means, at any date of determination with respect to any debt security, the quotient obtained by dividing (1) the sum of the products of (a) the number of years from such date of determination to the dates of each successive scheduled principal payment of such debt security and (b) the amount of such principal payment by (2) the sum of all such principal payments.

"Bank Agent" means The Industrial Bank of Japan, Limited, or its successors as agent for the lenders under the Credit Agreement.

"Capital Stock" means, with respect to any Person, any and all shares, interests, participations or other equivalents (however designated, whether voting or non-voting) in equity of such Person, whether outstanding on the Closing Date or issued thereafter, including, without limitation, all Common Stock and Preferred Stock.

"Capitalized Lease" means, as applied to any Person, any lease of any property (whether real, personal or mixed) of which the discounted present value of the rental obligations of such Person as lessee, in conformity with GAAP, is required to be capitalized on the balance sheet of such Person.

"Capitalized Lease Obligations" means the discounted present value of the rental obligations under a Capitalized Lease.

"Closing Date" means the date on which the notes are originally issued

under the indenture.

"Common Stock" means, with respect to any Person, any and all shares, interests, participations or other equivalents (however designated, whether voting or non-voting) of such Person's equity, whether outstanding on the Closing Date or issued thereafter, including, without limitation, all series and classes of common stock.

"Consolidated EBITDA" means, for any period, Adjusted Consolidated Net Income for such period plus, (A) to the extent such amount was deducted in calculating such Adjusted Consolidated Net Income, (1) Consolidated Interest Expense, (2) income taxes (other than income taxes (either positive or negative) attributable to extraordinary gains or losses or sales of assets), (3) depreciation expense, (4) amortization expense and (5) all other non-cash items reducing Adjusted Consolidated Net Income less all non-cash items increasing Adjusted Consolidated Net Income, provided that increases or decreases from changes in the amounts of current assets or current liabilities, respectively, shall not result in adjustments to Adjusted Consolidated Net Income pursuant to this clause (5), all as determined on a consolidated basis for Extended Stay America and its Restricted Subsidiaries in conformity with GAAP, and (B) $10 million (for fiscal periods ending after December 31, 1999 and on or prior to December 31, 2000); provided that, if any Restricted Subsidiary is not a Wholly Owned Restricted Subsidiary, Consolidated EBITDA shall be reduced (to the extent not otherwise reduced in accordance with GAAP) by an amount equal to (X) the amount of the Adjusted Consolidated Net Income attributable to such Restricted Subsidiary

multiplied by (Y) the percentage ownership interest in the income of such Restricted Subsidiary not owned on the last day of such period by Extended Stay America or any of its Restricted Subsidiaries.

"Consolidated Interest Expense" means, for any period, the aggregate amount of interest in respect of Indebtedness (including, without limitation, amortization of original issue discount on any Indebtedness and the interest portion of any deferred payment obligation, calculated in accordance with the effective interest method of accounting; all commissions, discounts and other fees and charges owed with respect to letters of credit and bankers' acceptance financing; the net costs associated with Interest Rate Agreements; and Indebtedness that is Guaranteed or secured by Extended Stay America or any of its Restricted Subsidiaries) and all but the principal component of rentals in respect of Capitalized Lease Obligations paid, accrued or scheduled to be paid or to be accrued by Extended Stay America and its Restricted Subsidiaries during such period; excluding, however, (1) any amount of such interest of any Restricted Subsidiary if the net income of such Restricted Subsidiary is excluded in the calculation of Adjusted Consolidated Net Income pursuant to clause (3) of the definition thereof (but only in the same proportion as the net income of such Restricted Subsidiary is excluded from the calculation of Adjusted Consolidated Net Income pursuant to clause (3) of the definition thereof) and (2) any premiums, fees and expenses (and any amortization thereof) payable in connection with the Financing Transactions, all as determined on a consolidated basis (without taking into account Unrestricted Subsidiaries) in conformity with GAAP

"Consolidated Net Worth" means, at any date of determination, stockholders' equity as set forth on the most recently available quarterly or annual consolidated balance sheet of Extended Stay America and its Restricted Subsidiaries (which shall be as of a date not more than 135 days prior to the date of such computation, and which shall not take into account Unrestricted Subsidiaries), less any amounts attributable to Disqualified Stock or any equity security convertible into or exchangeable for Indebtedness, the cost of treasury stock and the principal amount of any promissory notes receivable from the sale of the Capital Stock of Extended Stay America or any of its Restricted Subsidiaries, each item to be determined in conformity with GAAP (excluding the effects of foreign currency exchange adjustments under Financial Accounting Standards Board Statement of Financial Accounting Standards No. 52).

"Credit Agreement" means the credit agreement dated as of September 26, 1997, and amended and restated as of March 10, 1998 and further amended and restated as of June 7, 2000, among Extended Stay America, various banks, Morgan Stanley Senior Funding, Inc., as sole book runner and sole lead arranger, and the Industrial Bank of Japan, Limited, as administrative agent, together with any agreements, instruments and documents executed or delivered pursuant to or in connection with such credit agreement (including without limitation any Guarantees and security documents), in each case as such credit agreement or

such agreements, instruments or documents may be amended (including any amendment and restatement thereof), supplemented, extended, renewed, replaced or otherwise modified from time to time and including any agreement extending the maturity of, refinancing (including the refinancing of such credit agreement as contemplated by the commitment letter, dated June 1, 2001, between Extended Stay America and Morgan Stanley Senior Funding, Inc.) or otherwise restructuring (including, but not limited to, the inclusion of additional borrowers thereunder that are Subsidiaries of Extended Stay America) all or any portion of the Indebtedness under such agreement or any successor agreement, as such agreement may be amended, renewed, extended, substituted, replaced, restated and otherwise modified from time to time).

"Credit Facilities" means, one or more debt facilities (including, without limitation, the Credit Agreement) or commercial paper facilities, in each case with banks or other institutional lenders providing for revolving credit loans, term loans, receivables financing (including through the sale of receivables to such lenders or to special purpose entities formed to borrow from such lenders against such receivables) or letters of credit.

"Currency Agreement" means any foreign exchange contract, currency swap agreement or other similar agreement or arrangement.

"Default" means any event that is, or after notice or passage of time or both would be, an Event of Default.

"Designated Debt" means Senior Indebtedness that: (1) is incurred under a Credit Facility; (2) is a Capitalized Lease Obligation or other Indebtedness Incurred to pay all or a portion of the purchase price of any equipment or machinery used in the ordinary course of business; (3) is an obligation to pay the deferred and unpaid purchase price of property or services; (4) is a performance or surety bond or other similar obligation Incurred in the ordinary course of business; (5) are obligations secured by Liens Incurred in the

ordinary course of business or arising out of contested judgments; (6) are guarantees of Senior Indebtedness existing as of the Closing Date; (7) Indebtedness under Currency Agreements or Interest Rate Agreements; or (8) is any one or more items of Indebtedness that have been designated by Extended Stay America as "Designated Debt;" provided that the aggregate principal amount of Indebtedness outstanding under this clause (8) at any time may not exceed $75 million.

"Designated Senior Indebtedness" means (1) any Indebtedness under the Credit Agreement (except that any Indebtedness which represents a partial refinancing of Indebtedness theretofore outstanding pursuant to the Credit Agreement, rather than a complete refinancing thereof, shall only constitute Designated Senior Indebtedness if such partial refinancing meets the requirements of clause (2) below) and (2) any other Indebtedness constituting Senior Indebtedness that, at the date of determination, has an aggregate principal amount outstanding of at least $25 million and that is specifically designated by Extended Stay America, in the instrument creating or evidencing such Senior Indebtedness as "Designated Senior Indebtedness."

"Disqualified Stock" means any class or series of Capital Stock of any Person that by its terms or otherwise is (1) required to be redeemed prior to the Stated Maturity of the notes, (2) redeemable at the option of the holder of such class or series of Capital Stock at any time prior to the Stated Maturity of the notes or (3) convertible into or exchangeable for Capital Stock referred to in clause (1) or (2) above or Indebtedness having a scheduled maturity prior to the Stated Maturity of the notes; provided that any Capital Stock that would not constitute Disqualified Stock but for provisions thereof giving holders thereof the right to require such Person to repurchase or redeem such Capital Stock upon the occurrence of an "asset sale" or "change of control" occurring prior to the Stated Maturity of the notes shall not constitute Disqualified Stock if the "asset sale" or "change of control" provisions applicable to such Capital Stock are no more favorable to the holders of such Capital Stock than the provisions contained in "Limitation on Asset Sales" and "Repurchase of notes upon a Change of Control" covenants described below and such Capital Stock specifically provides that such Person will not repurchase or redeem any such stock pursuant to such provision prior to Extended Stay America's repurchase of such notes as are required to be repurchased pursuant to the "Limitation on Asset Sales" and "Repurchase of notes upon a Change of Control" covenants described below.

"Existing Notes" means the 9.15% Senior Subordinated Notes due 2008 of

Extended Stay America.

"Extended Stay Assets" means (1) an investment by Extended Stay America or any of its Restricted Subsidiaries in any other Person pursuant to which such Person shall become a Restricted Subsidiary or shall be merged into or consolidated with Extended Stay America or any of its Restricted Subsidiaries; provided that such Person's primary business is related, ancillary or complementary to the businesses of Extended Stay America and its Restricted Subsidiaries on the Closing Date; (2) an acquisition by Extended Stay America or any of its Restricted Subsidiaries of the property and assets of any Person other than Extended Stay America or any of its Restricted Subsidiaries, that are related, ancillary or complementary to the businesses of Extended Stay America and its Restricted Subsidiaries on the Closing Date; or (3) the construction or development of property or assets that are related, ancillary or complementary to the businesses of Extended Stay America and its Restricted Subsidiaries on the Closing Date, in each case including the costs and expenses in connection therewith (including, the cost of design, development, construction, acquisition or improvement).

"fair market value" means the price that would be paid in an arm's-length transaction between an informed and willing seller under no compulsion to sell and an informed and willing buyer under no compulsion to buy, as determined in good faith by the Board of Directors, whose determination shall be conclusive if evidenced by a Board Resolution.

"Financing Transactions" means the issuance of the oustanding notes, the entering into of the new credit agreement, and the use of the net proceeds from the sale of the notes and borrowings under such new credit agreement to repay all outstanding debt under the Credit Agreement.

"GAAP" means generally accepted accounting principles in the United States of America as in effect as of the Closing Date, including, without limitation, those set forth in the opinions and pronouncements of the Accounting Principles Board of the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board or in such other statements by such other entity as

approved by a significant segment of the accounting profession. All ratios and computations contained or referred to in the indenture shall be computed in conformity with GAAP applied on a consistent basis, except that calculations made for purposes of determining compliance with the terms of the covenants and with other provisions of the indenture shall be made without giving effect to (1) the amortization of any expenses incurred in connection with the Financing Transactions (including the write-off of debt issuance costs in connection therewith), (2) the costs related to the acquisition of Studio Plus Hotels Inc., and (3) except as otherwise provided, the amortization of any amounts required or permitted by Accounting Principles Board Opinion Nos. 16 and 17.

"Government Securities" means direct obligations of, obligations fully guaranteed by, or participations in pools consisting solely of obligations of or obligations guaranteed by, the United States of America for the payment of which guarantee or obligations the full faith and credit of the United States of America is pledged and which are not callable or redeemable at the option of the issuer thereof.

"Guarantee" means any obligation, contingent or otherwise, of any Person directly or indirectly guaranteeing any Indebtedness of any other Person and, without limiting the generality of the foregoing, any obligation, direct or indirect, contingent or otherwise, of such Person (1) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness of such other Person (whether arising by virtue of partnership arrangements, or by agreements to keep-well, to purchase assets, goods, securities or services (unless such purchase arrangements are on arm's-length terms and are entered into in the ordinary course of business), to take-or-pay, or to maintain financial statement conditions or otherwise) or (2) entered into for purposes of assuring in any other manner the obligee of such Indebtedness of the payment thereof or to protect such obligee against loss in respect thereof (in whole or in part); provided that the term "Guarantee" shall not include endorsements for collection or deposit in the ordinary course of business. The term "Guarantee" used as a verb has a corresponding meaning.

"Incur" means, with respect to any Indebtedness, to incur, create, issue, assume, Guarantee or otherwise become liable for or with respect to, or become responsible for, the payment of, contingently or otherwise, such Indebtedness,

including an "Incurrence" of Acquired Indebtedness; provided that neither the accrual of interest nor the accretion of original issue discount shall be considered an Incurrence of Indebtedness.

"Indebtedness" means, with respect to any Person at any date of determination (without duplication), (1) all indebtedness of such Person for borrowed money, (2) all obligations of such Person evidenced by bonds, debentures, notes or other similar instruments, (3) all obligations of such Person in respect of letters of credit or other similar instruments (including reimbursement obligations with respect thereto, but excluding obligations with respect to letters of credit (including trade letters of credit) securing obligations (other than obligations described in (1) or (2) above or (5), (6) or (7) below) entered into in the ordinary course of business of such Person to the extent such letters of credit are not drawn upon or, if drawn upon, to the extent such drawing is reimbursed no later than the third Business Day following receipt by such Person of a demand for reimbursement), (4) all obligations of such Person to pay the deferred and unpaid purchase price of property or services, which purchase price is due more than six months after the date of placing such property in service or taking delivery and title thereto or the completion of such services, except Trade Payables, (5) all Capitalized Lease Obligations, (6) all Indebtedness of other Persons secured by a Lien on any asset of such Person, whether or not such Indebtedness is assumed by such Person; provided that the amount of such Indebtedness shall be the lesser of (A) the fair market value of such asset at such date of determination and (B) the amount of such Indebtedness, (7) all Indebtedness of other Persons Guaranteed by such Person to the extent such Indebtedness is Guaranteed by such Person and (8) to the extent not otherwise included in this definition, obligations under Currency Agreements and Interest Rate Agreements. The amount of Indebtedness of any Person at any date shall be the outstanding balance at such date of all unconditional obligations as described above and, with respect to contingent obligations, the maximum liability upon the occurrence of the contingency giving rise to the obligation, provided (A) that the amount outstanding at any time of any Indebtedness issued with original issue discount is the face amount of such Indebtedness less the remaining unamortized portion of the original issue discount of such Indebtedness at such time as determined in conformity with GAAP, (B) that money borrowed and set aside at the time of the Incurrence of any Indebtedness in order to prefund the payment of the interest on such Indebtedness shall not be deemed to be "Indebtedness" so long as such money is held to secure the payment of such interest, and (C) that Indebtedness shall not include any liability for federal, state, local or other taxes.

"Interest Coverage Ratio" means, on any Transaction Date, the ratio of (1) the aggregate amount of Consolidated EBITDA for the then most recent four fiscal quarters prior to such Transaction Date for which reports have been filed with the Commission or provided to the trustee pursuant to the "Commission Reports and Reports to holders" covenant (the "Four Quarter Period") to (2) the aggregate Consolidated Interest Expense during such Four Quarter Period. In making the foregoing calculation, (A) pro forma effect shall be given to any Indebtedness Incurred or repaid during the period (the "Reference Period") commencing on the first day of the Four Quarter Period and ending on the Transaction Date (other than Indebtedness Incurred or repaid under a revolving credit or similar arrangement to the extent of the commitment thereunder (or under any predecessor revolving credit or similar arrangement) in effect on the last day of such Four Quarter Period unless any portion of such Indebtedness is projected, in the reasonable judgment of the senior management of Extended Stay America, to remain outstanding for a period in excess of 12 months from the date of the Incurrence thereof), in each case as if such Indebtedness had been Incurred or repaid on the first day of such Reference Period (and pro forma effect shall be given to the purchase of any U.S. government securities required to be purchased with the proceeds of any such Indebtedness and set aside to prefund the payment of interest on such Indebtedness at the time such Indebtedness is Incurred); (B) Consolidated Interest Expense attributable to interest on any Indebtedness (whether existing or being Incurred) computed on a pro forma basis and bearing a floating interest rate shall be computed as if the rate in effect on the Transaction Date (taking into account any Interest Rate Agreement applicable to such Indebtedness if such Interest Rate Agreement has a remaining term in excess of 12 months or, if shorter, at least equal to the remaining term of such Indebtedness) had been the applicable rate for the entire period; (C) pro forma effect shall be given to Asset Dispositions and Asset Acquisitions (including giving pro forma effect to the application of proceeds of any Asset Disposition) and the designation of Unrestricted Subsidiaries as Restricted Subsidiaries that occur during such Reference Period as if they had occurred and such proceeds had been applied on the first day of such Reference Period; and (D) pro forma effect shall be given to asset dispositions and asset

acquisitions (including giving pro forma effect to the application of proceeds of any asset disposition) that have been made by any Person that has become a Restricted Subsidiary or has been merged with or into Extended Stay America or any Restricted Subsidiary during such Reference Period and that would have constituted Asset Dispositions or Asset Acquisitions had such transactions occurred when such Person was a Restricted Subsidiary as if such asset dispositions or asset acquisitions were Asset Dispositions or Asset Acquisitions that occurred on the first day of such Reference Period; provided that to the extent that clause (C) or (D) of this sentence requires that pro forma effect be given to an Asset Acquisition or Asset Disposition, such pro forma calculation shall be based upon the four full fiscal quarters immediately preceding the Transaction Date of the Person, or division or line of business of the Person, that is acquired or disposed for which financial information is available.

"Interest Rate Agreement" means any interest rate protection agreement, interest rate future agreement, interest rate option agreement, interest rate swap agreement, interest rate cap agreement, interest rate collar agreement, interest rate hedge agreement, option or future contract or other similar agreement or arrangement.

"Investment" in any Person means any direct or indirect advance, loan or other extension of credit (including, without limitation, by way of Guarantee or similar arrangement; but excluding advances to customers, suppliers or contractors in the ordinary course of business that are, in conformity with GAAP, recorded as accounts receivable, prepaid expenses or deposits on the balance sheet of Extended Stay America or its Restricted Subsidiaries) or capital contribution to (by means of any transfer of cash or other property to others or any payment for property or services for the account or use of others), or any purchase or acquisition of Capital Stock, bonds, notes, debentures or other similar instruments issued by, such Person and shall include (1) the designation of a Restricted Subsidiary as an Unrestricted Subsidiary and (2) the fair market value of the Capital Stock (or any other Investment), held by Extended Stay America or any of its Restricted Subsidiaries, of (or in) any Person that has ceased to be a Restricted Subsidiary, including without limitation, by reason of any transaction permitted by clause (3) of the "Limitation on the Issuance and Sale of Capital Stock of Restricted Subsidiaries" covenant; provided that the fair market value of the Investment remaining in any Person that has ceased to be a Restricted Subsidiary shall not exceed the aggregate amount of Investments previously made in such Person valued at the time such Investments were made less the net reduction of such Investments. For purposes of the definition of "Unrestricted Subsidiary" and the "Limitation on Restricted Payments" covenant described above, (a) "Investment" shall include the fair market value of the assets (net of liabilities (other than liabilities to Extended Stay America or any of its Restricted Subsidiaries)) of any Restricted Subsidiary at the time that such Restricted Subsidiary is designated an Unrestricted Subsidiary, (b) the fair market value of the assets (net of liabilities (other than liabilities to Extended Stay America or any of its Restricted Subsidiaries)) of any Unrestricted Subsidiary at the time that such Unrestricted

Subsidiary is designated a Restricted Subsidiary shall be considered a reduction in outstanding Investments and (c) any property transferred to or from an Unrestricted Subsidiary shall be valued at its fair market value at the time of such transfer.

"Lien" means any mortgage, pledge, security interest, encumbrance, lien or charge of any kind (including, without limitation, any conditional sale or other title retention agreement or lease in the nature thereof or any agreement to give any security interest).

"Moody's" means Moody's Investors Service, Inc. and its successors.

"Net Cash Proceeds" means, (a) with respect to any Asset Sale, the proceeds of such Asset Sale in the form of cash or cash equivalents, including payments in respect of deferred payment obligations (to the extent corresponding to the principal, but not interest, component thereof) when received in the form of cash or cash equivalents (except to the extent such obligations are financed or sold with recourse to Extended Stay America or any Restricted Subsidiary) and proceeds from the conversion of other property received when converted to cash or cash equivalents, net of (1) brokerage commissions and other fees and expenses (including fees and expenses of counsel and investment bankers) related to such Asset Sale, (2) provisions for all taxes (whether or not such taxes will actually be paid or are payable) as a result of such Asset Sale without regard to the consolidated results of operations of Extended Stay America and its

Restricted Subsidiaries, taken as a whole, (3) payments made to repay Indebtedness or any other obligation outstanding at the time of such Asset Sale that either (A) is secured by a Lien on the property or assets sold or (B) is required to be paid as a result of such sale and (4) appropriate amounts to be provided by Extended Stay America or any Restricted Subsidiary as a reserve against any liabilities associated with such Asset Sale, including, without limitation, pension and other postemployment benefit liabilities, liabilities related to environmental matters and liabilities under any indemnification obligations associated with such Asset Sale, all as determined in conformity with GAAP and (b) with respect to any issuance or sale of Capital Stock, the proceeds of such issuance or sale in the form of cash or cash equivalents, including payments in respect of deferred payment obligations (to the extent corresponding to the principal, but not interest, component thereof) when received in the form of cash or cash equivalents (except to the extent such obligations are financed or sold with recourse to Extended Stay America or any Restricted Subsidiary) and proceeds from the conversion of other property received when converted to cash or cash equivalents, net of attorney's fees, accountants' fees, underwriters' or placement agents' fees, discounts or commissions and brokerage, consultant and other fees incurred in connection with such issuance or sale and net of taxes paid or payable as a result thereof.

"Offer to Purchase" means an offer to purchase notes by Extended Stay America from the holders commenced by mailing a notice to the trustee and each holder stating: (1) the covenant pursuant to which the offer is being made and that all notes validly tendered will be accepted for payment on a pro rata basis; (2) the purchase price and the date of purchase (which shall be a Business Day no earlier than 30 days nor later than 60 days from the date such notice is mailed) (the "Payment Date"); (3) that any note not tendered will continue to accrue interest pursuant to its terms; (4) that, unless Extended Stay America defaults in the payment of the purchase price, any note accepted for payment pursuant to the Offer to Purchase shall cease to accrue interest on and after the Payment Date; (5) that holders electing to have a note purchased pursuant to the Offer to Purchase will be required to surrender the note, together with the form entitled "Option of the holder to Elect Purchase" on the reverse side of the note completed, to the Paying Agent at the address specified in the notice prior to the close of business on the Business Day immediately preceding the Payment Date; (6) that holders will be entitled to withdraw their election if the Paying Agent receives, not later than the close of business on the third Business Day immediately preceding the Payment Date, a telegram, facsimile transmission or letter setting forth the name of such holder, the principal amount of notes delivered for purchase and a statement that such holder is withdrawing his election to have such notes purchased; and (7) that holders whose notes are being purchased only in part will be issued new notes equal in principal amount to the unpurchased portion of the notes surrendered; provided that each note purchased and each new note issued shall be in a principal amount of $1,000 or integral multiples thereof. On the Payment Date, Extended Stay America shall (a) accept for payment on a pro rata basis notes or portions thereof tendered pursuant to an Offer to Purchase; (b) deposit with the Paying Agent money sufficient to pay the purchase price of all notes or portions thereof so accepted; and (c) deliver, or cause to be delivered, to the trustee all notes or portions thereof so accepted together with an Officers' Certificate specifying the notes or portions thereof accepted for payment by Extended Stay America. The Paying Agent shall promptly mail to the holders of notes so accepted payment in an amount equal to the purchase price, and the trustee shall promptly authenticate and mail to such holders a new note

equal in principal amount to any unpurchased portion of the note surrendered; provided that each note purchased and each new note issued shall be in a principal amount of $1,000 or integral multiples thereof. Extended Stay America will publicly announce the results of an Offer to Purchase as soon as practicable after the Payment Date. The trustee shall act as the Paying Agent for an Offer to Purchase. Extended Stay America will comply with Rule 14e-1 under the Exchange Act and any other securities laws and regulations thereunder to the extent such laws and regulations are applicable, in the event that Extended Stay America is required to repurchase notes pursuant to an Offer to Purchase.

"Permitted Investment" means (1) an Investment in Extended Stay America or a Restricted Subsidiary or a Person which will, upon the making of such Investment, become a Restricted Subsidiary or be merged or consolidated with or into or transfer or convey all or substantially all its assets to, Extended Stay America or a Restricted Subsidiary; provided that such person's primary business is related, ancillary or complementary to the businesses of Extended Stay America and its Restricted Subsidiaries on the date of such Investment; (2)

Temporary Cash Investments; (3) payroll, travel and similar advances to cover matters that are expected at the time of such advances ultimately to be treated as expenses in accordance with GAAP; (4) stock, obligations or securities received in satisfaction of judgments; (5) an Investment in an Unrestricted Subsidiary consisting solely of an Investment in another Unrestricted Subsidiary; (6) Interest Rate Agreements and Currency Agreements designed solely to protect Extended Stay America or its Restricted Subsidiaries against fluctuations in interest rates or foreign currency exchange rates; (7) loans or advances to employees in the ordinary course of business in aggregate amount outstanding not to exceed $35 million; provided that not more than an aggregate of $5 million of such loans at any time outstanding may be to senior executive officers; and (8) Investments in any Person the primary business of which is related, ancillary or complementary to the businesses of Extended Stay America and its Restricted Subsidiaries; provided that the aggregate amount of such Investments does not exceed $50 million plus the net reduction in such Investments.

"Preferred Stock" means, with respect to any Person, any and all shares, interests, participations or other equivalents (however designated, whether voting or non-voting) of such Person's preferred or preference stock, whether outstanding on the Closing Date or issued thereafter, including, without limitation, all series and classes of such preferred or preference stock.

"Restricted Subsidiary" means any Subsidiary of Extended Stay America other than an Unrestricted Subsidiary.

"Senior Subordinated Obligations" means any principal of, premium, if any, interest, or other amounts due, on the notes payable pursuant to the terms of the notes or upon acceleration, including any amounts received upon the exercise of rights of rescission or other rights of action (including claims for damages) or otherwise, to the extent relating to the purchase price of the notes or amounts corresponding to such principal, premium, if any, or interest on the notes.

"Significant Subsidiary" means, at any date of determination, any Restricted Subsidiary that, together with its Subsidiaries, (1) for the most recent fiscal year of Extended Stay America, accounted for more than 10% of the consolidated revenues of Extended Stay America and its Restricted Subsidiaries or (2) as of the end of such fiscal year, was the owner of more than 10% of the consolidated assets of Extended Stay America and its Restricted Subsidiaries, all as set forth on the most recently available consolidated financial statements of Extended Stay America for such fiscal year.

"S&P" means Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, and its successors.

"Stated Maturity" means, (1) with respect to any debt security, the date specified in such debt security as the fixed date on which the final installment of principal of such debt security is due and payable and (2) with respect to any scheduled installment of principal of or interest on any debt security, the date specified in such debt security as the fixed date on which such installment is due and payable.

"Subsidiary" means, with respect to any Person, any corporation, association, business trust or other business entity of which more than 50%r, of the voting power of the outstanding Voting Stock is owned, directly or indirectly, by such Person and one or more other Subsidiaries of such Person.

"Temporary Cash Investment" means any of the following: (1) direct obligations of the United States of America or any agency thereof or obligations fully and unconditionally guaranteed by the United States of America or any agency thereof, (2) time deposit accounts, certificates of deposit, demand accounts and money market deposits maturing within one year of the date of acquisition thereof issued by a bank or trust company which is organized under the laws of the United States of America, any state thereof or any foreign country recognized by the United States of America, and which bank or trust company has capital, surplus and undivided profits aggregating in excess of $50 million (or the foreign currency equivalent thereof) and has outstanding debt which is rated "A" (or such similar equivalent rating) or higher by at least one nationally recognized statistical rating organization (as defined in Rule 436 under the Securities Act) or any money-market fund sponsored by a registered broker dealer or mutual fund distributor, (3) repurchase obligations with a term of not more than 30 days for underlying securities of the types described in clause (1) above entered into with a bank meeting the qualifications described

in clause (2) above, (4) commercial paper, maturing not more than one year after the date of acquisition, issued by a corporation (other than an Affiliate of Extended Stay America) organized and in existence under the laws of the United States of America, any state thereof or any foreign country recognized by the United States of America with a rating at the time as of which any investment therein is made of "P-1" (or higher) according to Moody's or "A-1" (or higher) according to S&P, (5) securities with maturities of one year or less from the date of acquisition issued or fully and unconditionally guaranteed by any state, commonwealth or territory of the United States of America, or by any political subdivision or taxing authority thereof, and rated at least "A" by S&P or Moody's and (6) other dollar denominated securities issued by any Person incorporated in the United States rated at least "A" or the equivalent by S&P or at least "A2" or the equivalent by Moody's and in each case either (A) maturing not more than one year after the date of acquisition or (B) which are subject to a repricing arrangement (such as a Dutch auction) not more than one year after the date of acquisition (and reprices at least yearly thereafter) which the Person making the investment believes in good faith will permit such Person to sell such security at par in connection with such repricing mechanism.

"Trade Payables" means, with respect to any Person, any accounts payable or any other indebtedness or monetary obligation to trade creditors created, assumed or Guaranteed by such Person or any of its Subsidiaries arising in the ordinary course of business in connection with the acquisition of goods or services, including without limitation, obligations under (or in respect of) construction contracts (to the extent such obligations do not constitute Indebtedness for borrowed money).

"Transaction Date" means, with respect to the Incurrence of any Indebtedness by Extended Stay America or any of its Restricted Subsidiaries, the date such Indebtedness is to be Incurred and, with respect to any Restricted Payment, the date such Restricted Payment is to be made.

"Unrestricted Subsidiary" means (1) any Subsidiary of Extended Stay America that at the time of determination shall be designated an Unrestricted Subsidiary by the Board of Directors in the manner provided below; and (2) any Subsidiary of an Unrestricted Subsidiary. The Board of Directors may designate any Restricted Subsidiary (including any newly acquired or newly formed Subsidiary of Extended Stay America) to be an Unrestricted Subsidiary unless such Subsidiary owns any Capital Stock of, or owns or holds any Lien on any property of, Extended Stay America or any Restricted Subsidiary; provided that (A) any Guarantee by Extended Stay America or any Restricted Subsidiary of any Indebtedness of the Subsidiary being so designated shall be deemed an "Incurrence" of such Indebtedness and an "Investment" by Extended Stay America or such Restricted Subsidiary (or both, if applicable) at the time of such designation; (B) either (I) the Subsidiary to be so designated has total assets of $1,000 or less or (II) if such Subsidiary has assets greater than $1,000, such designation would be permitted under the "Limitation on Restricted Payments" covenant described above: and (C) if applicable, the Incurrence of Indebtedness and the Investment referred to in clause (A) of this proviso would be permitted under the "Limitation on Indebtedness" and "Limitation on Restricted Payments" covenants described above. The Board of Directors may designate any Unrestricted Subsidiary to be a Restricted Subsidiary; provided that (1) no Default or Event of Default shall have occurred and be continuing at the time of or after giving effect to such designation and (2) all Liens and Indebtedness of such Unrestricted Subsidiary outstanding immediately after such designation would, if Incurred at such time, have been permitted to be Incurred (and shall be deemed to have been Incurred) for

all purposes of the indenture. Any such designation by the Board of Directors shall be evidenced to the trustee by promptly filing with the trustee a copy of the Board Resolution giving effect to such designation and an Officers' Certificate certifying that such designation complied with the foregoing provisions.

"Voting Stock" means with respect to any Person, Capital Stock of any class or kind ordinarily having the power to vote for the election of directors, managers or other voting members of the governing body of such Person.

"Wholly Owned" means, with respect to any Subsidiary of any Person, the ownership of all of the outstanding Capital Stock of such Subsidiary (other than any director's qualifying shares or Investments by foreign nationals mandated by applicable law) by such Person or one or more Wholly Owned Subsidiaries of such Person.

DESCRIPTION OF OUR OTHER INDEBTEDNESS

New Credit Facilities

We entered into an agreement dated July 24, 2001 with various banks establishing $900 million principal amount of senior credit facilities, subject to certain conditions. These new credit facilities consist of (i) a $50 million A-1 term loan facility, (ii) a $50 million A-2 delayed draw term loan facility, (iii) a $100 million A-3 delayed draw term loan facility (iv) a $500 million B term loan facility and (v) a $200 million revolving credit facility. The proceeds of the credit facilities are to be used for general corporate purposes and to refinance existing indebtedness under the amended and restated credit agreement dated as of June 7, 2000. The new credit facilities also provide for up to an additional $700 million in uncommitted facilities.

The following summary of the material provisions of the new credit facilities does not purport to be complete and is subject to, and is qualified in its entirety by reference to, the credit agreement

Availability of the revolving facility is dependent upon our:

(a) satisfying financial ratios of leverage and interest calculated pursuant to definitions contained in the new credit facilities; and

(b) not being in default under the credit agreement.

The loans under the new credit facilities will mature on the dates set forth in the table below. The A-1, A-2 and A-3 term loans will be amortized in quarterly installments of varying amounts over six years and the B term loan will be subject to principal payments of 1% of the initial loan amounts in each of the first six years following the closing date with the remaining principal balance to be repaid during the seventh year.

We are required to repay indebtedness outstanding under the new credit facilities with the net cash proceeds from certain sales of our, and our subsidiaries', assets, from issuances of debt by us or our subsidiaries, and from insurance recovery events (subject to certain reinvestment rights). We are also required to repay indebtedness outstanding under the new credit facilities annually in an amount equal to 50% of our excess cash flow, as calculated pursuant to the new credit facilities.

<TABLE>
<CAPTION>

Description	Applicable Margin Over Prime	Applicable Margin Over LIBOR	Maturity
<S>	<C>	<C>	<C>
Revolving Facility.....	1.25%	2.25%	6 years
Tranche A-1 Facility (term loan).....	1.25%	2.25%	6 years
Tranche A-2 Facility (term loan).....	1.25%	2.25%	6 years
Tranche B Facility (term loan).....	1.75%	2.75%	January 15, 2008

</TABLE>

Loans under the new credit facilities bear interest, at our option, at either a prime-based rate or a LIBOR-based rate plus an applicable margin. The table above illustrates the interest on loans made under the new credit facilities.

Our obligations under the new credit facilities are guaranteed by each of our subsidiaries. The new credit facilities are also secured by liens on all stock of our subsidiaries and all other current and future assets owned by us and our subsidiaries (other than mortgages on real property).

The credit agreement contains a number of negative covenants, including, among others, covenants that limit our ability to incur debt, make

investments, pay dividends, prepay other indebtedness, engage in transactions with affiliates, enter into sale-leaseback transactions, create liens, make capital expenditures, acquire or dispose of assets, or engage in mergers or acquisitions. In addition, the credit agreement contains affirmative covenants, including, among others, covenants that require us, and our subsidiaries, to maintain our corporate existence, comply with laws, maintain our properties and insurance, and deliver financial and other information to the lenders. The

credit agreement also requires us to comply with certain financial tests on a consolidated basis, including a maximum total leverage ratio, a maximum senior leverage ratio, and a minimum interest coverage ratio.

Failure to satisfy any of the covenants constitutes an event of default under the new credit facilities, notwithstanding our ability to meet our debt service obligations. The loan documentation includes other customary and usual events of default for these types of credit facilities, including without limitation, an event of default if a change of control occurs. Upon the occurrence of an event of default, the lenders have the ability to accelerate all amounts then outstanding under the new credit facilities and to foreclose on the collateral.

9.15% Senior Subordinated Notes

In March 1998, we issued $200 million aggregate principal amount of 9.15% senior subordinated notes due 2008. The 9.15% senior subordinated notes bear interest at an annual rate of 9.15%, payable semiannually on March 15 and September 15 of each year and mature on March 15, 2008. We may redeem the 9.15% senior subordinated notes beginning on March 15, 2003. The initial redemption price is 104.575% of their principal amount, plus accrued interest. The redemption price declines each year after 2003 and is 100% of their principal amount, plus accrued interest, after 2006.

The 9.15% senior subordinated notes are unsecured and are subordinated to all of our senior indebtedness. The 9.15% senior subordinated notes rank pari passu with our senior subordinated debt, including the notes offered under this offering memorandum.

The indenture pursuant to which the 9.15% senior subordinated notes were issued contains certain covenants that affect, and in certain cases significantly limit or prohibit, among other things, our ability or the ability of our subsidiaries to incur additional indebtedness, pay dividends and make investments and other restricted payments, enter into transactions with 5% stockholders or affiliates, create liens, and sell assets, and contain certain covenants for the benefit of the holders of the 9.15% senior subordinated notes. These covenants are substantially similar to the covenants which govern the notes offered by this offering memorandum.

If we undergo a change of control as defined in the indenture, we will be required to make an offer to purchase the 9.15% senior subordinated notes at a purchase price equal to 101% of their principal amount, plus accrued interest.

Failure to satisfy any of the covenants would constitute an event of default under the indenture, notwithstanding our ability to meet our debt service obligations, and may accelerate our payment obligations. The indenture also includes other customary events of default, including without limitation, for failure to make payments and other failures to fulfill covenants, a cross-default to other indebtedness, undischarged judgments, bankruptcy and change of control. These events of default are substantially similar to the events of default as defined under the indenture governing the notes offered by this offering memorandum.

PRINCIPAL UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS

The following discussion is a summary of the material United States federal income tax consequences relevant to the Exchange Offer and the purchase, ownership and disposition of the notes, but does not purport to be a complete analysis of all potential tax effects. The discussion is based upon the Internal

Revenue Code of 1986, as amended (the "Code"), United States Treasury Regulations issued thereunder, Internal Revenue Service rulings and pronouncements and judicial decisions now in effect, all of which are subject to change at any time. Any such change may be applied retroactively in a manner that could adversely affect a holder of the notes. This discussion does not address all of the United States federal income tax consequences that may be relevant to a holder in light of such holder's particular circumstances or to holders subject to special rules, such as certain financial institutions, U.S. expatriates, insurance companies, dealers in securities or currencies, traders in securities, holders whose functional currency is not the U.S. dollar, tax-exempt organizations, investors in pass-through entities, such as partnerships, and persons holding the notes as part of a "straddle," "hedge," "conversion transaction" or other integrated transaction. Moreover, the discussion deals only with notes held as "capital assets" within the meaning of Section 1221 of the Code. The effect of any applicable state, local or foreign tax laws is not discussed.

As used herein, "United States Holder" means a beneficial owner of the note who or that is:

An individual that is a citizen or resident of the United States, including an alien individual who is a lawful permanent resident of the United States or meets the "substantial presence" test under section 7701(b) of the Code;

A corporation or other entity taxable as a corporation created or organized in or under the laws of the United States or political subdivision thereof;

An estate, the income of which is subject to United States federal income tax regardless of its source; or

A trust, if a United States court can exercise primary supervision over the administration of the trust and one or more United States persons, within the meaning of section 7701(a)(30) of the Code, can control all substantial trust decisions, or, if the trust was in existence on August 20, 1996, has elected to continue to be treated as a United States person.

We have not sought and will not seek any rulings from the Internal Revenue Service (the "IRS") with respect to the matters discussed below. There can be no assurance that the IRS will not take a different position concerning the tax consequences of the purchase, ownership or disposition of the notes or that any such position would not be sustained. If a partnership or other entity taxable as a partnership is holder of the notes, the U.S. tax treatment of a partner will generally depend on the status of the partner and the activities of the partnership.

Prospective Investors Should Consult Their Own Tax Advisors with Regard to the Application of the Tax Consequences Discussed Below to Their Particular Situations as well as the Application of any State, Local, Foreign or Other Tax Laws, Including Gift and Estate Tax Laws.

United States Holders

Interest

Payments of stated interest on the notes generally will be taxable to a United States Holder as ordinary income at the time that such payments are received or accrued, in accordance with such United States Holder's method of accounting for United States federal income tax purposes.

Sale or Other Taxable Disposition of the Notes

A United States Holder will recognize gain or loss on the sale, exchange, redemption, retirement or other taxable disposition of a note equal to the difference between the amount realized upon the disposition (less a portion

allocable to any accrued and unpaid interest, which will be taxable as ordinary income) and the United States Holder's adjusted tax basis in the note. Subject to the market discount and amortizable premium rules described below, a United States Holder's adjusted tax basis in a note generally will be the United States Holder's cost therefor, less any principal payments received by such holder and

this gain or loss generally will be a capital gain or loss that will be a long-term capital gain or loss if the United States Holder has held the note for more than one year. Otherwise, such gain or loss will be a short-term capital gain or loss. For both corporate and non-corporate taxpayers, the deductibility of capital losses is subject to limitations.

Exchange Offer

The exchange of the notes for the Exchange Notes, which have terms identical to the notes (except the Exchange Notes will not bear legends restricting transfers thereof), will not constitute a taxable exchange. As a result, (1) a United States Holder will not recognize a taxable gain or loss as a result of exchanging such holder's notes; (2) the holding period of the Exchange Notes received will include the holding period of the notes exchanged therefor; and (3) the adjusted tax basis of the Exchange Notes received will be the same as the adjusted tax basis of the notes exchanged therefor immediately before such exchange.

Market Discount

The acquisition and resale of the notes may be affected by the market discount provisions of the Code. Subject to a de minimis exception, the market discount on a note generally will equal the amount, if any, by which the stated redemption price at maturity of the note immediately after its acquisition exceeds the United States Holder's adjusted tax basis in the note. If applicable, the market discount provisions generally require a United States Holder who acquires a note at a market discount to treat as ordinary income any gain recognized on the disposition of that note to the extent of the accrued market discount on that note at the time of disposition, unless the United States Holder elects to include market discount in income currently as it accrues with a corresponding increase in the adjusted tax basis in the note.

This election to include market discount in income currently, once made, applies to all market discount obligations acquired on or after the first day of the first taxable year to which the election applies and may not be revoked without the consent of the IRS. In general, market discount will be treated as accruing on a straight line basis over the remaining term of the note at the time of acquisition, or, at the election of the United States Holder, under a constant yield method. A United States Holder who acquires a note at a market discount and who does not elect to include accrued market discount in income currently may be required to defer the deduction of a portion of the interest on any indebtedness incurred or maintained to purchase or carry the note until the note is disposed of in a taxable transaction.

Amortizable Premium

A United States Holder who purchases a note at a premium over its stated principal amount, plus accrued interest, generally may elect to amortize that premium (referred to as Section 171 premium) with a corresponding decrease in tax basis from the purchase date to the note's maturity date under a constant-yield method that reflects semiannual compounding based on the note's payment period, but subject to special limitations if the note is subject to optional redemption at a premium. Amortized Section 171 premium is treated as an offset to interest income on a note and not as a separate deduction. The election to amortize premium on a constant yield method, once made, applies to all debt obligations held or subsequently acquired by the electing United States Holder on or after the first day of the first taxable year to which the election applies and may not be revoked without the consent of the IRS.

Backup Withholding

A United States Holder may be subject to a backup U.S. withholding tax when such holder receives interest and principal payments on the notes held or upon the proceeds received upon the sale or other disposition of such notes. Certain holders (including, among others, corporations and certain tax-exempt organizations) are generally not subject to backup withholding. A United States Holder will be subject to this backup withholding tax if such holder is not otherwise exempt and such holder:

(I) fails to furnish its taxpayer identification number ("TIN"), which, for an individual, is ordinarily his or her social security number;

(J) furnishes an incorrect TIN;

(K) is notified by the IRS that it has failed to properly report payments of interest or dividends; or

(L) fails to certify, under penalties of perjury, that it has furnished a correct TIN and that the IRS has not notified the United States Holder that it is subject to backup withholding.

United States Holders should consult their personal tax advisor regarding their qualification for an exemption from backup withholding and the procedures for obtaining such an exemption, if applicable. The backup withholding lax is not an additional tax and taxpayers may use amounts withheld as a credit against their United States federal income tax liability or may claim a refund as long as they timely provide certain information to the IRS.

Non-United States Holders

Definition of Non-United States Holders

A Non-United States Holder is a beneficial owner of the notes who is not a United States Holder.

Interest

Interest paid on the notes to a Non-United States Holder will not be subject to United States federal withholding tax of 30% (or, if applicable, a lower treaty rate) provided that:

(M) such holder does not directly or indirectly, actually or constructively own 10% or more of the total combined voting power of all of our classes of stock;

(N) such holder is not a controlled foreign corporation that is related to us through stock ownership and is not a bank that received interest on the notes as an extension of credit made pursuant to a loan agreement entered into in the ordinary course of its trade or business; and

(O) either (1) the Non-United States Holder certifies in a statement provided to us or our paying agent, under penalties of perjury, that it is not a "United States person" within the meaning of the Code and provides its name or address, or (2) a securities clearing organization, bank or other financial institution that holds customers' securities in the ordinary course of its trade or business and holds the notes on behalf of the Non-United States Holder certifies to us or our paying agent under penalties of perjury that it, or the financial institution between it and the Non-United States Holder, has received from the Non-United States holder a statement, under penalties of perjury, that such holder is not a "United States person" and provides us or our paying agent with a copy of such statement.

The certification requirement described above may require a Non-United States Holder that provides an IRS form, or that claims the benefit of an income tax treaty, to also provide its United States taxpayer identification number. The applicable regulations generally also require, in the case of a note held by a foreign partnership, that

(P) the certification described above be provided by the partners, and

(Q) the partnership provide certain information.

Further, a look-through rule will apply in the case of tiered partnerships. Special rules are also applicable to intermediaries. Prospective investors should consult their tax advisors regarding the certification requirements for Non-United States persons.

Sale or other Taxable Disposition of the Notes

A Non-United States Holder will generally not be subject to United States federal income tax or withholding tax on gain recognized on the sale, exchange, redemption, retirement or other disposition of a note. However, a

Non-United States Holder may be subject to tax on such gain if such holder is an individual who was present in the United States for 183 days or more in the taxable year of the disposition and certain other conditions arc met, in which case such holder may have to pay a United States federal income tax of 30% (or, if applicable, a lower treaty rate) on such gain.

Effectively Connected Income

If interest or gain from a disposition of the notes is effectively connected with a Non-United States Holder's conduct of a United States trade or business, or if an income tax treaty applies and the Non-United States Holder maintains a United States "permanent establishment" to which the interest or gain is generally attributable, the Non-United States Holder may be subject to United States federal income tax on the interest or gain on a net basis in the same manner as if it were a United States Holder. If interest income received with respect to the notes is taxable on a net basis, the 30% withholding tax described above will not apply (assuming an appropriate certification is provided). A foreign corporation that is a holder of a note also may be subject to a branch profits tax equal to 30% of its effectively connected earnings and profits for the taxable year, subject to certain adjustments, unless it qualifies for a lower rate under an applicable income tax treaty. For this purpose, interest on a note or gain recognized on the disposition of a note will be included in earnings and profits if the interest or gain is effectively connected with the conduct by the foreign corporation of a trade or business in the United States.

Exchange Offer

See discussion entitled "United States Holders--Exchange Offer," above.

Backup Withholding And Information Reporting

Backup withholding and information reporting will not apply to payments made by us or our paying agents, in their capacities as such, to a Non-United States Holder of a note if the holder has provided the required certification that it is not a United States person as described above, provided that neither we nor our paying agent has actual knowledge, or reason to know, that the holder is a United States person. Payments of the proceeds from a disposition by a Non-United States Holder of a note made to or through a foreign office of a broker will not be subject to information reporting or backup withholding, except that information reporting (but generally not backup withholding) may apply to those payments if the broker is:

(R) A United States person;

(S) A controlled foreign corporation for United States federal income tax purposes:

(T) A foreign person 50% or more of whose gross income is effectively connected with a United States trade or business for a specified three-year period; or

(U) A foreign partnership, if at any time during its tax year, one or more of its partners are United States persons, as defined in Treasury regulations, who in the aggregate hold more than 50% of the income or capital interest in the partnership or if, at any time during its tax year, the foreign partnership is engaged in a United States trade or business.

Payment of the proceeds from a disposition by a Non-United States Holder of a note made to or through the United States office of a broker is generally subject to information reporting and backup withholding unless the

holder or beneficial owner certifies as to its taxpayer identification number or otherwise establishes an exemption from information reporting and backup withholding.

Non-United States Holders should consult their own tax advisors regarding application of backup withholding in their particular circumstance and the availability of and procedure for obtaining an exemption from backup withholding under current Treasury regulations. Any amounts withheld under the backup withholding rules from a payment to a Non-United States Holder will be

allowed as a credit against the holder's United States federal income tax liability, or the holder may claim a refund, provided the required information is furnished timely to the IRS.

PLAN OF DISTRIBUTION

Each broker-dealer that receives exchange notes for its own account pursuant to the exchange offer must acknowledge that it will deliver a prospectus in connection with any resale of such exchange notes. This prospectus, as it may be amended or supplemented from time to time, may be used by a broker-dealer in connection with resales of exchange notes received in exchange for unregistered notes where such unregistered notes were acquired as a result of market-making or other trading activities. We have agreed that, for a period of 180 days after the expiration of the exchange offer, we will make this prospectus, as amended or supplemented, available to any broker-dealer for use in connection with any such resale.

We will not receive any proceeds from any sale of exchange notes by broker-dealers. Exchange notes received by broker-dealers for their own account pursuant to the exchange offer may be sold from time to time in one or more transactions in the over-the-counter market, in negotiated transactions, through the writing of options on the exchange notes or a combination of such methods of resale, at market prices prevailing at the time of resale, at prices related to such prevailing market prices or at negotiated prices. Any such resale may be made directly to purchasers or to or through brokers or dealers who may receive compensation in the form of commissions or concessions from any such broker-dealer or the purchasers of any such exchange notes. Any broker-dealer that resells exchange notes that were received by it for its own account pursuant to the exchange offer and any broker or dealer that participates in a distribution of such exchange notes may be deemed to be an "underwriter" within the meaning of the Securities Act and any profit on any such resale of exchange notes and any commission or concessions received by any such persons may be deemed to be underwriting compensation under the Securities Act. The letter of transmittal states that, by acknowledging that it will deliver and by delivering a prospectus, a broker-dealer will not be deemed to admit that it is an "underwriter" within the meaning of the Securities Act.

We have agreed to pay all expenses incident to the exchange offer, other than commissions and concessions of any broker-dealers. Under the registration rights agreement we have agreed to indemnify the holders of the exchange notes, including any broker-dealers, against specified liabilities, including specified liabilities under the Securities Act.

LEGAL MATTERS

The validity of the notes will be passed upon for Extended Stay America, Inc. by Shearman & Sterling, New York, New York.

EXPERTS

The financial statements incorporated in this prospectus by reference to the Annual Report on Form 10-K of Extended Stay America, Inc. for the year ended December 31, 2000, have been so incorporated in reliance on the report of PricewaterhouseCoopers LLP, independent accountants, given on the authority of said firm as experts in auditing and accounting.

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

Item 20. Indemnification of Directors and Officers

Section 145 of the Delaware General Corporation Law permits a corporation to indemnify any of its directors or officers who was or is a party, or is threatened to be made a party, to any third party proceeding by reason of the fact that such person is or was a director or officer of the corporation, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with such action, suit or proceeding, if such person acted in good faith and in a manner such person reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had no reason to believe that such person's conduct was unlawful. In a derivative action, i.e., one by or in the right of a corporation, the corporation is permitted to indemnify directors and officers against expenses (including attorneys' fees) actually and reasonably incurred by them in connection with the defense or settlement of an action or suit if they acted in good faith and in a manner that they reasonably believed to be in or not opposed to the best interests of the corporation, except that no indemnification shall be made if such person shall have been adjudged liable to the corporation, unless and only to the extent that the court in which the action or suit was brought shall determine upon application that the defendant directors or officers are fairly and reasonably entitled to indemnity for such expenses despite such adjudication of liability.

Expenses, including attorneys' fees, incurred by any such person in defending any such action, suit or proceeding may be paid or reimbursed by the corporation in advance of the final disposition of such action, suit or proceeding upon receipt by it of an undertaking of such person to repay such expenses if it shall ultimately be determined that such person is not entitled to be indemnified by the corporation.

Delaware law does not permit a corporation to indemnify persons against judgments in actions brought by or in the right of the corporation unless the Delaware Court of Chancery approves the indemnification.

Our certificate of incorporation provides that we shall indemnify to the fullest extent authorized or permitted in the manner provided by law, each person who was or is a party, or is threatened to be made a party, to any action, suit, or proceeding (whether civil, criminal, or otherwise) because that person as a person of whom he or she is the legal representative is or was a director or officer of Extended Stay America, or by reason of the fact that such director or officer, at the request of Extended Stay America, is or was serving any other corporation, partnership, joint venture, trust, employee benefit plan, or other enterprise, in any capacity. This does not affect any right to indemnification to which an employee or agent may be entitled by law. Those rights are not exclusive of any other rights to which any person may be entitled under any statute, provision of the certificate, bylaw, agreement, vote, or otherwise. We may enter into contracts of indemnification.

Extended Stay America maintains standard directors and officers insurance policies on behalf of its directors and officers.

Item 21. Exhibits and Financial Statement Schedules

(a) Exhibits

See the index to exhibits that appears immediately following the signature pages of this Registration Statement.

(b) Financial Statement Schedules

Not applicable.

Item 22. Undertakings

The undersigned registrant hereby undertakes:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this Registration Statement:

(i) To include any prospectus required by section 10(a)(3) of the Securities Act of 1933;

(ii) To reflect in the prospectus any facts or events arising after the effective date of the Registration Statement (or the most

recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the Registration Statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than a 20% change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective registration statement; and

(iii) To include any material information with respect to the plan of distribution not previously disclosed in the Registration Statement or any material change to such information in the Registration Statement.

(2) That, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new Registration Statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

(4) That for purposes of determining any liability under the Securities Act of 1933, each filing of the registrant's annual report pursuant to Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934 that is incorporated by reference in this Registration Statement shall be deemed to be a new Registration Statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(5) Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the registrant, pursuant to the provisions described in Item 20, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission, such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that the claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

(6) To respond to requests for information that is incorporated by reference into the Prospectus pursuant to Items 4, 10(b), 11 or 13 of this Form within one business day of receipt of such request, and to send the incorporated documents by first class mail or other equally prompt means. This includes information contained in documents filed after the effective date of this Registration Statement through the date of responding to the request.

(7) To supply by means of a post-effective amendment all information concerning a transaction, and the company being acquired involved therein, that was not the subject of and included in this Registration Statement when it became effective.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the undersigned Registrant has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of New York, State of New York, on August 3, 2001.

EXTENDED STAY AMERICA, INC.

By: /s/ George D. Johnson

Name: George D. Johnson
Title: Chief Executive Officer

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS that each person whose signature appears below hereby constitutes and appoints George D. Johnson, Jr., Robert A. Brannon, and Gregory R. Moxley, and each of them, his or her true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for him or her and in his or her name, place and stead, in any and all capacities, to sign (1) a registration statement or statements on Form S-3, S-4 or S-8 or such other form as may be recommended by counsel, to be filed with the Securities and Exchange Commission (the "Commission"), and any and all amendments and post-effective amendments thereto, and any and all post-effective amendments to registration statements or statements previously filed with the Commission, and supplements to the Prospectus contained therein, and any and all instruments and documents filed as a part of or in connection with such registration statements or amendments thereto or supplements or amendments to such Prospectus, and (2) any registration statements, reports and applications to be filed by the Company with the Commission and/or any national securities exchanges under the Securities Exchange Act of 1934, as amended, and any and all amendments thereto, and any and all instruments and documents filed as part of or in connection with such registration statements or reports or amendments thereto; granting unto said attorney-in-fact and agent, full power and authority to do and perform each and every act and thing requisite and necessary to be done, as fully for all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that the said attorney-in-fact and agent, shall do or cause to be done by virtue hereof. IN WITNESS WHEREOF, I have hereunto signed my name this 3rd day of August, 2001.

Pursuant to the requirements of the Securities Act of 1933, as amended, this Registration Statement has been signed by the following persons in the capacities indicated.

<TABLE>
<CAPTION>

Signatures	Title	Date
<S>	<C>	<C>
/s/ H. Wayne Huizenga H. Wayne Huizenga	Chairman of the Board of Directors	August 3, 2001
/s/ George D. Johnson George D. Johnson	Chief Executive Officer and Director (Principal Executive Officer)	August 3, 2001
/s/ Robert A. Brannon Robert A. Brannon	President, Chief Operating Officer, Secretary and Treasurer	August 3, 2001

</TABLE>

<TABLE>
<CAPTION>

<S>	<C>	<C>
	Chief Financial Officer and Vice	

/s/ Gregory R. Moxley Gregory R. Moxley	President - Finance (Principal Financial Officer)	August 3, 2001
/s/ Patricia K. Tatham Patricia K. Tatham	Vice President - Corporate Controller (Principal Accounting Officer)	August 3, 2001
/s/ Donald F. Flynn Donald F. Flynn	Director	August 3, 2001
/s/ Stewart H. Johnson Stewart H. Johnson	Director	August 3, 2001
/s/ John J. Melk John J. Melk	Director	August 3, 2001
/s/ Peer Pedersen Peer Pedersen	Director	August 3, 2001

</TABLE>

INDEX TO EXHIBITS

Exhibit Number	Description
4.1	Indenture, dated June 27, 2001, among Extended Stay America, Inc., and Manufacturers and Traders Trust Company, Trustee (incorporated herein by reference to the Company's Current Report on Form 8-K dated and filed with the Commission on June 28, 2001).
4.2	Form of Exchange Note (included in Exhibit A to Exhibit 4.1 of this registration statement).
4.3*	Registration Rights Agreement dated June 27, 2001 among Extended Stay America, Inc. and the Placement Agents.
5.1*	Opinion and Consent of Shearman & Sterling regarding validity of the exchange notes.
8.1*	Opinion and Consent of Shearman & Sterling regarding certain tax matters.
10.1*	Credit Agreement dated July 24, 2001 among Extended Stay America, Inc., the various lenders party thereto, Morgan Stanley Senior Funding, Inc., as sole Lead Arranger, Bear Stearns Corporate Lending Inc. and Fleet National Bank, as Co-Syndication Agents, and the Industrial Bank of Japan, Limited, as Administrative Agent.
12.1*	Statements regarding computation of ratios.

23.1*	Consent of PricewaterhouseCoopers LLP.
23.2*	Consent of Shearman & Sterling (included in Exhibit 5.1).
24.1	Powers of Attorney (included in the signature pages of this registration statement).
25.1*	Statement of Eligibility of the Trustee on Form T-1.
99.1*	Form of Letter of Transmittal for the Exchange Notes.
99.2*	Form of Notice of Guaranteed Delivery for the Exchange Notes.

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* Filed herewith.

Exhibit 4.3

REGISTRATION RIGHTS AGREEMENT

Dated June 27, 2001

between

EXTENDED STAY AMERICA, INC.

and

MORGAN STANLEY & CO. INCORPORATED,
GOLDMAN, SACHS & CO.,
MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED,
BEAR, STEARNS & CO. INC. and
FLEET SECURITIES, INC.

REGISTRATION RIGHTS AGREEMENT

THIS REGISTRATION RIGHTS AGREEMENT (the "Agreement") is made and

entered into June 27, 2001, between EXTENDED STAY AMERICA, INC., a Delaware corporation (the "Company"), and MORGAN STANLEY & CO. INCORPORATED, GOLDMAN, SACHS & CO., MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED, BEAR, STEARNS & CO. INC. and FLEET SECURITIES, INC. (the "Placement Agents").

This Agreement is made pursuant to the Placement Agreement dated June 20, 2001, between the Company and the Placement Agents (the "Placement Agreement"), which provides for the sale by the Company to the Placement Agents of an aggregate of $300,000,000 principal amount of the Company's 9 7/8% Senior Subordinated Notes due 2011 (the "Securities"). In order to induce the Placement Agents to enter into the Placement Agreement, the Company has agreed to provide to the Placement Agents and their direct and indirect transferees the registration rights set forth in this Agreement. The execution of this Agreement is a condition to the closing under the Placement Agreement.

In consideration of the foregoing, the parties hereto agree as follows:

1. Definitions.

As used in this Agreement, the following capitalized defined terms shall have the following meanings:

"1933 Act" shall mean the Securities Act of 1933, as amended from time to time.

"1934 Act" shall mean the Securities Exchange Act of 1934, as amended from time to time.

"Closing Date" shall mean the Closing Date as defined in the Placement Agreement.

"Company" shall have the meaning set forth in the preamble to this Agreement and shall also include the Company's successors.

"Exchange Offer" shall mean the exchange offer by the Company of Exchange Securities for Registrable Securities pursuant to Section 2(a) hereof.

"Exchange Offer Registration" shall mean a registration under the 1933 Act effected pursuant to Section 2(a) hereof.

"Exchange Offer Registration Statement" shall mean an exchange offer registration statement on Form S-4 (or, if applicable, on another appropriate form) and all amendments and supplements to such registration statement, in each case including the Prospectus contained therein, all exhibits thereto and all material incorporated by reference therein.

"Exchange Securities" shall mean securities issued by the Company

under the Indenture containing terms identical to the Securities (except that the Exchange Securities will not contain restrictions on transfer) and to be offered to Holders of Securities in exchange for Securities pursuant to the Exchange Offer.

"Final Memorandum" shall mean the Final Memorandum as defined in the Placement Agreement.

"Holder" shall mean the Placement Agents, for so long as they own any Registrable Securities, and each of its successors, assigns and direct and indirect transferees who become registered owners of Registrable Securities under the Indenture; provided that for purposes of Sections 4 and 5 of this Agreement, the term "Holder" shall include Participating Broker-Dealers (as defined in Section 4(a)).

"Indenture" shall mean the Indenture relating to the Securities to be dated as of the Closing Date between the Company and Manufacturers and Traders Trust Company, trustee, and as the same may be amended from time to time in accordance with the terms thereof.

"Majority Holders" shall mean the Holders of a majority of the aggregate principal amount of outstanding Registrable Securities; provided that whenever the consent or approval of Holders of a specified percentage of Registrable Securities is required hereunder, Registrable Securities held by the Company or any of its affiliates (as such term is defined in Rule 405 under the 1933 Act) (other than the Placement Agents or subsequent holders of Registrable Securities if such subsequent holders are deemed to be such affiliates solely by reason of their holding of such Registrable Securities) shall not be counted in determining whether such consent or approval was given by the Holders of such required percentage or amount.

"Person" shall mean an individual, partnership, corporation, trust or unincorporated organization, or a government or agency or political subdivision thereof.

"Placement Agents" shall have the meaning set forth in the preamble to this Agreement.

"Placement Agreement" shall have the meaning set forth in the preamble to this Agreement.

"Prospectus" shall mean the prospectus included in a Registration Statement, including any preliminary prospectus, and any such prospectus as amended or supplemented by any prospectus supplement, including a prospectus supplement with respect to the terms of the offering of any portion of the Registrable Securities covered by a Shelf Registration Statement, and by all other amendments and

supplements to such prospectus, and in each case including all material incorporated by reference therein.

"Registrable Securities" shall mean the Securities; provided, however, that the Securities shall cease to be Registrable Securities (i) when a Registration Statement with respect to such Securities shall have been declared effective under the 1933 Act and such Securities shall have been disposed of pursuant to such Registration Statement, (ii) when such Securities have been sold to the public pursuant to Rule 144(k) (or any similar provision then in force, but not Rule 144A) under the 1933 Act or (iii) when such Securities shall have ceased to be outstanding.

"Registration Expenses" shall mean any and all expenses incident to performance of or compliance by the Company with this Agreement, including without limitation: (i) all SEC, stock exchange or National Association of Securities Dealers, Inc. registration and filing fees, (ii) all fees and expenses incurred in connection with compliance with state securities or blue sky laws (including reasonable fees and disbursements of counsel for any Underwriters or Holders in connection with blue sky qualification of any of the Exchange Securities or Registrable Securities), (iii) all expenses of any Persons in preparing or assisting in preparing, word processing, printing and distributing any Registration Statement, any Prospectus, any amendments or supplements thereto, any underwriting agreements, securities sales agreements and other documents relating to the performance of and compliance with this Agreement, (iv) all rating agency fees, (v) all fees and disbursements relating to the qualification of the Indenture under applicable securities laws, (vi) the fees and disbursements of the Trustee and its counsel, (vii) the fees and disbursements of counsel for the Company and, in the case of a Shelf Registration Statement, the fees and disbursements of one counsel for the Holders (which counsel shall be selected by the Majority Holders and which counsel may also be counsel for the Placement Agents) and (viii) the fees and disbursements of the independent public accountants of the Company, including the expenses of any special audits or "cold comfort" letters required by or incident to such performance and compliance, but excluding fees and expenses of counsel to the Underwriters (other than fees and expenses set forth in clause (ii) above) or the Holders and underwriting discounts and commissions and transfer taxes, if any, relating to the sale or disposition of Registrable Securities by a Holder.

"Registration Statement" shall mean any registration statement of the Company that covers any of the Exchange Securities or Registrable Securities pursuant to the provisions of this Agreement and all amendments and supplements to any such Registration Statement, including post-effective amendments, in each case including the

Prospectus contained therein, all exhibits thereto and all material incorporated by reference therein.

"SEC" shall mean the Securities and Exchange Commission.

"Shelf Registration" shall mean a registration effected pursuant to Section 2(b) hereof.

"Shelf Registration Statement" shall mean a "shelf" registration statement of the Company pursuant to the provisions of Section 2(b) of this Agreement which covers all of the Registrable Securities (but no other securities unless approved by the Holders whose Registrable Securities are covered by such Shelf Registration Statement) on an appropriate form under Rule 415 under the 1933 Act, or any similar rule that may be adopted by the SEC, and all amendments and supplements to such registration statement, including post-effective amendments, in each case including the Prospectus contained therein, all exhibits thereto and all material incorporated by reference therein.

"Trustee" shall mean the trustee with respect to the Securities under the Indenture.

"Underwriter" shall have the meaning set forth in Section 3 hereof.

"Underwritten Offering" shall mean a registration in which Registrable Securities are sold to an Underwriter for reoffering to the public.

2. Registration Under the 1933 Act.

(a) To the extent not prohibited by any applicable law or applicable interpretation of the Staff of the SEC, the Company shall use its best efforts to cause to be filed an Exchange Offer Registration Statement covering the offer by the Company to the Holders to exchange all of the Registrable Securities for Exchange Securities and to have such Registration Statement remain effective until the closing of the Exchange Offer. The Company shall commence the Exchange Offer promptly after the Exchange Offer Registration Statement has been declared effective by the SEC and use its best efforts to have the Exchange Offer consummated not later than 60 days after such effective date. The Company shall commence the Exchange Offer by mailing the related exchange offer Prospectus and accompanying documents to each Holder stating, in addition to such other disclosures as are required by applicable law:

(i) that the Exchange Offer is being made pursuant to this Registration Rights Agreement and that all Registrable Securities validly tendered will be accepted for exchange;

(ii) the dates of acceptance for exchange (which shall be a period of at least 20 business days from the date such notice is mailed) (the "Exchange Dates");

(iii) that any Registrable Security not tendered will remain outstanding and continue to accrue interest, but will not retain any rights under this Registration Rights Agreement;

(iv) that Holders electing to have a Registrable Security exchanged pursuant to the Exchange Offer will be required to surrender such Registrable Security, together with the enclosed letters of transmittal, to the institution and at the address (located in the Borough of Manhattan, The City of New York) specified in the notice prior to the close of business on the last Exchange Date; and

(v) that Holders will be entitled to withdraw their election, not later than the close of business on the last Exchange Date, by sending to the institution and at the address (located in the Borough of Manhattan, The City of New York) specified in the notice a telegram, telex, facsimile transmission or letter setting forth the name of such Holder, the principal amount of Registrable Securities delivered for exchange and a statement that such Holder is withdrawing his election to have such Securities exchanged.

As soon as practicable after the last Exchange Date, the Company shall:

(i) accept for exchange Registrable Securities or portions thereof tendered and not validly withdrawn pursuant to the Exchange Offer; and

(ii) deliver, or cause to be delivered, to the Trustee for cancellation all Registrable Securities or portions thereof so accepted for exchange by the Company and issue, and cause the Trustee to promptly authenticate and mail to each Holder, an Exchange Security equal in principal amount to the principal amount of the Registrable Securities surrendered by such Holder.

The Company shall use its best efforts to complete the Exchange Offer as provided above and shall comply with the applicable requirements of the 1933 Act, the 1934 Act and other applicable laws and regulations in connection with the Exchange Offer. The Exchange Offer shall not be subject to any conditions, other than that the Exchange Offer does not violate applicable law or any applicable interpretation of the Staff of the SEC. The Company shall inform the Placement Agent of the names and addresses of the Holders to whom the Exchange Offer is made, and the Placement Agent shall have the right, subject to

applicable law, to contact such Holders and otherwise facilitate the tender of Registrable Securities in the Exchange Offer.

(b) In the event that (i) the Company determines that the Exchange Offer Registration provided for in Section 2(a) above is not available or may not be consummated as soon as practicable after the last Exchange Date because it would violate applicable law or the applicable interpretations of the Staff of the SEC, (ii) the Exchange Offer is not for any other reason consummated by December 27, 2001 or (iii) the Exchange Offer has been completed

and in the opinion of counsel for the Placement Agents a Registration Statement must be filed and a Prospectus must be delivered by the Placement Agents in connection with any offering or sale by them of Registrable Securities, the Company shall use its best efforts to cause to be filed as soon as practicable after such determination, date or notice of such opinion of counsel is given to the Company, as the case may be, a Shelf Registration Statement providing for the sale by the Holders of all of the Registrable Securities and to have such Shelf Registration Statement declared effective by the SEC. In the event the Company is required to file a Shelf Registration Statement solely as a result of the matters referred to in clause (iii) of the preceding sentence, the Company shall use its best efforts to file and have declared effective by the SEC both an Exchange Offer Registration Statement pursuant to Section 2(a) with respect to all Registrable Securities and a Shelf Registration Statement (which may be a combined Registration Statement with the Exchange Offer Registration Statement) with respect to offers and sales of Registrable Securities held by the Placement Agents after completion of the Exchange Offer. The Company agrees to use its best efforts to keep the Shelf Registration Statement continuously effective until expiration of the period referred to in Rule 144(k) under the 1933 Act with respect to all Registrable Securities covered by the Shelf Registration Statement or such shorter period that will terminate when all of the Registrable Securities covered by the Shelf Registration Statement have been sold pursuant to the Shelf Registration Statement. The Company further agrees to supplement or amend the Shelf Registration Statement if required by the rules, regulations or instructions applicable to the registration form used by the Company for such Shelf Registration Statement or by the 1933 Act or by any other rules and regulations thereunder for shelf registration or if reasonably requested by a Holder with respect to information relating to such Holder, and to use its best efforts to cause any such amendment to become effective and such Shelf Registration Statement to become usable as soon as practicable thereafter. The Company agrees to furnish to the Holders of Registrable Securities copies of any such supplement or amendment promptly after its being used or filed with the SEC.

(c) The Company shall pay all Registration Expenses in connection with the registration pursuant to Section 2(a) or Section 2(b). Each Holder shall pay all underwriting discounts and commissions and transfer taxes, if any,

relating to the sale or disposition of such Holder's Registrable Securities pursuant to the Shelf Registration Statement.

(d) An Exchange Offer Registration Statement pursuant to Section 2(a) hereof or a Shelf Registration Statement pursuant to Section 2(b) hereof will not be deemed to have become effective unless it has been declared effective by the SEC; provided, however, that, if, after it has been declared effective, the offering of Registrable Securities pursuant to a Shelf Registration Statement is interfered with by any stop order, injunction or other order or requirement of the SEC or any other governmental agency or court, such Registration Statement will be deemed not to have become effective during the period of such interference until the offering of Registrable Securities pursuant to such Registration Statement may legally resume. As provided for in the Indenture, in the event the Exchange Offer is not consummated and the Shelf Registration Statement is not declared effective on or prior to December 27, 2001, the annual interest rate on the Securities (and the Exchange Securities) will increase by

0.5% from December 27, 2001 until the Exchange Offer is consummated or the Shelf Registration Statement is declared effective.

(e) Without limiting the remedies available to the Placement Agents and the Holders, the Company acknowledges that any failure by the Company to comply with its obligations under Section 2(a) and Section 2(b) hereof may result in material irreparable injury to the Placement Agents or the Holders for which there is no adequate remedy at law, that it will not be possible to measure damages for such injuries precisely and that, in the event of any such failure, the Placement Agents or any Holder may obtain such relief as may be required to specifically enforce the Company's obligations under Section 2(a) and Section 2(b) hereof.

3. Registration Procedures.

In connection with the obligations of the Company with respect to the Registration Statements pursuant to Section 2(a) and Section 2(b) hereof, the Company shall as expeditiously as possible:

(a) prepare and file with the SEC a Registration Statement on the appropriate form under the 1933 Act, which form (x) shall be selected by the Company and (y) shall, in the case of a Shelf Registration, be available for the sale of the Registrable Securities by the selling Holders thereof and (z) shall comply as to form in all material respects with the requirements of the applicable form and include all financial statements required by the SEC to be filed therewith, and use its best efforts to cause such Registration Statement to become effective and remain effective in accordance with Section 2 hereof;

(b) prepare and file with the SEC such amendments and post-effective amendments to each Registration Statement as may be necessary to keep such Registration Statement effective for the applicable period and cause each Prospectus to be supplemented by any required prospectus supplement and, as so supplemented, to be filed pursuant to Rule 424 under the 1933 Act; and keep each Prospectus current during the period described under Section 4(3) and Rule 174 under the 1933 Act that is applicable to transactions by brokers or dealers with respect to the Registrable Securities or Exchange Securities;

(c) in the case of a Shelf Registration, furnish to each Holder of Registrable Securities, to counsel for the Placement Agents, to counsel for the Holders and to each Underwriter of an Underwritten Offering of Registrable Securities, if any, without charge, as many copies of each Prospectus, including each preliminary Prospectus, and any amendment or supplement thereto and such other documents as such Holder or Underwriter may reasonably request, in order to facilitate the public sale or other disposition of the Registrable Securities; and the Company consents to the use of such Prospectus and any amendment or supplement thereto in accordance with applicable law by each of the selling Holders of Registrable Securities and any such Underwriters in

connection with the offering and sale of the Registrable Securities covered by and in the manner described in such Prospectus or any amendment or supplement thereto in accordance with applicable law;

(d) use its best efforts to register or qualify the Registrable Securities under all applicable state securities or "blue sky" laws of such jurisdictions as any Holder of Registrable Securities covered by a Registration Statement shall reasonably request in writing by the time the applicable Registration Statement is declared effective by the SEC, to cooperate with such Holders in connection with any filings required to be made with the National Association of Securities Dealers, Inc. and do any and all other acts and things which may be reasonably necessary or advisable to enable such Holder to consummate the disposition in each such jurisdiction of such Registrable Securities owned by such Holder; provided, however, that the Company shall not be required to (i) qualify as a foreign corporation or as a dealer in securities in any jurisdiction where it would not otherwise be required to qualify but for this Section 3(d), (ii) file any general consent to service of process or (iii) subject itself to taxation in any such jurisdiction if it is not so subject;

(e) in the case of a Shelf Registration, notify each Holder of

Registrable Securities, counsel for the Holders and counsel for the Placement Agents promptly and, if requested by any such Holder or counsel, confirm such advice in writing (i) when a Registration Statement has become effective and when any post-effective amendment thereto has been filed and becomes effective, (ii) of any request by the SEC or any state securities authority for amendments and supplements to a Registration Statement and Prospectus or for additional information after the Registration Statement has become effective, (iii) of the issuance by the SEC or any state securities authority of any stop order suspending the effectiveness of a Registration Statement or the initiation of any proceedings for that purpose, (iv) if, between the effective date of a Registration Statement and the closing of any sale of Registrable Securities covered thereby, the representations and warranties of the Company contained in any underwriting agreement, securities sales agreement or other similar agreement, if any, relating to the offering cease to be true and correct in all material respects or if the Company receives any notification with respect to the suspension of the qualification of the Registrable Securities for sale in any jurisdiction or the initiation of any proceeding for such purpose, (v) of the happening of any event during the period a Shelf Registration Statement is effective which makes any statement made in such Registration Statement or the related Prospectus untrue in any material respect or which requires the making of any changes in such Registration Statement or Prospectus in order to make the statements therein not misleading and (vi) of any determination by the Company that a post-effective amendment to a Registration Statement would be appropriate;

(f) make every reasonable effort to obtain the withdrawal of any order suspending the effectiveness of a Registration Statement at the earliest possible moment and provide immediate notice to each Holder of the withdrawal of any such order;

(g) in the case of a Shelf Registration, furnish to each Holder of Registrable Securities, without charge, at least one conformed copy of each Registration Statement and any post-effective amendment thereto (without documents incorporated therein by reference or exhibits thereto, unless requested);

(h) in the case of a Shelf Registration, cooperate with the selling Holders of Registrable Securities to facilitate the timely preparation and delivery of certificates representing Registrable Securities to be sold and not bearing any restrictive legends and enable such Registrable Securities to be in such denominations (consistent with the provisions of the Indenture) and registered in such names as the selling Holders may reasonably request at least two

business days prior to the closing of any sale of Registrable Securities;

(i) in the case of a Shelf Registration, upon the occurrence of any event contemplated by Section 3(e)(v) hereof, use its best efforts to prepare and file with the SEC a supplement or post-effective amendment to a Registration Statement or the related Prospectus or any document incorporated therein by reference or file any other required document so that, as thereafter delivered to the purchasers of the Registrable Securities, such Prospectus will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. The Company agrees to notify the Holders to suspend use of the Prospectus as promptly as practicable after the occurrence of such an event, and the Holders hereby agree to suspend use of the Prospectus until the Company has amended or supplemented the Prospectus to correct such misstatement or omission;

(j) a reasonable time prior to the filing of any Registration Statement, any Prospectus, any amendment to a Registration Statement or amendment or supplement to a Prospectus or any document which is to be incorporated by reference into a Registration Statement (other than filings pursuant to the 1934 Act) or a Prospectus after initial filing of a Registration Statement, provide copies of such document to the Placement Agents and their counsel (and, in the case of a Shelf Registration Statement, the Holders and their counsel) and make such of the representatives of the Company as shall be reasonably requested by the Placement Agents or their counsel (and, in the case of a Shelf Registration Statement, the Holders or their counsel) available for discussion of such document, and shall not at any time file or make any amendment to the Registration Statement, any Prospectus or any amendment of or supplement to a Registration Statement or a Prospectus or any document which is to be incorporated by reference into a Registration Statement (other than filings pursuant to the 1934 Act) or a Prospectus, of which the Placement Agents and their counsel (and, in the case of a Shelf Registration Statement, the Holders and their counsel) shall not have previously been advised and furnished a copy or to which the Placement Agents or their counsel (and, in the case of a Shelf Registration Statement, the Holders or their counsel) shall object;

(k) obtain a CUSIP number for all Exchange Securities or Registrable Securities, as the case may be, not later than the effective date of a Registration Statement;

(l) cause the Indenture to be qualified under the Trust Indenture

Act of 1939, as amended (the "TIA"), in connection with the registration of the Exchange Securities or Registrable Securities, as the case may be, cooperate with the Trustee and the Holders to effect such changes to the Indenture as may be required for the Indenture to be so qualified in accordance with the terms of the TIA and execute, and use its best efforts to cause the Trustee to execute, all documents as may be required to effect such changes and all other forms and documents required to be filed with the SEC to enable the Indenture to be so qualified in a timely manner;

(m) in the case of a Shelf Registration, make available for inspection by a representative of the Holders of the Registrable Securities, any Underwriter participating in any disposition pursuant to such Shelf Registration Statement, and attorneys and accountants designated by the Holders, at reasonable times and in a reasonable manner, all financial and other records, pertinent documents and properties of the Company, and cause the respective officers, directors and employees of the Company to supply all information reasonably requested by any such representative, Underwriter, attorney or accountant in connection with a Shelf Registration Statement;

(n) in the case of a Shelf Registration, use its best efforts to cause all Registrable Securities to be listed on any securities exchange or any automated quotation system on which similar debt securities issued by the Company are then listed if requested by the Majority Holders, to the extent such Registrable Securities satisfy applicable listing requirements;

(o) use its best efforts to cause the Exchange Securities or Registrable Securities, as the case may be, to be rated by two nationally recognized statistical rating organizations (as such term is defined in Rule 436(g)(2) under the 1933 Act);

(p) if reasonably requested by any Holder of Registrable Securities covered by a Registration Statement, (i) promptly incorporate in a Prospectus supplement or post-effective amendment such information with respect to such Holder as such Holder reasonably requests to be included therein and (ii) make all required filings of such Prospectus supplement or such post-effective amendment as soon as the Company has received notification of the matters to be incorporated in such filing; and

(q) in the case of a Shelf Registration, enter into such customary agreements and take all such other actions in connection therewith (including those requested by the Holders of a majority of the Registrable Securities being sold) in order to expedite or facilitate the disposition of such Registrable Securities including, but not limited to, an Underwritten Offering and in such connection, (i) to the extent possible, make such representations and warranties to the Placement Agents (in the event the Company is

required to file a Shelf Registration Statement pursuant to Section 2(b)(iii)) and any Underwriters of such Registrable Securities with respect to the business of the Company and its subsidiaries, the Registration Statement, Prospectus and documents incorporated by reference or deemed incorporated by reference, if any, in each case, in form, substance and scope as are customarily made by issuers to underwriters in underwritten offerings and confirm the same if and when requested, (ii) obtain opinions of counsel to the Company (which counsel and opinions, in form, scope and substance, shall be reasonably satisfactory to the Placement Agents (in the event the Company is required to file a Shelf Registration Statement pursuant to Section 2(b)(iii)) and such Underwriters and their respective counsel) addressed to each Placement Agent (in the event the Company is required to file a Shelf Registration Statement pursuant to Section 2(b)(iii) and Underwriter of Registrable Securities, covering the matters customarily covered in opinions requested in underwritten offerings, (iii) obtain "cold comfort" letters from the independent certified public accountants of the Company (and, if necessary, any other certified public accountant of any subsidiary of the Company, or of any business acquired by the Company for which financial statements and financial data are or are required to be included in the Registration Statement) addressed to each Placement Agent (in the event the Company is required to file a Shelf Registration Statement pursuant to Section 2(b)(iii)) and Underwriter of Registrable Securities, such letters to be in customary form and covering matters of the type customarily covered in "cold comfort" letters in connection with underwritten offerings, and (iv) deliver such documents and certificates as may be reasonably requested by the Placement Agent (in the event the Company is required to file a Shelf Registration Statement pursuant to Section 2(b)(iii) or the Underwriters, and which are customarily delivered in underwritten offerings, to evidence the continued validity of the representations and warranties of the Company made pursuant to clause (i) above and to evidence compliance with any customary conditions contained in an underwriting agreement.

In the case of a Shelf Registration Statement, the Company may require each Holder of Registrable Securities to furnish to the Company such information regarding the Holder and the proposed distribution by such Holder of such Registrable Securities as the Company may from time to time reasonably request in writing.

In the case of a Shelf Registration Statement, each Holder agrees that, upon receipt of any notice from the Company of the happening of any event of the kind described in Section 3(e)(v) hereof, such Holder will forthwith discontinue disposition of Registrable Securities pursuant to a Registration Statement until such Holder's receipt of the copies of the supplemented or

amended Prospectus contemplated by Section 3(i) hereof, and, if so directed by the Company, such Holder will deliver to the Company (at its expense) all copies in its possession, other than permanent file copies then in such Holder's possession, of the Prospectus covering such Registrable Securities current at the time of receipt of such notice. If the Company shall give any such notice to suspend the disposition of Registrable Securities pursuant to a Registration Statement, the Company shall extend the period during which the Registration Statement shall be maintained effective pursuant to this Agreement by the number of days during the period from and including the date of the giving of such notice to and

including the date when the Holders shall have received copies of the supplemented or amended Prospectus necessary to resume such dispositions. The Company may give any such notice only three times during any 365 day period and any such suspensions may not exceed 30 days for each suspension and there may not be more than three suspensions in effect during any 365 day period.

The Holders of Registrable Securities covered by a Shelf Registration Statement who desire to do so may sell such Registrable Securities in an Underwritten Offering. In any such Underwritten Offering, the investment banker or investment bankers and manager or managers (the "Underwriters") that will administer the offering will be selected by the Majority Holders of the Registrable Securities included in such offering; provided that such investment banker or investment bankers and manager or managers shall be reasonably acceptable to the Company.

4. Participation of Broker-Dealers in Exchange Offer.

(a) The Staff of the SEC has taken the position that any broker-dealer that receives Exchange Securities for its own account in the Exchange Offer in exchange for Securities that were acquired by such broker-dealer as a result of market-making or other trading activities (a "Participating Broker-Dealer"), may be deemed to be an "underwriter" within the meaning of the 1933 Act and must deliver a prospectus meeting the requirements of the 1933 Act in connection with any resale of such Exchange Securities.

The Company understands that it is the Staff's position that if the Prospectus contained in the Exchange Offer Registration Statement includes a plan of distribution containing a statement to the above effect and the means by which Participating Broker-Dealers may resell the Exchange Securities, without naming the Participating Broker-Dealers or specifying the amount of Exchange Securities owned by them, such Prospectus may be delivered by Participating Broker-Dealers to satisfy their prospectus delivery obligation under the 1933 Act in connection with resales of Exchange Securities for their own accounts, so long as the Prospectus otherwise meets the requirements of the 1933 Act.

(b) In light of the above, notwithstanding the other provisions of this Agreement, the Company agrees that the provisions of this Agreement as they relate to a Shelf Registration shall also apply to an Exchange Offer Registration to the extent, and with such reasonable modifications thereto as may be, reasonably requested by the Placement Agents or by one or more Participating Broker-Dealers, in each case as provided in clause (ii) below, in order to expedite or facilitate the disposition of any Exchange Securities by Participating Broker-Dealers consistent with the positions of the Staff recited in Section 4(a) above; provided that:

(i) the Company shall not be required to amend or supplement the Prospectus contained in the Exchange Offer Registration Statement, as would otherwise be contemplated by Section 3(i), for a period exceeding 120 days after the last Exchange Date (as such period may be extended pursuant to the penultimate paragraph

of Section 3 of this Agreement) and Participating Broker-Dealers shall not be authorized by the Company to deliver and shall not deliver such Prospectus after such period in connection with the resales contemplated by this Section 4; and

(ii) the application of the Shelf Registration procedures set forth in Section 3 of this Agreement to an Exchange Offer Registration, to the extent not required by the positions of the Staff of the SEC or the 1933 Act and the rules and regulations thereunder, will be in conformity with the reasonable request to the Company by the Placement Agents or with the reasonable request in writing to the Company by one or more broker-dealers who certify to the Placement Agents and the Company in writing that they anticipate that they will be Participating Broker-Dealers; and provided further that, in connection with such application of the Shelf Registration procedures set forth in Section 3 to an Exchange Offer Registration, the Company shall be obligated (x) to deal only with one entity representing the Participating Broker-Dealers, which shall be Morgan Stanley & Co. Incorporated unless it elects not to act as such representative and (y) to cause to be delivered only one, if any, "cold comfort" letter with respect to the Prospectus in the form existing on the last Exchange Date and with respect to each subsequent amendment or supplement, if any, effected during the period specified in clause (i) above.

(c) The Placement Agents shall have no liability to the Company or any Holder with respect to any request that it may make pursuant to Section 4(b) above.

5. Indemnification and Contribution.

(a) The Company agrees to indemnify and hold harmless the Placement Agents, each Holder and each Person, if any, who controls any Placement Agent or any Holder within the meaning of either Section 15 of the 1933 Act or Section 20 of the 1934 Act, or is under common control with, or is controlled by, any Placement Agent or any Holder, from and against all losses, claims, damages and liabilities (including, without limitation, any legal or other expenses reasonably incurred by any Placement Agent, any Holder or any such controlling or affiliated Person in connection with defending or investigating any such action or claim) caused by any untrue statement or alleged untrue statement of a material fact contained in any Registration Statement (or any amendment thereto) pursuant to which Exchange Securities or Registrable Securities were registered under the 1933 Act, including all documents incorporated therein by reference, or caused by any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, or caused by any untrue statement or alleged untrue statement of a material fact contained in any Prospectus (as amended or supplemented if the Company shall have furnished any amendments or supplements thereto), or caused by any omission or alleged omission to state therein a material fact necessary to make the statements therein in light of the circumstances under which they were made not misleading, except insofar as such losses, claims, damages or liabilities are caused by any such untrue statement or omission or alleged untrue statement or omission based upon information relating to the Placement Agents or any Holder furnished to the Company in writing by Morgan Stanley & Co. Incorporated or any

selling Holder expressly for use therein. In connection with any Underwritten Offering permitted by Section 3, the Company will also indemnify the Underwriters, if any, selling brokers, dealers and similar securities industry professionals participating in the distribution, their officers and directors and each Person who controls such Persons (within the meaning of either Section 15 of the 1933 Act or Section 20 of the 1934 Act) to the same extent as provided above with respect to the indemnification of the Holders, if requested in connection with any Registration Statement.

(b) Each Holder agrees, severally and not jointly, to indemnify and hold harmless the Company, the Placement Agents and the other selling Holders, and each of their respective directors, officers who sign the Registration Statement and each Person, if any, who controls the Company, any of the Placement Agents and any other selling Holder within the meaning of either Section 15 of the 1933 Act or Section 20 of the 1934 Act to the same extent as the foregoing indemnity from the Company to the Placement Agents and the Holders, but only with reference to information relating to such Holder furnished to the Company in writing by such Holder expressly for use in any Registration Statement (or any amendment thereto) or any Prospectus (or any amendment or supplement thereto).

(c) In case any proceeding (including any governmental investigation) shall be instituted involving any person in respect of which indemnity may be sought pursuant to either paragraph (a) or paragraph (b) above, such person (the "indemnified party") shall promptly notify the person against whom such indemnity may be sought (the "indemnifying party") in writing and the indemnifying party, upon request of the indemnified party, shall retain counsel reasonably satisfactory to the indemnified party to represent the indemnified party and any others the indemnifying party may designate in such proceeding and shall pay the fees and disbursements of such counsel related to such proceeding. In any such proceeding, any indemnified party shall have the right to retain its own counsel, but the fees and expenses of such counsel shall be at the expense of such indemnified party unless (i) the indemnifying party and the indemnified party shall have mutually agreed to the retention of such counsel or (ii) the named parties to any such proceeding (including any impleaded parties) include both the indemnifying party and the indemnified party and representation of both parties by the same counsel would be inappropriate due to actual or potential differing interests between them. It is understood that the indemnifying party shall not, in connection with any proceeding or related proceedings in the same jurisdiction, be liable for (a) the fees and expenses of more than one separate firm (in addition to any local counsel) for the Placement Agents and all Persons, if any, who control any Placement Agent within the meaning of either Section 15 of the 1933 Act or Section 20 of the 1934 Act, (b) the fees and expenses of more than one separate firm (in addition to any local counsel) for the Company, its directors, its officers who sign the Registration Statement and each Person, if any, who controls the Company within the meaning of either such Section and (c) the fees and expenses of more than one separate firm (in addition to any local counsel) for all Holders and all Persons, if any, who control any Holders within the meaning of either such Section, and that all such fees and expenses shall be reimbursed as they are incurred. In such case involving the Placement Agents and Persons who control any Placement Agent, such firm shall be designated in writing by Morgan Stanley & Co. Incorporated. In such case involving the Holders and such Persons

who control any Holders, such firm shall be designated in writing by the Majority Holders. In all other cases, such firm shall be designated by the Company. The indemnifying party shall not be liable for any settlement of any proceeding effected without its written consent but, if settled with such consent or if there be a final judgment for the plaintiff, the indemnifying party agrees to indemnify the indemnified party from and against any loss or liability by reason of such settlement or judgment. Notwithstanding the foregoing sentence, if at any time an indemnified party shall have requested an indemnifying party to reimburse the indemnified party for fees and expenses of counsel as contemplated by the second and third sentences of this paragraph, the indemnifying party agrees that it shall be liable for any settlement of any proceeding effected without its written consent if (i) such settlement is entered into more than 30 days after receipt by such indemnifying party of the aforesaid request and (ii) such indemnifying party shall not have reimbursed the

indemnified party for such fees and expenses of counsel in accordance with such request prior to the date of such settlement. No indemnifying party shall, without the prior written consent of the indemnified party, effect any settlement of any pending or threatened proceeding in respect of which such indemnified party is or could have been a party and indemnity could have been sought hereunder by such indemnified party, unless such settlement includes an unconditional release of such indemnified party from all liability on claims that are the subject matter of such proceeding.

(d) If the indemnification provided for in paragraph (a) or paragraph (b) of this Section 5 is unavailable to an indemnified party or insufficient in respect of any losses, claims, damages or liabilities, then each indemnifying party under such paragraph, in lieu of indemnifying such indemnified party thereunder, shall contribute to the amount paid or payable by such indemnified party as a result of such losses, claims, damages or liabilities in such proportion as is appropriate to reflect the relative fault of the indemnifying party or parties on the one hand and of the indemnified party or parties on the other hand in connection with the statements or omissions that resulted in such losses, claims, damages or liabilities, as well as any other relevant equitable considerations. The relative fault of the Company and the Holders shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Company or by the Holders and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. The Holders' respective obligations to contribute pursuant to this Section 5(d) are several in proportion to the respective principal amount of Registrable Securities of such Holder that were registered pursuant to a Registration Statement.

(e) The Company and each Holder agree that it would not be just or equitable if contribution pursuant to this Section 5 were determined by pro rata allocation or by any other method of allocation that does not take account of the equitable considerations referred to in paragraph (d) above. The amount paid or payable by an indemnified party as a result of the losses, claims, damages and liabilities referred to in paragraph (d) above shall be deemed to include, subject to the limitations set forth above, any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any such action or claim. Notwithstanding the provisions of this Section 5, no Holder shall be required to indemnify or contribute any amount in excess of the amount by which the total

price at which Registrable Securities were sold by such Holder exceeds the amount of any damages that such Holder has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. No person guilty of fraudulent misrepresentation (within the meaning

of Section 11(f) of the 1933 Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. The remedies provided for in this Section 5 are not exclusive and shall not limit any rights or remedies which may otherwise be available to any indemnified party at law or in equity.

The indemnity and contribution provisions contained in this Section 5 shall remain operative and in full force and effect regardless of (i) any termination of this Agreement, (ii) any investigation made by or on behalf of the Placement Agents, any Holder or any Person controlling any Placement Agent or any Holder, or by or on behalf of the Company, its officers or directors or any Person controlling the Company, (iii) acceptance of any of the Exchange Securities and (iv) any sale of Registrable Securities pursuant to a Shelf Registration Statement.

6. Miscellaneous.

(a) No Inconsistent Agreements. The Company has not entered into, and on or after the date of this Agreement will not enter into, any agreement which is inconsistent with the rights granted to the Holders of Registrable Securities in this Agreement or otherwise conflicts with the provisions hereof. The rights granted to the Holders hereunder do not in any way conflict with and are not inconsistent with the rights granted to the holders of the Company's other issued and outstanding securities under any such agreements.

(b) Amendments and Waivers. The provisions of this Agreement, including the provisions of this sentence, may not be amended, modified or supplemented, and waivers or consents to departures from the provisions hereof may not be given unless the Company has obtained the written consent of Holders of at least a majority in aggregate principal amount of the outstanding Registrable Securities affected by such amendment, modification, supplement, waiver or consent; provided, however, that no amendment, modification, supplement, waiver or consent to any departure from the provisions of Section 5 hereof shall be effective as against any Holder of Registrable Securities unless consented to in writing by such Holder.

(c) Notices. All notices and other communications provided for or permitted hereunder shall be made in writing by hand-delivery, registered first-class mail, telex, telecopier, or any courier guaranteeing overnight delivery (i) if to a Holder, at the most current address given by such Holder to the Company by means of a notice given in accordance with the provisions of this Section 6(b), which address initially is, with respect to the Placement Agents, the address set forth in the Placement Agreement; and (ii) if to the Company, initially at the Company's address set forth in the Placement Agreement and thereafter at such other address, notice of which is given in accordance with the provisions of this Section 6(b).

All such notices and communications shall be deemed to have been duly given: at the time delivered by hand, if personally delivered; five business days after being deposited in the mail, postage prepaid, if mailed; when answered back, if telexed; when receipt is acknowledged, if telecopied; and on the next business day if timely delivered to an air courier guaranteeing overnight delivery.

Copies of all such notices, demands, or other communications shall be concurrently delivered by the person giving the same to the Trustee, at the address specified in the Indenture.

(d) Successors and Assigns. This Agreement shall inure to the benefit of and be binding upon the successors, assigns and transferees of each of the parties, including, without limitation and without the need for an express assignment, subsequent Holders; provided that nothing herein shall be deemed to permit any assignment, transfer or other disposition of Registrable Securities in violation of the terms of the Placement Agreement. If any transferee of any Holder shall acquire Registrable Securities, in any manner, whether by operation of law or otherwise, such Registrable Securities shall be held subject to all of the terms of this Agreement, and by taking and holding such Registrable Securities such person shall be conclusively deemed to have agreed to be bound by and to perform all of the terms and provisions of this Agreement and such person shall be entitled to receive the benefits hereof. The Placement Agents (in their capacity as Placement Agents) shall have no liability or obligation to the Company with respect to any failure by a Holder to comply with, or any breach by any Holder of, any of the obligations of such Holder under this Agreement.

(e) Purchases and Sales of Securities. The Company shall not, and shall use its best efforts to cause its affiliates (as defined in Rule 405 under the 1933 Act) not to, purchase and then resell or otherwise transfer any Securities.

(f) Third Party Beneficiary. The Holders shall be third party beneficiaries to the agreements made hereunder between the Company, on the one hand, and the Placement Agents, on the other hand, and any Holder shall have the right to enforce such agreements directly to the extent it deems such enforcement necessary or advisable to protect its rights or the rights of Holders hereunder.

(g) Counterparts. This Agreement may be executed in any number of counterparts and by the parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement.

(h) Headings. The headings in this Agreement are for convenience of reference only and shall not limit or otherwise affect the meaning hereof.

(i) Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of New York.

(j) Severability. In the event that any one or more of the provisions contained herein, or the application thereof in any circumstance, is held invalid, illegal or unenforceable, the validity, legality and enforceability of any such provision in every other respect and of the remaining provisions contained herein shall not be affected or impaired thereby.

(k) Miscellaneous. The Company agrees, for the sole benefit of the Placement Agents:

(i) prior to the consummation of the Exchange Offer or the effectiveness of a Shelf Registration Statement if, in the reasonable judgment of any Placement Agent, such Placement Agent or any of its affiliates (as such term is defined in the rules and regulations under the 1933 Act) is required to deliver an offering memorandum in connection with sales of, or market-making activities with respect to, the Securities or the Exchange Securities, (A) to periodically amend or supplement the Final Memorandum so that the information contained in the Final Memorandum complies with the requirements of Rule 144A of the 1933 Act, (B) to amend or supplement the Final Memorandum when necessary to reflect any material changes in the information provided therein so that the Final Memorandum will not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in light of the circumstances existing as of the date the Final Memorandum is so delivered, not misleading and (C) to provide such Placement Agent with copies of each such amended or supplemental Final Memorandum, as such Placement Agent may reasonably request;

(ii) following the consummation of the Exchange Offer or the effectiveness of a Shelf Registration Statement and for so long as the Securities or, the Exchange Securities are outstanding if, in the reasonable judgement of any Placement Agent, such Placement Agent or any of its affiliates (as such term is defined in the rules and regulations under the 1933 Act) is required to deliver a prospectus in connection with sales of, or market-making activities with respect to, such securities, (A) to periodically amend the applicable registration statement so that the information contained therein complies with the requirements of Section 10(a) of the 1933 Act, (B) if requested by such Placement Agent, within 45 days following the end of the Company's most recent fiscal quarter, file a supplement to the prospectus included in the applicable registration statement which sets forth the financial results of the Company for the previous quarter, (C) to amend the applicable registration statement or supplement the related prospectus or the documents incorporated therein when necessary to reflect any material changes in the information provided therein so that the

registration statement and the prospectus will not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in light of the circumstances existing as of the date the prospectus is so delivered, not misleading and (D) to provide such Placement Agent with copies of each such amendment or supplement as such Placement Agent may reasonably request;

(iii) notwithstanding clauses (i) and (ii) above, (A) prior to amending the Final Memorandum or to filing any post-effective amendment to any registration statement or to supplementing any related prospectus, to furnish to the Placement Agents and their counsel, copies of all such documents proposed to be amended, filed or supplemented, and (B) it will not issue any amendment to the Final Memorandum, any post-effective amendment to a registration statement or any supplement to a prospectus to which the Placement Agents or their counsel shall object;

(iv) it shall notify the Placement Agents and their counsel and (if requested by any such person) confirm such advice in writing, (A) when any amendment to the Final Memorandum has been issued, when any prospectus supplement or amendment or post-effective amendment has been filed, and, with respect to any post-effective amendment, when the same has become effective, (B) of any request by the SEC for any post-effective amendment or supplement to a registration statement, any supplement or amendment to a prospectus or for additional information, (C) the issuance by the SEC of any stop order suspending the effectiveness of a registration statement or the initiation of any proceedings for that purpose, (D) of the receipt by the Company of any notification with respect to the suspension of the qualification of the Securities or the Exchange Securities for sale in any jurisdiction or the initiation or threatening of any proceedings for such purpose and (E) of the happening of any event which makes any statement made in the Final Memorandum, a registration statement, a prospectus or any amendment or supplement thereto untrue or which requires the making of any change in the Final Memorandum, a registration statement, a prospectus or any amendment or supplement thereto, in order to make the statements therein not misleading;

(v) it consents to the use of the Final Memorandum and any prospectus referred to in this paragraph (j) or any amendment or supplement thereto, by the Placement Agents in connection with the offering and sale of the Securities or Exchange Securities, as the case may be;

(vi) it will comply with the provisions of this paragraph (j)

at its own expense and will reimburse the Placement Agents for its expenses associated with this paragraph (j) (including fees of counsel); and

(vii) it hereby expressly acknowledges that the indemnification and contribution provisions of Section 7 of the Placement Agreement shall be specifically applicable and relate to each offering memorandum, registration statement, prospectus, amendment or supplement referred to in this paragraph (j).

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

EXTENDED STAY AMERICA, INC.

By: /s/ Gregory R. Moxley

Name: Gregory R. Moxley
Title: Chief Financial Officer

Confirmed and accepted as of
the date first above written:

MORGAN STANLEY & CO. INCORPORATED
GOLDMAN, SACHS & CO.
MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED
BEAR, STEARNS & CO. INC.
FLEET SECURITIES, INC.

By Morgan Stanley & Co. Incorporated

By: /s/ Daniel H. Klausner

Name: Daniel H. Klausner
Title: Principal

Exhibit 5.1

August 3, 2001

Board of Directors
Extended Stay America, Inc.
450 E. Las Olas Boulevard
Ft. Lauderdale, Florida 33301

Extended Stay America, Inc.

Ladies and Gentlemen:

We have acted as counsel for Extended Stay America, Inc., a Delaware corporation, (the "Company") in connection with the preparation of a registration statement on Form S-4 (the "Registration Statement") being filed with the Securities and Exchange Commission relating to the registration of the Company's 9 7/8% senior subordinated notes due 2011 (the "Exchange Notes"). Pursuant to the Registration Statement, the Company is offering to exchange (the "Exchange Offer") up to $300,000,000 aggregate principal amount of Exchange Notes for a like amount of its outstanding 9 7/8% senior subordinated notes due 2011 (the "Original Notes"). The Original Notes were, and the Exchange Notes will be, issued pursuant to the indenture, dated as of June 27, 2001, (the "Indenture") between the Company and Manufacturers and Traders Trust Company, as trustee (the "Trustee").

In our capacity as counsel to the Company we have examined (i) the Registration Statement, (ii) the Indenture, (iii) a specimen copy of the note representing the Exchange Notes and (iv) the originals, or copies identified to our satisfaction, of such corporate records of the Company, certificates of public officials, officers of the Company, and other persons, and such other documents, agreements and instruments as we have deemed necessary as a basis for the opinions hereinafter expressed.

In our examination, we have assumed the legal capacity of all natural persons, the genuineness of all signatures, the authenticity of all documents submitted to us as originals, the conformity to original documents of all documents submitted to us as certified, conformed or photostatic copies and the authenticity of the originals of such latter documents. As to any facts material to the opinions expressed herein which were not independently established or verified, we have relied upon oral or written statements and representations of officers and other representatives of the Company and others.

Our opinion set forth below is limited to the laws of the State of New York, the General Corporation Law of the State of Delaware and the federal laws of the United States and we do not express any opinion herein concerning any other laws.

Based on the foregoing, and having regard for such legal considerations as we have deemed relevant, we are of the opinion that when the Exchange Notes have been duly authorized and

executed by the Company and authenticated by the Trustee in accordance with the provisions of the Indenture and delivered to holders tendering into the Exchange Offer in accordance with the terms of the Exchange Offer as set forth in the Registration Statement, the Exchange Notes will be legally issued and will constitute valid and binding obligations of the Company, enforceable against the Company, in accordance with their terms.

The opinion set forth above is subject, as to enforcement, to (i) bankruptcy, insolvency (including, without limitation, all laws relating to fraudulent transfers), reorganization, moratorium or other similar laws relating to or affecting the enforcement of creditors' rights generally, (ii) general equitable principles (regardless of whether enforcement is considered in a proceeding in equity or at law) and (iii) provisions of law that require that a judgment for money damages rendered by a court in the United States be expressed only in United States dollars.

We hereby consent to the use of this opinion letter as an exhibit to the Registration Statement and to the use of our name under the heading "Legal Matters" in the prospectus included as part of the Registration Statement.

Very truly yours,

ARS/JA/YT/RS

Exhibit 8.1

August 3, 2001

Extended Stay America, Inc.
450 E. Las Olas Boulevard
Ft. Lauderdale, FL 33301

Exchange Offer for 9-7/8% Senior Subordinated Notes due 2011

Ladies and Gentlemen:

We have acted as counsel to Extended Stay America, Inc. (the "Company") in connection with the Registration Statement on Form S-4, to which this opinion appears as Exhibit 8.1, which includes the prospectus of the Company relating to the offer by the Company to exchange (the "Exchange Offer") the Company's 9-7/8% Senior Subordinated Notes due 2011 (the "Exchange Notes") for the Company's outstanding 9-7/8% Senior Subordinated Notes due 2011 (the "Outstanding Notes" and together with the Exchange Notes, the "Notes").

We are of the opinion that, subject to the limitations and conditions set forth therein, the discussion in "Principal United States Federal Income Tax Considerations" accurately describes the United States federal income tax consequences of the exchange offer and the purchase, ownership and disposition of the Notes.

We hereby consent to the filing with the Securities and Exchange Commission of this opinion as an exhibit to the registration statement and to the reference to this firm in the prospectus constituting part of the registration statement.

Very truly yours,

Exhibit 10.1

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CREDIT AGREEMENT

among

EXTENDED STAY AMERICA, INC.,

VARIOUS LENDERS,

MORGAN STANLEY SENIOR FUNDING, INC.,
as SOLE LEAD ARRANGER AND SOLE BOOK RUNNER,

BEAR STEARNS CORPORATE LENDING INC.

and

FLEET NATIONAL BANK,
as CO-SYNDICATION AGENTS,

and

THE INDUSTRIAL BANK OF JAPAN, LIMITED,
as Administrative Agent

Dated as of July 24, 2001

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CREDIT AGREEMENT, dated as of July 24, 2001, among EXTENDED STAY AMERICA, INC., a Delaware corporation (the "Borrower"), the Lenders party hereto from time to time, MORGAN STANLEY SENIOR FUNDING, INC., as Sole Lead Arranger and Sole Book Runner (in such capacity, the "Lead Arranger"), BEAR STEARNS CORPORATE LENDING INC. and FLEET NATIONAL BANK, as Co-Syndication Agents (in each capacity, the "Co-Syndication Agents"), and THE INDUSTRIAL BANK OF JAPAN, LIMITED, as Administrative Agent (in such capacity, the "Administrative Agent") (all capitalized terms used herein and defined in Section 11 are used herein as therein defined).

W I T N E S S E T H:
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WHEREAS, subject to and upon the terms and conditions herein set forth, the Lenders are willing to make available to the Borrower the credit facilities provided for herein;

NOW, THEREFORE, IT IS AGREED:

SECTION 1. Amount and Terms of Credit.

1.01 The Commitments. (a) Subject to and upon the terms and conditions set forth herein, each Lender with a A-1 Term Loan Commitment severally agrees to make a term loan or term loans (each an "A-1 Term Loan" and, collectively, the "A-1 Term Loans") to the Borrower, which A-1 Term Loans (i) shall be incurred pursuant to a single drawing on the Initial Borrowing Date, (ii) shall be denominated in Dollars, (iii) except as hereinafter provided, shall, at the option of the Borrower, be incurred and maintained as, and/or converted into, Base Rate Loans or Eurodollar Loans, provided that, (A) except as otherwise specifically provided in Section 1.10(b), all A-1 Term Loans comprising the same Borrowing shall at all times be of the same Type, and (B) unless either the Lead Arranger otherwise agrees in its sole discretion or has determined that the Syndication Date has occurred (at which time this clause (B) shall no longer be applicable), (1) no A-1 Term Loans may be incurred or maintained as Eurodollar Loans prior to the fifth day following the Initial Borrowing Date and (2) thereafter and prior to the 90th day following the Initial Borrowing Date, A-1 Term Loans may only be incurred as and maintained as, and/or converted into, Eurodollar Loans so long as all such outstanding Eurodollar Loans, together with all outstanding A-2 Term Loans, A-3 Term Loans, B Term Loans and Revolving Loans that are maintained as Eurodollar Loans, are subject to an Interest Period of one month which begins and ends on the same day, and (iv) shall be made by each such Lender in that aggregate principal amount which does not exceed the A-1 Term Loan Commitment of such Lender on the Initial Borrowing Date. Once repaid, A-1 Term Loans incurred hereunder may not be reborrowed.

(b) Subject to and upon the terms and conditions set forth herein, each Lender with an A-2 Term Loan Commitment severally agrees to make a term loan or term loans (each an "A-2 Term Loan" and, collectively, the "A-2 Term Loans") to the Borrower, which Term Loans (i) shall be incurred on one or more A-2 Term Loan Borrowing Dates, (ii) shall be denominated in Dollars, (iii) except as hereinafter provided, shall, at the option of the Borrower, be incurred

and maintained as, and/or converted into, Base Rate Loans or Eurodollar Loans,

provided that, (A) except as otherwise specifically provided in Section 1.10(b), all A-2 Term Loans comprising the same Borrowing shall at all times be of the same Type, and (B) unless either the Lead Arranger otherwise agrees in its sole discretion or has determined that the Syndication Date has occurred (at which time this clause (B) shall no longer be applicable), (1) no A-2 Term Loans may be incurred or maintained as Eurodollar Loans prior to the fifth day following the Initial Borrowing Date and (2) thereafter and prior to the 90th day following the Initial Borrowing Date, A-2 Term Loans may only be incurred and maintained as, and/or converted into, Eurodollar Loans so long as all such outstanding Eurodollar Loans, together with all outstanding A-1 Term Loans, A-3 Term Loans, B Term Loans and Revolving Loans that are maintained as Eurodollar Loans, are subject to an Interest Period of one month which begins and ends on the same day, and (iv) shall be made on each such A-2 Term Loan Borrowing Date by each such Lender in that aggregate principal amount which does not exceed the A-2 Term Loan Commitment of such Lender on such A-2 Term Loan Borrowing Date. Once repaid, A-2 Term Loans incurred hereunder may not be reborrowed.

(c) Subject to and upon the terms and conditions set forth herein, each Lender with an A-3 Term Loan Commitment severally agrees to make a term loan or term loans (each an "A-3 Term Loan" and, collectively, the "A-3 Term Loans") to the Borrower, which Term Loans (i) shall be incurred on one or more A-3 Term Loan Borrowing Dates, (ii) shall be denominated in Dollars, (iii) except as hereinafter provided, shall, at the option of the Borrower, be incurred and maintained as, and/or converted into, Base Rate Loans or Eurodollar Loans, provided that, (A) except as otherwise specifically provided in Section 1.10(b), all A-3 Term Loans comprising the same Borrowing shall at all times be of the same Type, and (B) unless either the Lead Arranger otherwise agrees in its sole discretion or has determined that the Syndication Date has occurred (at which time this clause (B) shall no longer be applicable), (1) no A-3 Term Loans may be incurred or maintained as Eurodollar Loans prior to the fifth day following the Initial Borrowing Date and (2) thereafter and prior to the 90th day following the Initial Borrowing Date, A-3 Term Loans may only be incurred and maintained as, and/or converted into, Eurodollar Loans so long as all such outstanding Eurodollar Loans, together with all outstanding A-1 Term Loans, A-2 Term Loans, B Term Loans and Revolving Loans that are maintained as Eurodollar Loans, are subject to an Interest Period of one month which begins and ends on the same day, and (iv) shall be made on each such A-3 Term Loan Borrowing Date by each such Lender in that aggregate principal amount which does not exceed the A-3 Term Loan Commitment of such Lender on such A-3 Term Loan Borrowing Date. Once repaid, A-3 Term Loans incurred hereunder may not be reborrowed.

(d) Subject to and upon the terms and conditions set forth herein, each Lender with a B Term Loan Commitment severally agrees to make a term loan or term loans (each a "B Term Loan" and, collectively, the "B Term Loans") to the Borrower, which B Term Loans (i) shall be incurred pursuant to a single drawing on the Initial Borrowing Date, (ii) shall be denominated in Dollars, (iii) except as hereinafter provided, shall, at the option of the Borrower, be incurred and maintained as, and/or converted into, Base Rate Loans or Eurodollar Loans, provided that, (A) except as otherwise specifically provided in Section 1.10(b), all B Term Loans comprising the same Borrowing shall at all times be of the same Type, and (B) unless either the Lead Arranger otherwise agrees in its sole discretion or has determined that the

Syndication Date has occurred (at which time this clause (B) shall no longer be applicable), (1) no B Term Loans may be incurred or maintained as Eurodollar Loans prior to the fifth day following the Initial Borrowing Date and (2) thereafter and prior to the 90th day following the Initial Borrowing Date, B Term Loans may only be incurred and maintained as, and/or converted into, Eurodollar Loans so long as all such outstanding Eurodollar Loans, together with all outstanding A-1 Term Loans, A-2 Term Loans, A-3 Term Loans and Revolving Loans that are maintained as Eurodollar Loans, are subject to an Interest Period of one month which begins and ends on the same day, and (iv) shall be made by each such Lender in that aggregate principal amount which does not exceed the B Term Loan Commitment of such Lender on the Initial Borrowing Date. Once repaid, B Term Loans incurred hereunder may not be reborrowed.

(e) Subject to Section 1.14, the other terms and conditions set forth herein and the relevant Incremental Term Loan Commitment Agreement, each Lender with an Incremental Term Loan Commitment severally agrees to make a term loan or term loans (each, an "Incremental Term Loan" and, collectively, the "Incremental Term Loans") to the Borrower, which Incremental Term Loans: (i) only may be incurred on the respective Incremental Term Loan Borrowing Date or

Dates as shall be set forth in the applicable Incremental Term Loan Commitment Agreement pursuant to which such Incremental Term Loans are to be made and shall not be later than the Incremental Term Loan Commitment Termination Date; (ii) shall be Term Loans under the Tranche specified in the applicable Incremental Term Loan Commitment Agreement provided that no Incremental Term Loans may be incurred as A Term Loans; (iii) except as hereafter provided, shall, at the option of the Borrower, be incurred and maintained as, and/or converted into, Base Rate Loans or Eurodollar Loans, provided that (x) all Incremental Term Loans made as part of the same Borrowing shall, unless otherwise specifically provided herein, consist of Incremental Term Loans of the same Type; and (iv) shall be made by each such Lender in that aggregate principal amount which does not exceed the Incremental Term Loan Commitment of such Lender under the relevant Tranche on the respective Incremental Term Loan Borrowing Date. Once repaid, Incremental Term Loans incurred hereunder may not be reborrowed.

(f) Subject to and upon the terms and conditions set forth herein, each Lender with a Revolving Loan Commitment severally agrees, at any time and from time to time on and after the Initial Borrowing Date and prior to the Revolving Maturity Date, to make a revolving loan or revolving loans (each, a "Revolving Loan" and, collectively, the "Revolving Loans") to the Borrower, which Revolving Loans (i) shall, at the option of the Borrower, be Base Rate Loans or Eurodollar Loans, provided that, (A) except as otherwise specifically provided in Section 1.10(b), all Revolving Loans comprising the same Borrowing shall at all times be of the same Type, and (B) unless either the Lead Arranger otherwise agrees in its sole discretion or has determined that the Syndication Date has occurred (at which time this clause (B) shall no longer be applicable) (1) no Revolving Loans may be incurred or maintained as Eurodollar Loans prior to the fifth day following the Initial Borrowing Date and (2) thereafter and prior to the 90th day following the Initial Borrowing Date, Revolving Loans may only be incurred as, and/or converted into, Eurodollar Loans so long as all such outstanding Eurodollar Loans, together with all outstanding A Term Loans and B Term Loans that are maintained as Eurodollar Loans are subject to an Interest Period of one month which begins and ends on the same day, (ii) may be repaid or reborrowed at any time in accordance with the provisions hereof and (iii) shall not

exceed for any such Lender at any time outstanding that aggregate principal amount which, when added to the product of (A) such Lender's RL Percentage and (B) the sum of (I) the aggregate amount of all Letter of Credit Outstandings (exclusive of Unpaid Drawings which are repaid with the proceeds of, and simultaneously with the incurrence of, the respective incurrence of Revolving Loans) at such time and (II) the aggregate principal amount of all Swingline Loans (exclusive of Swingline Loans which are repaid with the proceeds of, and simultaneously with the incurrence of, the respective incurrence of Revolving Loans) then outstanding, equals the Revolving Loan Commitment of such Lender at such time and (iv) shall not exceed for all Lenders at any time outstanding that aggregate principal amount which, when added to (I) the aggregate amount of all Letter of Credit Outstandings (exclusive of Unpaid Drawings which are repaid with the proceeds of, and simultaneously with the incurrence of, the respective incurrence of Revolving Loans) at such time and (II) the aggregate principal amount of all Swingline Loans (exclusive of Swingline Loans which are repaid with the proceeds of, and simultaneously with the incurrence of, the respective incurrence of Revolving Loans) then outstanding, equals the Total Revolving Loan Commitment at such time.

(g) Subject to and upon the terms and conditions set forth herein, the Swingline Lender agrees to make, at any time and from time to time on and after the Initial Borrowing Date and prior to the Swingline Expiry Date, a revolving loan or revolving loans (each a "Swingline Loan" and, collectively, the "Swingline Loans") to the Borrower, which Swingline Loans (i) shall be made and maintained as Base Rate Loans, (ii) may be repaid and reborrowed in accordance with the provisions hereof, (iii) shall not exceed in aggregate principal amount at any time outstanding, when combined with the aggregate principal amount of all Revolving Loans then outstanding and the Letter of Credit Outstandings (exclusive of Unpaid Drawings which are repaid with the proceeds of, and simultaneously with the incurrence of, the respective incurrence of Swingline Loans) at such time, an amount equal to the Total Revolving Loan Commitment at such time, and (iv) shall not exceed in aggregate principal amount at any time outstanding the Maximum Swingline Amount. Notwithstanding anything to the contrary contained in this Section 1.01(g), the Swingline Lender shall not be obligated to make any Swingline Loans at a time when a Lender Default exists with respect to a RL Lender unless the Swingline

Lender has entered into arrangements satisfactory to it and the Borrower, to eliminate the Swingline Lender's risk with respect to such Defaulting Lender's or Lenders' participation in such Swingline Loans, including by cash collateralizing such Defaulting Lender's or Lenders' RL Percentage of the outstanding Swingline Loans and (ii) the Swingline Lender shall not make any Swingline Loan after it has received written notice from the Borrower or the Required Lenders stating that a Default or an Event of Default exists and is continuing until such time as the Swingline Lender shall have received written notice (i) of rescission of all such notices from the party or parties originally delivering such notice, (ii) of the waiver of such Default or Event of Default by the Required Lenders or (iii) that the Administrative Agent in good faith believes that such Default or Event of Default has ceased to exist.

(h) On any Business Day, the Swingline Lender may, in its sole discretion, give notice to the RL Lenders that its outstanding Swingline Loans shall be funded with one or more Borrowings of Revolving Loans (provided that such notice shall be deemed to have been automatically given upon the occurrence of a Default or an Event of Default under Section 10.05 or upon the exercise of any of the remedies provided in the last paragraph of Section 10), in

which case one or more Borrowings of Revolving Loans constituting Base Rate Loans (each such Borrowing, a "Mandatory Borrowing") shall be made on the immediately succeeding Business Day by all RL Lenders (other than the Swingline Lenders) pro rata based on each such Lender's RL Percentage (determined before giving effect to any termination of the Revolving Loan Commitments pursuant to the last paragraph of Section 10) and the proceeds thereof shall be applied directly by the Swingline Lender to repay the Swingline Lender for such outstanding Swingline Loans. Each such Lender hereby irrevocably agrees to make Revolving Loans upon one Business Day's notice pursuant to each Mandatory Borrowing in the amount and in the manner specified in the preceding sentence and on the date specified in writing by the Swingline Lender notwithstanding (i) the amount of the Mandatory Borrowing may not comply with the Minimum Borrowing Amount otherwise required hereunder, (ii) whether any conditions specified in Section 6 are then satisfied, (iii) whether a Default or an Event of Default then exists, (iv) the date of such Mandatory Borrowing and (v) the amount of the Total Revolving Loan Commitment at such time. In the event that any Mandatory Borrowing cannot for any reason be made on the date otherwise required above (including, without limitation, as a result of the commencement of a proceeding under the Bankruptcy Code with respect to the Borrower), then each such RL Lender hereby agrees that it shall forthwith purchase (as of the date the Mandatory Borrowing would otherwise have occurred, but adjusted for any payments received from the Borrower on or after such date and prior to such purchase) from the Swingline Lender such participations in the outstanding Swingline Loans as shall be necessary to cause such RL Lenders to share in such Swingline Loans ratably based upon their respective RL Percentages (determined before giving effect to any termination of the Total Revolving Loan Commitment pursuant to the last paragraph of Section 10), provided that (x) all interest payable on the Swingline Loans shall be for the account of the Swingline Lender until the date as of which the respective participation is required to be purchased and, to the extent attributable to the purchased participation, shall be payable to the participant from and after such date, (y) at the time any purchase of participations pursuant to this sentence is actually made, the purchasing RL Lender shall be required to pay the Swingline Lender interest on the principal amount of participation purchased for each day from and including the day upon which the Mandatory Borrowing would otherwise have occurred to but excluding the date of payment for such participation, at the overnight Federal Funds Rate for the first three days and at the rate otherwise applicable to Revolving Loans maintained as Base Rate Loans hereunder for each day thereafter and (z) whenever the Swingline Lender receives a payment in respect of a Swingline Loan in which such a participation has been purchased, the Swingline Lender shall pay to the RL Lenders which acquired such participation an amount equal to such RL Lenders' share in such Swingline Loan.

1.02 Minimum Amount of Each Borrowing. The aggregate principal amount of each Borrowing of Loans shall not be less than the Minimum Borrowing Amount applicable thereto. More than one Borrowing may occur on the same date, and at no time shall there be outstanding as Eurodollar Loans more than (a) twenty Borrowings of A Term Loans and Revolving Loans, (b) five Borrowings of B Term Loans and (c) twenty Borrowings of any one Tranche of Incremental Term Loans.

1.03 Notice of Borrowing. (a) Whenever the Borrower desires to

incur a Borrowing of Loans (excluding Swingline Loans and Revolving Loans incurred pursuant to a Mandatory Borrowing), the Borrower shall give the Administrative Agent at its Notice Office at

least one Business Day's prior written notice (or telephonic notice promptly confirmed in writing) of each Base Rate Loan and at least three Business Days' prior written notice (or telephonic notice promptly confirmed in writing) of each Eurodollar Loan to be made hereunder, provided that any such notice shall be deemed to have been given on a certain day only if given before 1:00 P.M. (New York time) on such day. Each such written notice or written confirmation of telephonic notice (each a "Notice of Borrowing"), except as otherwise expressly provided in Section 1.10, shall be irrevocable and shall be given by the Borrower in the form of Exhibit A, appropriately completed to specify (i) the aggregate principal amount of the Loans to be incurred pursuant to such Borrowing, (ii) the date of such Borrowing (which shall be a Business Day) and (iii) whether the Loans being made pursuant to such Borrowing shall constitute A-1 Term Loans, A-2 Term Loans, A-3 Term Loans, B Term Loans, Incremental Term Loans or Revolving Loans and whether the Loans being incurred pursuant to such Borrowing are to be initially maintained as Base Rate Loans or Eurodollar Loans and, if Eurodollar Loans, the initial Interest Period to be applicable thereto. The Administrative Agent shall promptly give each Lender which is required to make Loans of the Tranche specified in the respective Notice of Borrowing notice of such proposed Borrowing, of such Lender's proportionate share thereof and of the other matters required by the immediately preceding sentence to be specified in the Notice of Borrowing.

(b)(i) Whenever the Borrower desires to incur Swingline Loans hereunder, the Borrower shall give the Swingline Lender no later than 2:00 P.M. (New York time) on the date that a Swingline Loan is to be incurred, written notice or telephonic notice promptly confirmed in writing of each Swingline Loan to be incurred hereunder. Each such notice shall be irrevocable and specify in each case (A) the date of Borrowing (which shall be a Business Day) and (B) the aggregate principal amount of the Swingline Loans to be incurred pursuant to such Borrowing.

(ii) Mandatory Borrowings shall be made upon the notice specified in Section 1.01(h), with the Borrower irrevocably agreeing, by its incurrence of any Swingline Loan, to the making of the Mandatory Borrowings as set forth in Section 1.01(g).

(c) Without in any way limiting the obligation of the Borrower to confirm in writing any telephonic notice of any Borrowing or prepayment of Loans, the Administrative Agent or the Swingline Lender, as the case may be, may act without liability upon the basis of telephonic notice of such Borrowing or prepayment believed by the Administrative Agent or the Swingline Lender, as the case may be, in good faith to be from an Authorized Officer of the Borrower prior to receipt of written confirmation. In each such case, the Borrower hereby waives the right to dispute the Administrative Agent's or the Swingline Lender's record of the terms of such telephonic notice of such Borrowing or prepayment of Loans (absent manifest error).

1.04 Disbursement of Funds. No later than 1:00 P.M. (New York time) on the date specified in each Notice of Borrowing (or (x) in the case of Swingline Loans, no later than 3:00 P.M. (New York time) on the date specified pursuant to Section 1.03(b)(i) or (y) in the case of Mandatory Borrowings, no later than 12:00 Noon (New York time) on the date specified in Section 1.01(h)), each Lender which has received the notice referred to in the last sentence of Section 1.03(a) (or (x) in the case of Swingline Loans, Section 1.03(b)(i) or (y) in the case of Mandatory Borrowings, Section 1.01(h)) will disburse its pro rata portion of each Borrowing

requested to be made on such date (or, in the case of Swingline Loans, the Swingline Lender will make available the full amount thereof). All such amounts shall be disbursed in Dollars and in immediately available funds at the Payment Office, and the Administrative Agent will promptly disburse to the Borrower at the Payment Office, in Dollars and in immediately available funds, the aggregate of the amounts so made available by the Lenders (other than in respect of Mandatory Borrowings). Unless the Administrative Agent shall have been notified by any Lender prior to the date of Borrowing that such Lender does not intend to

disburse to the Administrative Agent such Lender's portion of any Borrowing to be made on such date, the Administrative Agent may assume that such Lender has disbursed such amount to the Administrative Agent on such date of Borrowing and the Administrative Agent may, in reliance upon such assumption, disburse to the Borrower a corresponding amount. If such corresponding amount is not in fact disbursed to the Administrative Agent by such Lender, the Administrative Agent shall be entitled to recover such corresponding amount on demand from such Lender. If such Lender does not pay such corresponding amount forthwith upon the Administrative Agent's demand therefor, the Administrative Agent shall promptly notify the Borrower and the Borrower shall within three Business Days thereafter pay such corresponding amount to the Administrative Agent. The Administrative Agent shall also be entitled to recover (without duplication) on demand from such Lender or the Borrower, as the case may be, interest on such corresponding amount in respect of each day from the date such corresponding amount was disbursed by the Administrative Agent to the Borrower until the date such corresponding amount is recovered by the Administrative Agent, at a rate per annum equal to (i) if recovered from such Lender, at the overnight Federal Funds Rate for the first three days and at the interest rate otherwise applicable to such Loans for each day thereafter and (ii) if recovered from the Borrower, the rate of interest applicable to the respective Borrowing, as determined pursuant to Section 1.08. Nothing in this Section 1.04 shall be deemed to relieve any Lenders from its obligation to make Loans hereunder or to prejudice any rights which the Borrower may have against any Lenders as a result of any failure by such Lenders to make Loans hereunder.

1.05 Notes. (a) The Borrower's obligation to pay the principal of, and interest on, the Loans made by each Lender shall be evidenced in the Register maintained by the Administrative Agent pursuant to Section 13.16 and shall, if requested by such Lender, also be evidenced by (i) if A-1 Term Loans, by a promissory note duly executed and delivered by the Borrower substantially in the form of Exhibit B-1 with blanks appropriately completed in conformity herewith (each, an "A-1 Term Note" and, collectively, the "A-1 Term Notes"), (ii) if A-2 Term Loans, by a promissory note duly executed and delivered by the Borrower substantially in the form of Exhibit B-2 with blanks appropriately completed in conformity herewith (each, an "A-2 Term Note" and, collectively, the "A-2 Term Notes"), (iii) A-3 Term Loans, by a promissory note duly executed and delivered by the Borrower substantially in the form of Exhibit B-3 with blanks appropriately completed in conformity herewith (each, an "A-3 Term Note" and, collectively, the "A-3 Term Notes"), (iv) if B Term Loans, by a promissory note duly executed and delivered by the Borrower substantially in the form of Exhibit B-4 with blanks appropriately completed in conformity herewith (each, a "B Term Note" and, collectively, the "B Term Notes"), (v) if Incremental Term Loans, by a promissory note duly executed and delivered by the Borrower substantially in the form provided for in the Incremental Term Loan Commitment Agreement relating to such Incremental Term Loans (each an "Incremental Term Note" and

collectively, the "Incremental Term Notes") (v) if Revolving Loans, by a promissory note duly executed and delivered by the Borrower substantially in the form of Exhibit B-5, with blanks appropriately completed in conformity herewith (each, a "Revolving Note" and, collectively, the "Revolving Notes") and (vi) if Swingline Loans, by a promissory note duly executed and delivered by the Borrower substantially in the form of Exhibit B-6, with blanks appropriately completed in conformity herewith (the "Swingline Note").

(b) The A-1 Term Note issued to each Lender that has an A-1 Term Loan Commitment or outstanding A-1 Term Loans shall (i) be executed by the Borrower, (ii) be payable to such Lender or its registered assigns and be dated the date of the issuance thereof, (iii) be in a stated principal amount equal to the outstanding A-1 Term Loans of such Lender on such date of issuance and be payable in the principal amount of A-1 Term Loans evidenced thereby, (iv) mature on the A Maturity Date, (v) bear interest as provided in the appropriate clause of Section 1.08 in respect of the Base Rate Loans and Eurodollar Loans, as the case may be, evidenced thereby, (vi) be subject to voluntary prepayment as provided in Section 4.01, and mandatory repayment as provided in Section 4.02 and (vii) be entitled to the benefits of this Agreement and the other Credit Documents.

(c) The A-2 Term Note issued to each Lender that has an A-2 Term Loan Commitment or outstanding A-2 Term Loans shall (i) be executed by the Borrower, (ii) be payable to such Lender or its registered assigns and be dated the date of the issuance thereof, (iii) be in a stated principal amount equal to

the A-2 Term Loan Commitment of such Lender on such date of issuance plus the outstanding A-2 Term Loans of such Lender on such date of issuance, and be payable in the principal amount of A-2 Term Loans evidenced thereby, (iv) mature on the A Maturity Date, (v) bear interest as provided in the appropriate clause of Section 1.08 in respect of the Base Rate Loans and Eurodollar Loans, as the case may be, evidenced thereby, (vi) be subject to voluntary prepayment as provided in Section 4.01, and mandatory repayment as provided in Section 4.02 and (vii) be entitled to the benefits of this Agreement and the other Credit Documents.

(d) The A-3 Term Note issued to each Lender that has an A-3 Term Loan Commitment or outstanding A-3 Term Loans shall (i) be executed by the Borrower, (ii) be payable to such Lender or its registered assigns and be dated the date of the issuance thereof, (iii) be in a stated principal amount equal to the A-3 Term Loan Commitment of such Lender on such date of issuance plus the outstanding A-3 Term Loans of such Lender on such date of issuance, and be payable in the principal amount of A-3 Term Loans evidenced thereby, (iv) mature on the A Maturity Date, (v) bear interest as provided in the appropriate clause of Section 1.08 in respect of the Base Rate Loans and Eurodollar Loans, as the case may be, evidenced thereby, (vi) be subject to voluntary prepayment as provided in Section 4.01, and mandatory repayment as provided in Section 4.02 and (vii) be entitled to the benefits of this Agreement and the other Credit Documents.

(e) The B Term Note issued to each Lender that has a B Term Loan Commitment or outstanding B Term Loans shall (i) be executed by the Borrower, (ii) be payable to such Lender or its registered assigns and be dated the date of the issuance thereof, (iii) be in a stated principal amount equal to the outstanding B Term Loans of such Lender on such date of issuance

and be payable in the principal amount of B Term Loans evidenced thereby, (iv) mature on the B Maturity Date, (v) bear interest as provided in the appropriate clause of Section 1.08 in respect of the Base Rate Loans and Eurodollar Loans, as the case may be, evidenced thereby, (vi) be subject to voluntary prepayment as provided in Section 4.01, and mandatory repayment as provided in Section 4.02 and (vii) be entitled to the benefits of this Agreement and the other Credit Documents.

(f) The Incremental Term Note issued to each Lender that has an Incremental Term Loan Commitment or outstanding Incremental Term Loans shall (i) be executed by the Borrower, (ii) be payable to such Lender or its registered assigns and be dated the date of the issuance thereof, (iii) be in a stated principal amount equal to the Incremental Term Loan Commitment of such Lender plus the outstanding Incremental Term Loans of such Lender on such date of issuance and be payable in the principal amount of Incremental Term Loans evidenced thereby, (iv) mature on the respective Incremental Term Loan Maturity Date for such Incremental Term Loans, (v) bear interest as provided in the appropriate clause of Section 1.08 in respect of the Base Rate Loans and Eurodollar Loans, as the case may be, evidenced thereby, (vi) be subject to voluntary prepayment as provided in Section 4.01, and mandatory repayment as provided in Section 4.02 and (vii) be entitled to the benefits of this Agreement and the other Credit Documents.

(g) The Revolving Note issued to each Lender that has a Revolving Loan Commitment or outstanding Revolving Loans shall (i) be executed by the Borrower, (ii) be payable to such Lender or its registered assigns and be dated the date of the issuance thereof, (iii) be in a stated principal amount equal to the Revolving Loan Commitment of such Lender (or, if issued after the termination thereof, be in a stated principal amount equal to the Revolving Loans of such Lender at such time) and be payable in the outstanding principal amount of the Revolving Loans evidenced thereby, (iv) mature on the Revolving Maturity Date, (v) bear interest as provided in the appropriate clause of Section 1.08 in respect of the Base Rate Loans and Eurodollar Loans, as the case may be, evidenced thereby, (vi) be subject to voluntary prepayment as provided in Section 4.01, and mandatory repayment as provided in Section 4.02 and (vii) be entitled to the benefits of this Agreement and the other Credit Documents.

(h) The Swingline Note issued to the Swingline Lender shall (i) be executed by the Borrower, (ii) be payable to the Swingline Lender or its registered assigns and be dated the date of the issuance thereof, (iii) be in a stated principal amount equal to the Maximum Swingline Amount and be payable in the outstanding principal amount of the Swingline Loans evidenced thereby from

time to time, (iv) mature on the Swingline Expiry Date, (v) bear interest as provided in the appropriate clause of Section 1.08 in respect of the Base Rate Loans evidenced thereby, (vi) be subject to voluntary prepayment as provided in Section 4.01, and mandatory repayment as provided in Section 4.02 and (vii) be entitled to the benefits of this Agreement and the other Credit Documents.

(i) Each Lender will note on its internal records the amount of each Loan made by it and each payment in respect thereof and will prior to any transfer of its Note endorse on the reverse side thereof the outstanding principal amount of Loans evidenced thereby. Failure to

make any such notation (or any error in such notation) shall not affect the Borrower's obligations in respect of such Loans.

(j) Notwithstanding anything to the contrary contained above in this Section 1.05 or elsewhere in this Agreement, Notes shall only be delivered to Lenders which at any time specifically request the delivery of such Notes. No failure of any Lender to request or obtain a Note evidencing its Loans to the Borrower shall affect or in any manner impair the obligations of the Borrower to pay the Loans (and all related Obligations) incurred by the Borrower which would otherwise be evidenced thereby in accordance with the requirements of this Agreement, and shall not in any way affect the security or guaranties therefor provided pursuant to the various Credit Documents. Any Lender which does not have a Note evidencing its outstanding Loans shall in no event be required to make the notations otherwise described in preceding clause (i). At any time when any Lender requests the delivery of a Note to evidence any of its Loans, the Borrower shall promptly execute and deliver to the respective Lender the requested Note in the appropriate amount or amounts to evidence such Loans.

1.06 Conversions. The Borrower shall have the option to convert, on any Business Day, all or a portion equal to at least the applicable Minimum Borrowing Amount of the outstanding principal amount of Loans made to the Borrower into a Borrowing or Borrowings (of the same Tranche) of another Type of Loan, provided that (i) except as otherwise provided in Section 1.10(b), Eurodollar Loans may be converted into Base Rate Loans only on the last day of an Interest Period applicable to the Loans being converted and no partial conversion of a Borrowing of Eurodollar Loans shall reduce the outstanding principal amount of such Eurodollar Loans made pursuant to a single Borrowing to less than the Minimum Borrowing Amount applicable thereto, (ii) Base Rate Loans may only be converted into Eurodollar Loans if no Default and no Event of Default is in existence on the date of the conversion, (iii) unless the Lead Arranger otherwise agrees in its sole discretion or has determined that the Syndication Date has occurred (at which time this clause (iii) shall no longer be applicable), prior to the 90th day following the Initial Borrowing Date, conversions of Base Rate Loans into Eurodollar Loans shall be subject to the provisions of clause (B) of the proviso in each of Sections 1.01(a)(iii), 1.01(b)(iii), 1.01(c)(iii), 1.01(d)(iii) and 1.01(f)(ii), and (iv) no conversion pursuant to this Section 1.06 shall result in a greater number of Borrowings of Eurodollar Loans than is permitted under Section 1.02. Each such conversion shall be effected by the Borrower by giving the Administrative Agent at its Notice Office prior to 1:00 P.M. (New York time) at least three Business Days' prior written notice (each a "Notice of Conversion") specifying the Loans to be so converted, the Borrowing or Borrowings pursuant to which such Loans were made and, if to be converted into Eurodollar Loans, the Interest Period to be initially applicable thereto. The Administrative Agent shall give each Lender prompt notice of any such proposed conversion affecting any of its Loans.

1.07 Pro Rata Borrowings. All Borrowings of Loans of a Tranche under this Agreement shall be incurred from the Lenders pro rata on the basis of their respective Commitments under such Tranche. It is understood that no Lender shall be responsible for any default by any other Lender of its obligation to make Loans hereunder and that each Lender shall be obligated to make the Loans provided to be made by it hereunder, regardless of the failure of any other Lender to make its Loans hereunder.

1.08 Interest. (a) The Borrower agrees to pay interest in respect of the unpaid principal amount of each Base Rate Loan from the date the proceeds thereof are made available to the Borrower or from the date of any conversion to a Base Rate Loan pursuant to Sections 1.06, 1.09 or 1.10, as

applicable, until the earlier of (i) the maturity (whether by acceleration or otherwise) of such Base Rate Loan and (ii) the conversion of such Base Rate Loan to a Eurodollar Loan pursuant to Section 1.06, at a rate per annum which shall be equal to the sum of the Applicable Margin for the Tranche under which such Loans were incurred, plus the Base Rate in effect from time to time.

(b) The Borrower agrees to pay interest in respect of the unpaid principal amount of each Eurodollar Loan from the date the proceeds thereof are made available to the Borrower or from the date of any conversion to a Eurodollar Loan pursuant to Section 1.06 until the earlier of (i) the maturity (whether by acceleration or otherwise) of such Eurodollar Loan and (ii) the conversion of such Eurodollar Loan to a Base Rate Loan pursuant to Section 1.06, 1.09 or 1.10, as applicable, at a rate per annum which shall, during each Interest Period applicable thereto, be equal to the sum of the Applicable Margin for the Tranche under which such Loans were incurred, plus the Eurodollar Rate for such Interest Period.

(c) Overdue principal and, to the extent permitted by law, overdue interest in respect of each Loan shall, in each case, bear interest at a rate per annum equal to the greater of (x) 2% per annum in excess of the rate otherwise applicable to Base Rate Loans of the respective Tranche from time to time and (y) the rate which is 2% in excess of the rate otherwise applicable to such Loans, and all other overdue amounts payable hereunder and under any other Credit Document shall bear interest at a rate per annum equal to the rate which is 2% in excess of the rate applicable to Revolving Loans maintained as Base Rate Loans from time to time. Interest which accrues under this Section 1.08(c) shall be payable on demand.

(d) Accrued (and theretofore unpaid) interest shall be payable (i) in respect of each Base Rate Loan, quarterly in arrears on each Quarterly Payment Date, (ii) in respect of each Eurodollar Loan, on the last day of each Interest Period applicable thereto and, in the case of an Interest Period in excess of three months, on each date occurring at three month intervals after the first day of such Interest Period and (iii) in respect of each Loan, on any repayment or prepayment (on the amount repaid or prepaid), at maturity (whether by acceleration or otherwise) and, after such maturity, on demand.

(e) Upon each Interest Determination Date, the Administrative Agent shall determine the Eurodollar Rate for the Interest Period applicable to the Eurodollar Loans related thereto and shall promptly notify the Borrower and the Lenders thereof. Each such determination shall, absent manifest error, be final and conclusive and binding on all parties hereto.

1.09 Interest Periods. At the time the Borrower gives any Notice of Borrowing or Notice of Conversion in respect of the making of, or conversion into, any Eurodollar Loan (in the case of the initial Interest Period applicable thereto) or on the third Business Day prior to the expiration of an Interest Period applicable to such Eurodollar Loan (in the case of any subsequent Interest Period), the Borrower shall have the right to elect, by giving the Administrative Agent notice thereof, the interest period (each an "Interest Period") applicable to such Eurodollar Loan,

which Interest Period shall, at the option of the Borrower (but otherwise subject to the provisions of clause (B) of the proviso in each of Sections 1.01(a)(iii), 1.01(b)(iii), 1.01(c)(iii), 1.01(d)(iii) and 1.01(f)(ii)), be a one, two, three or six-month period, provided that:

(i) all Eurodollar Loans comprising a Borrowing shall at all times have the same Interest Period;

(ii) the initial Interest Period for any Eurodollar Loan shall commence on the date of Borrowing of such Eurodollar Loan (including the date of any conversion thereto from a Loan of a different Type) and each Interest Period occurring thereafter in respect of such Eurodollar Loan shall commence on the day on which the next preceding Interest Period applicable thereto expires;

(iii) if any Interest Period relating to a Eurodollar Loan begins on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period, such Interest Period shall end on the last Business Day of such calendar month;

(iv) if any Interest Period would otherwise expire on a day which is not a Business Day, such Interest Period shall expire on the next succeeding Business Day; provided, however, that if any Interest Period for a Eurodollar Loan would otherwise expire on a day which is not a Business Day but is a day of the month after which no further Business Day occurs in such month, such Interest Period shall expire on the next preceding Business Day;

(v) no Interest Period may be selected at any time when a Default or an Event of Default is then in existence;

(vi) no Interest Period in respect of any Borrowing of any Tranche of Loans shall be selected which extends beyond the respective Maturity Date for such Tranche of Loans; and

(vii) no Interest Period in respect of any Borrowing of any Tranche of Term Loans shall be selected which extends beyond any date upon which a mandatory repayment of such Tranche of Term Loans will be required to be made under Section 4.02(b)(i), (ii), (iii) or (iv) or, in the case of any Tranche of Incremental Term Loans, under the relevant Incremental Term Loan Commitment Agreement pursuant to which such Tranche of Incremental Term Loans were made, if the aggregate principal amount of such Tranche of Term Loans which have Interest Periods which will expire after such date will be in excess of the aggregate principal amount of such Tranche of Term Loans then outstanding less the aggregate amount of such required prepayment.

If upon the expiration of any Interest Period applicable to a Borrowing of Eurodollar Loans, the Borrower has failed to elect, or is not permitted to elect, a new Interest Period to be applicable to such Eurodollar Loans as provided above, the Borrower shall be

deemed to have elected to convert such Eurodollar Loans into Base Rate Loans effective as of the expiration date of such current Interest Period.

1.10 Increased Costs, Illegality, etc. (a) In the event that any Lender shall have determined (which determination shall, absent manifest error, be final and conclusive and binding upon all parties hereto but, with respect to clause (i) below, may be made only by the Administrative Agent):

(i) on any Interest Determination Date that, by reason of any changes arising after the Effective Date affecting the interbank Eurodollar market, adequate and fair means do not exist for ascertaining the applicable interest rate on the basis provided for in the definition of Eurodollar Rate; or

(ii) at any time, that such Lender shall incur increased costs or reductions in the amounts received or receivable hereunder with respect to any Eurodollar Loan because of (x) any change since the Effective Date in any applicable law or governmental rule, regulation, order, guideline or request (whether or not having the force of law) or in the interpretation or administration thereof and including the introduction of any new law or governmental rule, regulation, order, guideline or request, such as, for example, but not limited to: (A) a change in the basis of taxation of payment to any Lender of the principal of or interest on such Eurodollar Loan or any other amounts payable hereunder (except for changes in the rate of tax on, or determined by reference to, the net income or net profits of such Lender, or any franchise tax based on the net income or net profits of a Lender, in either case pursuant to the laws of the jurisdiction in which such Lender is organized or in which such Lender's principal office or applicable lending office is located or any subdivision thereof or therein) (it being understood that this Section 1.10(a)(ii) shall not apply to any such increased costs or reductions resulting from or representing Taxes that are paid or reimbursed by the Borrower pursuant to Section 4.04(a) or Excluded Taxes), or (B) a change in official reserve requirements, but, in all events, excluding reserves required under Regulation D to the extent included in the computation of the Eurodollar Rate and/or (y) other circumstances since the Effective Date affecting such Lender or the interbank Eurodollar market or the position of such Lender in such market; or

(iii) at any time, that the making or continuance of any Eurodollar Loan has been made (x) unlawful by any law or governmental rule, regulation or order, (y) impossible by compliance by any Lender in good faith with any governmental request (whether or not having force of law) or (z) impracticable as a result of a contingency occurring after the Effective Date which materially and adversely affects the interbank Eurodollar market;

then, and in any such event, such Lender (or the Administrative Agent, in the case of clause (i) above) shall promptly give notice (by telephone confirmed in writing) to the Borrower and, except in the case of clause (i) above, to the Administrative Agent of such determination (which notice the Administrative Agent shall promptly transmit to each of the other Lenders). Thereafter (x) in the case of clause (i) above, Eurodollar Loans shall no longer be available until such time as the

Administrative Agent notifies the Borrower and the Lenders that the circumstances giving rise to such notice by the Administrative Agent no longer exist, and any Notice of Borrowing or Notice of Conversion given by the Borrower with respect to Eurodollar Loans which have not yet been incurred (including by way of conversion) shall be deemed rescinded by the Borrower, (y) in the case of clause (ii) above, the Borrower shall, subject to the provisions of Section 13.17 (to the extent applicable), pay to such Lender, upon written demand therefor, such additional amounts (in the form of an increased rate of, or a different method of calculating, interest or otherwise as such Lender in its sole discretion shall determine) as shall be required to compensate such Lender for such increased costs or reductions in amounts received or receivable hereunder (a written notice as to the additional amounts owed to such Lender, showing the basis for the calculation thereof, submitted to the Borrower by such Lender in good faith shall, absent manifest error, be final and conclusive and binding on all the parties hereto) and (z) in the case of clause (iii) above, the Borrower shall take one of the actions specified in Section 1.10(b) as promptly as possible and, in any event, within the time period required by law. Each of the Administrative Agent and each Lender agrees that if it gives notice to the Borrower of any of the events described in clause (i) or (iii) above, it shall promptly notify the Borrower and, in the case of any such Lender, the Administrative Agent, if such event ceases to exist. If any such event described in clause (iii) above ceases to exist as to a Lender, the obligations of such Lender to make Eurodollar Loans and to convert Base Rate Loans into Eurodollar Loans on the terms and conditions contained herein shall be reinstated. In addition, if the Administrative Agent gives notice to the Borrower that the events described in clause (i) above cease to exist, then the obligations of the Lenders to make Eurodollar Loans and to convert Base Rate Loans into Eurodollar Loans on the terms and conditions contained herein (but subject to clause (iii) above) shall also be reinstated.

(b) At any time that any Eurodollar Loan is affected by the circumstances described in Section 1.10(a)(ii) or (iii), the Borrower may (and in the case of a Eurodollar Loan affected by the circumstances described in Section 1.10(a)(iii) the Borrower shall) either (x) if the affected Eurodollar Loan is then being made initially or pursuant to a conversion, cancel the respective Borrowing by giving the Administrative Agent telephonic notice (confirmed in writing) on the same date that the Borrower was notified by the affected Lender or the Administrative Agent pursuant to Section 1.10(a)(ii) or (iii) or (y) if the affected Eurodollar Loan is then outstanding, upon at least three Business Days' written notice to the Administrative Agent, require the affected Lender to convert such Eurodollar Loan into a Base Rate Loan, provided that, if more than one Lender is affected at any time, then all affected Lenders must be treated the same pursuant to this Section 1.10(b).

(c) If at any time any Lender determines that, after the Effective Date, the introduction of or any change in any applicable law or governmental rule, regulation, order, guideline, directive or request (whether or not having the force of law and including, without limitation, those announced or published prior to the Effective Date) concerning capital adequacy, or any change in interpretation or administration thereof by the NAIC or any governmental authority, central bank or comparable agency, will have the effect of increasing the amount of capital required or expected to be maintained by such Lender or any corporation controlling such Lender based on the existence of such Lender's Commitments hereunder or its obligations hereunder, then the Borrower shall, subject to the provisions of Section 13.17 (to the extent applicable), pay to such Lender, upon its written demand therefor, such

additional

amounts as shall be required to compensate such Lender or such other corporation for the increased cost to such Lender or such other corporation or the reduction in the rate of return to such Lender or such other corporation as a result of such increase of capital. In determining such additional amounts, each Lender will act reasonably and in good faith and will use averaging and attribution methods which are reasonable, provided that such Lender's reasonable good faith determination of compensation owing under this Section 1.10(c) shall, absent manifest error, be final and conclusive and binding on all the parties hereto. Each Lender, upon determining that any additional amounts will be payable pursuant to this Section 1.10(c), will give prompt written notice thereof to the Borrower, which notice shall show the basis for calculation of such additional amounts. In addition, each such Lender, upon determining that the circumstances giving rise to the payment of additional amounts pursuant to this Section 1.10(c) cease to exist, will give prompt written notice thereof to the Borrower.

1.11 Compensation. The Borrower shall compensate each Lender, upon its written request (which request shall set forth the basis for requesting such compensation), for all reasonable losses, expenses and liabilities (including, without limitation, any loss, expense or liability incurred by reason of the liquidation or reemployment of deposits or other funds required by such Lender to fund its Eurodollar Loans but excluding any loss of anticipated profit) which such Lender may sustain: (i) if for any reason (other than a default by such Lender or the Administrative Agent) a Borrowing of, or conversion from or into, Eurodollar Loans does not occur on a date specified therefor in a Notice of Borrowing or Notice of Conversion (whether or not withdrawn by the Borrower or deemed withdrawn pursuant to Section 1.10(a)); (ii) if any repayment (including any repayment made pursuant to Section 4.01 or 4.02 or as a result of an acceleration of the Loans pursuant to Section 10) or conversion of any of the Borrower's Eurodollar Loans occurs on a date which is not the last day of an Interest Period with respect thereto; (iii) if any prepayment of any of the Borrower's Eurodollar Loans is not made on any date specified in a notice of prepayment given by the Borrower; or (iv) as a consequence of (x) any other default by the Borrower to repay its Loans when required by the terms of this Agreement or any Note held by such Lender or (y) any election made pursuant to Section 1.10(b).

1.12 Change of Lending Office. Each Lender agrees that on the occurrence of any event giving rise to the operation of Section 1.10(a)(ii) or (iii), Section 1.10(c), Section 2.06 or Section 4.04 with respect to such Lender, it will, if requested by the Borrower, use reasonable efforts (subject to overall policy considerations of such Lender) to designate another lending office for any Loans and/or Letters of Credit affected by such event, provided that such designation is made on such terms that such Lender and its lending office suffer no economic, legal or regulatory disadvantage, with the object of avoiding the consequence of the event giving rise to the operation of such Section. Nothing in this Section 1.12 shall affect or postpone any of the obligations of the Borrower or the right of any Lender provided in Sections 1.10, 2.06 and 4.04.

1.13 Replacement of Lenders. (a) (x) If any Lender (i) becomes a Defaulting Lender or otherwise defaults in its obligations to make Loans or fund Unpaid Drawings or (ii) refuses to consent to certain proposed changes, waivers, discharges or terminations with respect to this Agreement which have been approved by the Required Lenders as provided in Section 13.12(b) or (y) upon the occurrence of any event giving rise to the operation of Section 1.10(a)(ii)

or (iii), Section 1.10(c), Section 2.06 or Section 4.04 with respect to any Lender which results in such Lender charging to the Borrower increased costs in excess of those being generally charged by the other Lenders, the Borrower shall have the right, in accordance with the requirements of Section 13.04(b), if no Default or Event of Default will exist after giving effect to such replacement, to replace such Lender (the "Replaced Lender") with one or more other Eligible Transferee or Transferees, none of whom shall constitute a Defaulting Lender at the time of such replacement (collectively, the "Replacement Lender"), reasonably acceptable to the Administrative Agent, provided that (i) at the time of any replacement pursuant to this Section 1.13, the Replaced Lender and the

Replacement Lender shall enter into one or more Assignment and Assumption Agreements pursuant to Section 13.04(b) (and with all fees payable pursuant to said Section 13.04(b) to be paid by the Replacement Lender) pursuant to which the Replacement Lender shall acquire all of the Commitments and all of the outstanding Loans of the Replaced Lender and, in connection therewith, shall pay to the Replaced Lender in respect thereof an amount equal to the sum of (1) an amount equal to the principal of, and all accrued interest on, all outstanding Loans of the Replaced Lender together with all then unpaid interest with respect thereto at such time, (2) an amount equal to all Unpaid Drawings that have been funded by (and not reimbursed to) such Replaced Lender, together with all then unpaid interest with respect thereto at such time and (3) an amount equal to all accrued, but theretofore unpaid, Fees owing to the Replaced Lender pursuant to Section 3.01 and (ii) all obligations of the Borrower owing to the Replaced Lender (other than those specifically described in clause (i) above in respect of which the assignment purchase price has been, or is concurrently being, paid) shall be paid in full to such Replaced Lender concurrently with such replacement.

(b) Upon the execution of the respective Assignment and Assumption Agreements, the payment of amounts referred to in clauses (i) and (ii) of Section 1.13(a) and, if so requested by the Replacement Lender, delivery to the Replacement Lender of the appropriate Note executed by the Borrower, the Replacement Lender shall become a Lender hereunder and the Replaced Lender shall cease to constitute a Lender hereunder, except with respect to indemnification provisions under this Agreement (including, without limitation, Sections 1.10, 1.11, 2.06, 4.04, 13.01 and 13.06), which shall survive as to such Replaced Lender.

1.14 Incremental Term Loan Commitments. (a) So long as no Default or Event of Default then exists or would result therefrom, the Borrower shall, in consultation with the Lead Arranger and the Administrative Agent, have the right to request, on one or more occasions on and after the earlier of (i) the Syndication Date and (ii) 90 days following the Initial Borrowing Date but prior to the Incremental Term Loan Commitment Termination Date, that one or more Lenders (and/or one or more other Persons which will become Lenders as provided below) provide Incremental Term Loan Commitments under any Tranche, other than under the A-1 Term Loan Tranche, the A-2 Term Loan Tranche, the A-3 Term Loan Tranche or the Revolving Loan Tranche, but including any new Tranche as designated in the respective Incremental Term Loan Commitment Agreement and, subject to the terms and conditions contained in this Agreement and the respective Incremental Term Loan Commitment Agreement, make Incremental Term Loans pursuant thereto, it being understood and agreed, however, that:

(i) no Lender shall be obligated to provide an Incremental Term Loan Commitment as a result of any such request by the Borrower, and until such time, if any,

as such Lender has agreed in its sole discretion to provide an Incremental Term Loan Commitment and executed and delivered to the Administrative Agent an Incremental Term Loan Commitment Agreement as provided in clause (b) of this Section 1.14, such Lender shall not be obligated to fund any Incremental Term Loans;

(ii) any Lender (or, in the circumstances contemplated by clause (vii) below, any other Person which is an Eligible Transferee) may so provide an Incremental Term Loan Commitment without the consent of any other Lender;

(iii) each provision of Incremental Term Loan Commitments pursuant to this Section 1.14 on a given date shall be in a minimum aggregate amount (for all Lenders (including in the circumstances contemplated by clause (vii) below, Eligible Transferees who will become Lenders)) of at least $50,000,000;

(iv) the aggregate principal amount of all outstanding Incremental Term Loans plus the aggregate amount of unutilized Incremental Term Loan Commitments shall not at any time exceed the remainder of (x) the Permitted Incremental Debt Amount less (y) the aggregate principal amount of Indebtedness outstanding at such time pursuant to Section 9.04(viii);

(v) each Incremental Term Loan Commitment Agreement shall

specifically set forth the Tranche or Tranches (including any new Tranche thereunder) of the Incremental Term Loan Commitments being provided thereunder;

(vi) each Lender agreeing to provide an Incremental Term Loan Commitment shall make Incremental Term Loans under the Tranche of Term Loans specified in the relevant Incremental Term Loan Commitment Agreement pursuant to Section 1.01(d) and such Loans shall thereafter be deemed to be Term Loans under such Tranche for all purposes of this Agreement and the other Credit Documents;

(vii) if, within 7 Business Days after the Borrower has requested the then existing Lenders (other than Defaulting Lenders) to provide Incremental Term Loan Commitments pursuant to this Section 1.14 the Borrower has not received Incremental Term Loan Commitments in an aggregate amount equal to that amount of Incremental Term Loan Commitments which the Borrower desires to obtain pursuant to such request (as set forth in the notice provided by the Borrower as provided below), then the Borrower may, with the consent of the Lead Arranger (which consent shall not be unreasonably withheld or delayed), request Incremental Term Loan Commitments from Persons which are Eligible Transferees hereunder in an aggregate amount equal to such deficiency;

(viii)in no event shall the maturity date for any Tranche of Incremental Term Loans be earlier than the B Maturity Date; and

(ix) all actions taken by the Borrower pursuant to this Section 1.14 shall be taken in coordination with the Administrative Agent.

(b) At the time of any provision of Incremental Term Loan Commitments pursuant to this Section 1.14, (i) the Borrower, the Administrative Agent and each such Lender or other Eligible Transferee which agrees to provide an Incremental Term Loan Commitment (each an "Incremental Term Loan Lender") shall execute and deliver to the Administrative Agent an Incremental Term Loan Commitment Agreement substantially in the form of Exhibit C (appropriately completed), with the effectiveness of such Incremental Term Loan Lender's Incremental Term Loan Commitment to occur on the date set forth in such Incremental Term Loan Commitment Agreement, (ii) the Borrower and its Subsidiaries shall have delivered such amendments, modifications and/or supplements to the Security Documents as are necessary or in the reasonable opinion of the Administrative Agent, desirable to insure that the additional Obligations to be incurred pursuant to the Incremental Term Loan Commitments are secured by, and entitled to the benefits of, the Security Documents, (iii) the Administrative Agent shall have received evidence satisfactory to it that the additional Obligations to be incurred pursuant to the Incremental Term Loan Commitments are permitted by, and constitute "Senior Debt" or any similar term under the 9.15% Senior Subordinated Notes Documents and the 9-7/8% Senior Subordinated Note Documents; and (iv) the Borrower shall deliver to the Administrative Agent an opinion or opinions, in form and substance reasonably satisfactory to the Administrative Agent, from counsel to the Borrower reasonably satisfactory to the Administrative Agent and dated such date, covering such of the matters set forth in the opinions of counsel delivered to the Administrative Agent on the Initial Borrowing Date pursuant to Section 5.03 as may be reasonably requested by the Administrative Agent, and such other matters as the Administrative Agent may reasonably request (including, without limitation, the matters described in immediately preceding clause (iii)). The Administrative Agent shall promptly notify each Lender as to the effectiveness of each Incremental Term Loan Commitment Agreement, and (i) at such time Annex I shall be deemed modified to reflect the Incremental Term Loan Commitments of such Incremental Term Loan Lenders under the relevant Tranche or Tranches and (ii) to the extent requested by such Incremental Term Loan Lenders, the appropriate Notes will be issued, at the Borrower's expense, to such Incremental Term Loan Lenders, to be consistent with the requirements of Section 1.05 (with appropriate modifications) to the extent needed to reflect the Incremental Term Loans made by such Incremental Term Loan Lenders.

(c) In connection with each incurrence of Incremental Term Loans pursuant to Section 1.01(d) under a then existing Tranche of Term Loans, the Lenders and the Borrower hereby agree that, notwithstanding anything to the contrary contained in this Agreement, the Borrower and the Administrative Agent

may take all such actions as may be necessary to ensure that all Lenders with outstanding Term Loans under the relevant Tranche continue to participate in each Borrowing of outstanding Term Loans under such Tranche (after giving effect to the incurrence of any such Incremental Term Loans pursuant to Section 1.01(d)) on a pro rata basis, including by adding such Incremental Term Loans to be so incurred to the then outstanding Borrowings of Term Loans on a pro rata basis even though as a result thereof such new Incremental Term Loan (to the extent required to be maintained as Eurodollar Loans), may effectively have a shorter Interest Period than the then outstanding Borrowings of Term Loans under such Tranche and it is hereby agreed that (x) to the extent any then outstanding Borrowings of Term Loans that are maintained as Eurodollar Loans are affected as a result thereof, any costs of the type described in Section 1.11 incurred by such Lenders in connection therewith shall be

for the account of the Borrower or (y) to the extent the Incremental Term Loans to be so incurred are added to the then outstanding Borrowings of Term Loans which are maintained as Eurodollar Loans, the Lenders that have made such additional Incremental Term Loans shall be entitled to receive an effective interest rate on such additional Incremental Term Loans as is equal to the Eurodollar Rate as in effect two Business Days prior to the incurrence of such additional Incremental Term Loans plus the then Applicable Margin for such Tranche of Term Loans until the end of the respective Interest Period or Interest Periods with respect thereto.

SECTION 2. Letters of Credit.

2.01 Letters of Credit. (a) Subject to and upon the terms and conditions set forth herein, the Borrower may request that any Issuing Lender issue, at any time and from time to time on and after the Initial Borrowing Date and prior to the 30th day prior to the Revolving Maturity Date, (x) for the account of the Borrower and for the benefit of any holder (or any trustee, agent or other similar representative for any such holders) of L/C Supportable Obligations of the Borrower or any of its Subsidiaries, an irrevocable standby letter of credit, in a form customarily used by such Issuing Lender or in such other form as has been approved by such Issuing Lender (each such standby letter of credit, a "Standby Letter of Credit") in support of such L/C Supportable Obligations and (y) for the account of the Borrower and for the benefit of sellers of goods and materials used in the ordinary course of business of the Borrower or any of its Subsidiaries an irrevocable sight commercial letter of credit in a form customarily used by such Issuing Lender or in such other form as has been approved by such Issuing Lender (each such commercial letter of credit, a "Trade Letter of Credit", and each such Trade Letter of Credit and each Standby Letter of Credit, a "Letter of Credit") in support of commercial transactions of the Borrower and its Subsidiaries. All Letters of Credit shall be denominated in Dollars. It is acknowledged and agreed that each of the letters of credit which were issued under the Existing Credit Agreement prior to the Initial Borrowing Date and which remain outstanding on the Initial Borrowing Date and are set forth on Schedule III (each such letter of credit, an "Existing Letter of Credit" and, collectively, the "Existing Letters of Credit") shall, from and after the Initial Borrowing Date, constitute a Letter of Credit for all purposes of this Agreement and shall, for purposes of Sections 2.04 and 3.01, be deemed issued on the Initial Borrowing Date. The Stated Amount of each Existing Letter of Credit and the expiry date therefor is set forth on Schedule III.

(b) Subject to and upon the terms and conditions set forth herein, each Issuing Lender hereby agrees that it will, at any time and from time to time on and after the Effective Date and prior to the 30th day prior to the Revolving Maturity Date, following its receipt of the respective Letter of Credit Request, issue for the account of the Borrower, one or more Letters of Credit (x) in the case of Standby Letters of Credit, in support of such L/C Supportable Obligations of the Borrower or any of its Subsidiaries or as are permitted to remain outstanding without giving rise to a Default or an Event of Default and (y) in the case of Trade Letters of Credit, in support of sellers of goods or materials used in the ordinary course of business of the Borrower or any of its Subsidiaries as referenced in Section 2.01(a), provided that the respective Issuing Lender shall be under no obligation to issue any Letter of Credit of the types described above if at the time of such issuance:

(i) any order, judgment or decree of any governmental

authority or arbitrator shall purport by its terms to enjoin or restrain such Issuing Lender from issuing such Letter of Credit or any requirement of law applicable to such Issuing Lender or any request or directive (whether or not having the force of law) from any governmental authority with jurisdiction over such Issuing Lender shall prohibit, or request that such Issuing Lender refrain from, the issuance of letters of credit generally or such Letter of Credit in particular or shall impose upon such Issuing Lender with respect to such Letter of Credit any restriction or reserve or capital requirement (for which such Issuing Lender is not otherwise compensated) not in effect on the date hereof, or any unreimbursed loss, cost or expense which was not applicable, in effect or known to such Issuing Lender as of the date hereof and which such Issuing Lender reasonably and in good faith deems material to it; or

(ii) such Issuing Lender shall have received notice from the Required Lenders prior to the issuance of such Letter of Credit of the type described in the penultimate sentence of Section 2.03(b).

2.02 Maximum Letter of Credit Outstandings; Final Maturities. Notwithstanding anything to the contrary contained in this Agreement, (i) no Letter of Credit shall be issued the initial Stated Amount of which, when added to the Letter of Credit Outstandings (exclusive of Unpaid Drawings which are repaid on the date of, and prior to the issuance of, the respective Letter of Credit) at such time would exceed either (x) $25,000,000 or (y) when added to the aggregate principal amount of all Revolving Loans then outstanding and the aggregate principal amount of all Swingline Loans then outstanding, an amount equal to the Total Revolving Loan Commitment at such time and (ii) each Letter of Credit shall by its terms terminate on or before (A) in the case of Standby Letters of Credit, the earlier of (x) the date which occurs 12 months after the date of the issuance thereof (although any such Standby Letter of Credit may be extendable for successive periods of up to 12 months, but not beyond the third Business Day prior to the Revolving Maturity Date, on terms acceptable to the respective Issuing Lender) and (y) the third Business Day prior to the Revolving Maturity Date and (B) in the case of Trade Letters of Credit, the earlier of (x) the date which occurs 360 days after the date of issuance thereof and (y) 30 days prior to the Revolving Maturity Date.

2.03 Letter of Credit Requests; Minimum Stated Amount. (a) Whenever the Borrower desires that a Letter of Credit be issued for its account, the Borrower shall give the Administrative Agent and the respective Issuing Lender at least five Business Days' (or such shorter period as is acceptable to the respective Issuing Lender) written notice thereof. Each notice shall be in the form of Exhibit D (each a "Letter of Credit Request"). The Administrative Agent shall promptly transmit copies of each Letter of Credit Request to each RL Lender.

(b) The making of each Letter of Credit Request shall be deemed to be a representation and warranty by the Borrower that such Letter of Credit may be issued in accordance with, and will not violate the requirements of, Section 2.02. Unless the respective Issuing Lender has received notice from the Required Lenders or the Administrative Agent before it issues a Letter of Credit that one or more of the conditions specified in Section 5 are not satisfied on the Initial Borrowing Date or Section 6 are not then satisfied, or that the issuance of such Letter of Credit would violate Section 2.02, then such Issuing Lender may issue the

requested Letter of Credit for the account of the Borrower in accordance with such Issuing Lender's usual and customary practices. Upon the issuance of or amendment or modification to a Letter of Credit, the respective Issuing Lender shall promptly notify the Borrower and the Administrative Agent of such issuance, amendment or modification and such notification shall be accompanied by a copy of the issued Letter of Credit or amendment or modification.

(c) The initial Stated Amount of each Letter of Credit shall not be less than $10,000 or such lesser amount as is acceptable to the respective Issuing Lender.

2.04 Letter of Credit Participation. (a) Immediately upon the issuance by the respective Issuing Lender of any Letter of Credit, such Issuing Lender shall be deemed to have sold and transferred to each RL Lender, other than such Issuing Lender (each such RL Lender, in its capacity under this Section 2.04, a "Participant"), and each such Participant shall be deemed irrevocably and unconditionally to have purchased and received from such Issuing

Lender, without recourse or warranty, an undivided interest and participation, to the extent of such Participant's RL Percentage in such Letter of Credit, each drawing or payment made thereunder and the obligations of the Borrower under this Agreement with respect thereto, and any security therefor or guaranty pertaining thereto. Upon any change in the Revolving Loan Commitments of the Lenders pursuant to Section 1.13 or 13.04, it is hereby agreed that, with respect to all outstanding Letters of Credit and Unpaid Drawings, there shall be an automatic adjustment to the participations pursuant to this Section 2.04 to reflect the new RL Percentages of the assignor and assignee Lender, as the case may be.

(b) In determining whether to pay under any Letter of Credit, the respective Issuing Lender shall have no obligation relative to the other Lenders other than to confirm that any documents required to be delivered under such Letter of Credit appear to have been delivered and that they appear to substantially comply on their face with the requirements of such Letter of Credit. Any action taken or omitted to be taken by any Issuing Lender under or in connection with any Letter of Credit if taken or omitted in the absence of gross negligence or willful misconduct, shall not create for such Issuing Lender any resulting liability to the Borrower, any other Credit Party, any Lender or any other Person.

(c) In the event that any Issuing Lender makes any payment under any Letter of Credit and the Borrower shall not have reimbursed such amount in full to such Issuing Lender pursuant to Section 2.05(a), such Issuing Lender shall promptly notify the Administrative Agent, which shall promptly notify each Participant of such failure, and each Participant shall promptly and unconditionally pay to such Issuing Lender the amount of such Participant's RL Percentage of such unreimbursed payment in Dollars and in same day funds. If the Administrative Agent so notifies, prior to 11:00 A.M. (New York time) on any Business Day, any Participant required to fund a payment under a Letter of Credit, such Participant shall make available to such Issuing Lender in Dollars such Participant's RL Percentage of the amount of such payment on such Business Day in same day funds. If and to the extent such Participant shall not have so made its RL Percentage of the amount of such payment available to such Issuing Lender, such Participant agrees to pay to such Issuing Lender, forthwith on demand such amount, together with interest thereon, for each day from such date until the date such amount is paid to such Issuing Lender at the overnight Federal Funds Rate for the first three days and at the interest rate applicable to

Revolving Loans maintained as Base Rate Loans for each day thereafter. The failure of any Participant to make available to such Issuing Lender its RL Percentage of any payment under any Letter of Credit shall not relieve any other Participant of its obligation hereunder to make available to such Issuing Lender its RL Percentage of any Letter of Credit on the date required, as specified above, but no Participant shall be responsible for the failure of any other Participant to make available to such Issuing Lender such other Participant's RL Percentage of any such payment.

(d) Whenever any Issuing Lender receives a payment of a reimbursement obligation as to which it has received any payments from the Participants pursuant to clause (c) above, such Issuing Lender shall pay to each Participant which has paid its RL Percentage thereof, in Dollars and in same day funds, an amount equal to such Participant's share (based upon the proportionate aggregate amount originally funded by such Participant to the aggregate amount funded by all Participants) of the principal amount of such reimbursement obligation and interest thereon accruing after the purchase of the respective participations.

(e) Upon the request of any Participant, each Issuing Lender shall furnish to such Participant copies of any Letter of Credit issued by it and such other documentation relating thereto as may reasonably be requested by such Participant.

(f) The obligations of the Participants to make payments to each Issuing Lender with respect to Letters of Credit issued by it shall be irrevocable and not subject to any qualification or exception whatsoever and shall be made in accordance with the terms and conditions of this Agreement under all circumstances, including, without limitation, any of the following circumstances:

(i) any lack of validity or enforceability of this Agreement or any of the other Credit Documents;

(ii) the existence of any claim, setoff, defense or other right which the Borrower or any of its Subsidiaries may have at any time against a beneficiary named in a Letter of Credit, any transferee of any Letter of Credit (or any Person for whom any such transferee may be acting), the Administrative Agent, any Participant, or any other Person, whether in connection with this Agreement, any Letter of Credit, the transactions contemplated herein or any unrelated transactions (including any underlying transaction between the Borrower or any Subsidiary of the Borrower and the beneficiary named in any such Letter of Credit);

(iii) any draft, certificate or any other document presented under any Letter of Credit proving to be forged, fraudulent, invalid or insufficient in any respect or any statement therein being untrue or inaccurate in any respect;

(iv) the surrender or impairment of any security for the performance or observance of any of the terms of any of the Credit Documents; or

(v) the occurrence of any Default or Event of Default.

2.05 Agreement to Repay Letter of Credit Drawings. (a) The Borrower hereby agrees to reimburse the respective Issuing Lender, by making payment to the Administrative Agent in immediately available funds at the Payment Office, for any payment or disbursement made by such Issuing Lender under any Letter of Credit issued by it (each such amount, so paid until reimbursed, an "Unpaid Drawing"), immediately after, and in any event on the date of, such payment or disbursement, with interest on the amount so paid or disbursed by such Issuing Lender, to the extent not reimbursed prior to 3:00 P.M. (New York time) on the date of such payment or disbursement, from and including the date paid or disbursed to but excluding the date such Issuing Lender was reimbursed by the Borrower therefor at a rate per annum which shall be the Base Rate in effect from time to time plus the Applicable Margin for Revolving Loans maintained as Base Rate Loans; provided, however, to the extent such amounts are not reimbursed prior to 3:00 P.M. (New York time) on the third Business Day following the receipt by the Borrower of notice of such payment or disbursement or following the occurrence of a Default or an Event of Default under Section 10.05, interest shall thereafter accrue on the amounts so paid or disbursed by such Issuing Lender (and until reimbursed by the Borrower) at a rate per annum which shall be the Base Rate in effect from time to time plus the Applicable Margin for Revolving Loans maintained as Base Rate Loans plus 2%, in each such case, with interest to be payable on demand. The respective Issuing Lender shall give the Borrower prompt written notice of each Drawing under any Letter of Credit, provided that the failure to give any such notice shall in no way affect, impair or diminish the Borrower's obligations hereunder.

(b) The obligations of the Borrower under this Section 2.05 to reimburse the respective Issuing Lender with respect to Unpaid Drawings (including, in each case, interest thereon) shall be absolute and unconditional under any and all circumstances and irrespective of any setoff, counterclaim or defense to payment which the Borrower may have or have had against any Lender (including in its capacity as Issuing Lender or as a Participant), including, without limitation, any defense based upon the failure of any drawing under a Letter of Credit (each a "Drawing") to conform to the terms of the Letter of Credit or any nonapplication or misapplication by the beneficiary of the proceeds of such Drawing; provided, however, that the Borrower shall not be obligated to reimburse any Issuing Lender for any wrongful payment made by such Issuing Lender under a Letter of Credit as a result of acts or omissions constituting willful misconduct or gross negligence on the part of such Issuing Lender.

2.06 Increased Costs. If at any time after the Effective Date, the introduction of or any change in any applicable law, rule, regulation, order, guideline or request or in the interpretation or administration thereof by the NAIC or any governmental authority charged with the interpretation or administration thereof, or compliance by any Issuing Lender or any Participant with any request or directive by any such authority (whether or not having the force of law), shall either (i) impose, modify or make applicable any reserve,

deposit, capital adequacy or similar requirement against letters of credit issued by any Issuing Lender or participated in by any Participant, or (ii) impose on any Issuing Lender or any Participant any other conditions relating, directly or indirectly, to this Agreement; and the result of any of the foregoing is to increase the cost to any Issuing Lender or any Participant of issuing, maintaining or participating in any Letter of Credit, or reduce the amount of any sum received or receivable by any Issuing Lender or any Participant hereunder or reduce the rate of return on its capital with respect to Letters of Credit (except for changes in the rate of tax on, or determined by reference to, the net income or profits

of such Issuing Lender or such Participant pursuant to the laws of the jurisdiction in which it is organized or in which its principal office or applicable lending office is located or any subdivision thereof or therein), then, upon the delivery of the certificate referred to below to the Borrower by such Issuing Lender or any Participant, the Borrower shall, subject to the provisions of Section 13.17 (to the extent applicable), pay to such Issuing Lender or such Participant such additional amount or amounts as will compensate such Lender for such increased cost or reduction in the amount receivable or reduction on the rate of return on its capital. Any Issuing Lender or any Participant, upon determining that any additional amounts will be payable pursuant to this Section 2.06, will give prompt written notice thereof to the Borrower, which notice shall include a certificate submitted to the Borrower by such Issuing Lender or such Participant (a copy of which certificate shall be sent by such Issuing Lender or such Participant to the Administrative Agent), setting forth in reasonable detail the basis for the calculation of such additional amount or amounts necessary to compensate such Issuing Lender or such Participant. In determining such additional amounts, each Issuing Lender and each Participant will act reasonably and in good faith, provided that the certificate required to be delivered pursuant to this Section 2.06 shall, absent manifest error, be final and conclusive and binding on the Borrower.

SECTION 3. Fees; Reductions of Commitment.

3.01 Fees. (a) The Borrower shall pay to the Administrative Agent, for distribution to each Non-Defaulting Lender with an A-2 Term Loan Commitment, a commitment commission (the "A-2 Term Loan Commitment Commission") for the period from the Effective Date to but not including the A-2 Term Loan Commitment Termination Date (or such earlier date on which the Total A-2 Term Loan Commitment shall have been terminated), computed at a rate per annum for each day equal to 0.50% of the A-2 Term Loan Commitment of such Non-Defaulting Lender on such day. Accrued A-2 Term Loan Commitment Commission shall be due and payable quarterly in arrears on each Quarterly Payment Date and on the A-2 Term Loan Commitment Termination Date or such earlier day upon which the Total A-2 Term Loan Commitment is terminated.

(b) The Borrower shall pay to the Administrative Agent, for distribution to each Non-Defaulting Lender with an A-3 Term Loan Commitment, a commitment commission (the "A-3 Term Loan Commitment Commission") for the period from the Effective Date to but not including the A-3 Term Loan Commitment Termination Date (or such earlier date on which the Total A-3 Term Loan Commitment shall have been terminated), computed at a rate per annum for each day equal to 0.50% of the A-3 Term Loan Commitment of such Non-Defaulting Lender on such day. Accrued A-3 Term Loan Commitment Commission shall be due and payable quarterly in arrears on each Quarterly Payment Date and on the A-3 Term Loan Commitment Termination Date or such earlier day upon which the Total A-3 Term Loan Commitment is terminated.

(c) The Borrower agrees to pay to the Administrative Agent for distribution to each Non-Defaulting Lender with a Revolving Loan Commitment, a commitment commission (the "Revolving Loan Commitment Commission") for the period from the Effective Date to but not including the Revolving Maturity Date (or such earlier date on which the Total Revolving Loan Commitment shall have been terminated), computed at a rate per annum for each day equal

to 0.50% of the Unutilized Revolving Loan Commitment of such Non-Defaulting Lender on such day. Accrued Revolving Loan Commitment Commission shall be due and payable quarterly in arrears on each Quarterly Payment Date and on the Revolving Maturity Date or such earlier date on which the Total Revolving Loan

Commitment is terminated.

(d) The Borrower agrees to pay to the Administrative Agent for distribution to each Non-Defaulting Lender with an Incremental Term Loan Commitment such facility fees, commitment commission and other amounts, if any, as are specified in the Incremental Term Loan Commitment Agreement pursuant to which such Incremental Term Loan Commitment has been provided, with such facility fees, commitment commission and other amounts, if any, to be payable at the times set forth in such Incremental Term Loan Commitment Agreement.

(e) The Borrower agrees to pay to the Administrative Agent for distribution to each Non-Defaulting Lender (based on each such Lender's respective RL Percentage) a fee in respect of each Letter of Credit issued hereunder (the "Letter of Credit Fee"), for the period from and including the date of issuance of such Letter of Credit to and including the date of termination or expiration of such Letter of Credit, computed at a rate per annum equal to the Applicable Margin for Revolving Loans maintained as Eurodollar Loans on the daily Stated Amount of such Letter of Credit. Accrued Letter of Credit Fees shall be due and payable quarterly in arrears on each Quarterly Payment Date and on the first day after the termination of the Total Revolving Loan Commitment upon which no Letters of Credit remain outstanding.

(f) The Borrower agrees to pay to each Issuing Lender, for its own account, a facing fee in respect of each Letter of Credit issued by such Issuing Lender (the "Facing Fee"), (x) in the case of each Standby Letter of Credit, for the period from and including the date of issuance of such Standby Letter of Credit to and including the date of the termination of such Standby Letter of Credit, computed at a rate equal to 1/4 of 1% per annum (or such lesser rate as is agreed on by the Borrower and the respective Issuing Lender) of the daily Stated Amount of such Standby Letter of Credit and (y) in the case of each Trade Letter of Credit, in an amount equal to 1/4 of 1% (or such lesser rate as is agreed on by the Borrower and the respective Issuing Lender) of the Stated Amount of such Trade Letter of Credit as of the date of issuance thereof. Accrued Facing Fees payable with respect to Standby Letters of Credit shall be due and payable quarterly in arrears on each Quarterly Payment Date and upon the first day after the termination of the Total Revolving Loan Commitment upon which no Standby Letters of Credit remain outstanding and all Facing Fees payable with respect to each Trade Letter of Credit shall be due and payable on the date of issuance of such Trade Letter of Credit.

(g) The Borrower agrees to pay, upon each drawing under, issuance of, or amendment to, any Letter of Credit, such amount as shall at the time of such event be the reasonable administrative charge and the reasonable expenses which the applicable Issuing Lender is generally imposing in connection with such occurrence with respect to letters of credit.

(h) The Borrower agrees to pay to the Administrative Agent, for its own account, such fees as may be agreed to in writing by the Borrower with the Administrative Agent.

3.02 Voluntary Termination of Unutilized Commitments. (a) Upon at least one Business Day's prior notice to the Administrative Agent at its Notice Office (which notice the Administrative Agent shall promptly transmit to each of the Lenders), the Borrower shall have the right at any time or from time to time, without premium or penalty, to terminate or partially reduce the Total A-2 Term Loan Commitment in integral multiples of $1,000,000, provided that any such reduction shall apply to proportionately and permanently reduce the A-2 Term Loan Commitment of each of the Lenders with such a Commitment.

(b) Upon at least one Business Day's prior notice to the Administrative Agent at its Notice Office (which notice the Administrative Agent shall promptly transmit to each of the Lenders), the Borrower shall have the right at any time or from time to time, without premium or penalty, to terminate or partially reduce the Total A-3 Term Loan Commitment in integral multiples of $1,000,000, provided that any such reduction shall apply to proportionately and permanently reduce the A-3 Term Loan Commitment of each of the Lenders with such a Commitment.

(c) Upon at least one Business Days' prior written notice to the Administrative Agent at its Notice Office (which notice the Administrative Agent shall promptly transmit to each of the Lenders), the Borrower shall have the right, at any time or from time to time, without premium or penalty, to

terminate or partially reduce the Total Unutilized Revolving Loan Commitment, in integral multiples of $1,000,000; provided that each such reduction shall apply proportionately to permanently reduce the Revolving Loan Commitment of each RL Lender.

(d) In the event of certain refusals by a Lender to consent to certain proposed changes, waivers, discharges or terminations with respect to this Agreement which have been approved by the Required Lenders as provided in Section 13.12(b), the Borrower may, subject to the requirements of said Section 13.12(b) and upon five Business Days' written notice to the Administrative Agent at its Notice Office (which notice the Administrative Agent shall promptly transmit to each of the Lenders) terminate the entire Commitment of such Lender so long as all Loans, together with accrued and unpaid interest, Fees and all other amounts owing to such Lender are repaid concurrently with the effectiveness of such termination pursuant to this Section 3.02(c) (at which time Schedule I shall be deemed modified to reflect such changed amounts), and at such time, such Lender shall no longer constitute a "Lender" for purposes of this Agreement, except with respect to indemnifications under this Agreement (including, without limitation, Sections 1.10, 1.11, 2.06, 4.04, 13.01 and 13.06), which shall survive as to such repaid Lender.

3.03 Mandatory Reduction of Commitments. (a) The Total Commitments shall terminate in their entirety on August 31, 2001 unless the Initial Borrowing Date has occurred on or prior to such date.

(b) In addition to any other mandatory commitment reductions pursuant to this Section 3.03, the Total A-1 Term Loan Commitment (and the A-1 Term Loan Commitment of each Lender with such a Commitment) shall terminate in its entirety on the date the A-1 Term Loans are incurred (after giving effect to the making of A-1 Term Loans on such date).

(c) In addition to any other mandatory commitment reductions pursuant to this Section 3.03, the Total A-2 Term Loan Commitment shall (i) be permanently reduced on each A-2 Term Loan Borrowing Date in an amount equal to the aggregate principal amount of A-2 Term Loans incurred on such date, (ii) be permanently reduced on each date after the Effective Date upon which the Total A-2 Term Loan Commitment is required to be reduced pursuant to Section 4.02(h) by the amount required to be applied to the Total A-2 Term Loan Commitment pursuant to said Section and (iii) terminate in its entirety (to the extent not theretofore terminated) on the A-2 Term Loan Commitment Termination Date (after giving effect to any A-2 Term Loans to be made on such date).

(d) In addition to any other mandatory commitment reductions pursuant to this Section 3.03, the A-3 Term Loan Commitment shall (i) be permanently reduced on each A-3 Term Loan Borrowing Date in an amount equal to the aggregate principal amount of A-3 Term Loans incurred on such date, (ii) be permanently reduced on each date after the Effective Date upon which the Total A-3 Term Loan Commitment is required to be reduced pursuant to Section 4.02(h) by the amount required to be applied to the Total A-3 Term Loan Commitment pursuant to said Section and (iii) terminate in its entirety (to the extent not theretofore terminated) on the A-3 Term Loan Commitment Termination Date (after giving effect to any A-3 Term Loans to be made on such date).

(e) In addition to any other mandatory commitment reductions pursuant to this Section 3.03, the Total B Term Loan Commitment (and the B Term Loan Commitment of each Lender with such a Commitment) shall terminate in its entirety on the date the B Term Loans are incurred (after giving effect to the making of B Term Loans on such date).

(f) In addition to any other mandatory commitment reductions pursuant to this Section 3.03, the Incremental Term Loan Commitment of each Lender provided pursuant to a particular Incremental Term Loan Commitment Agreement shall (i) terminate in its entirety (to the extent not theretofore terminated) on the earlier of the date set forth in such Incremental Term Loan Agreement for the termination thereof and the Incremental Term Loan Commitment Termination Date (after giving effect to any Incremental Term Loans to be made on either such date pursuant to such Incremental Term Loan Commitment Agreement) and (ii) be permanently reduced on each Incremental Term Loan Borrowing Date on which Incremental Term Loans are incurred pursuant to such Incremental Term Loan Commitment in an amount equal to the aggregate principal amount of such Incremental Term Loans incurred on such date. The aggregate Incremental Term Loan Commitments of each Tranche of Incremental Term Loan Commitments shall be

permanently reduced at the times, and in the amounts, required by Section 4.02(h).

(g) In addition to any other mandatory commitment reductions pursuant to this Section 3.03, (i) on each date after the Effective Date upon which the Total Revolving Loan Commitment is required to be reduced pursuant to Section 4.02(h), the Total Revolving Loan Commitment shall be permanently reduced by the amount required to be applied to the Total Revolving Loan Commitment pursuant to said Section and (ii) the Total Revolving Loan Commitment (and the Revolving Loan Commitment of each Lender) shall terminate in its entirety on the Revolving Loan Maturity Date.

(h) Each reduction and/or termination of the Total A-1 Term Loan Commitment, the Total A-2 Term Loan Commitment, the Total A-3 Term Loan Commitment, the Total B Term Loan Commitment or the Total Revolving Loan Commitment pursuant to this Section 3.03 shall be applied proportionately to reduce and/or terminate the A-1 Term Loan Commitment, the A-2 Term Loan Commitment, the A-3 Term Loan Commitment, the B Term Loan Commitment or the Revolving Loan Commitment, as the case may be, of each Lender with such a Commitment. Each reduction to the Incremental Term Loan Commitments provided pursuant to any Incremental Term Loan Commitment Agreement pursuant to this Section 3.03 shall be applied proportionately to reduce the Incremental Term Loan Commitment of each Lender as provided in the respective Incremental Term Loan Commitment Agreement.

SECTION 4. Prepayments; Payments; Taxes.

4.01 Voluntary Prepayments. (a) The Borrower shall have the right to prepay the Loans, without premium or penalty, in whole or in part at any time and from time to time on the following terms and conditions: (i) the Borrower shall give the Administrative Agent prior to 2:00 P.M. (New York time) at its Notice Office (x) at least one Business Day's prior written notice (or telephonic notice promptly confirmed in writing) of the Borrower's intent to prepay Base Rate Loans and (y) at least three Business Days' prior written notice (or telephonic notice promptly confirmed in writing) of the Borrower's intent to prepay Eurodollar Loans, whether A-1 Term Loans, A-2 Term Loans, A-3 Term Loans, B Term Loans, Incremental Term Loans, Revolving Loans or Swingline Loans shall be prepaid, the amount of such prepayment and the Types of Loans to be prepaid and, in the case of Eurodollar Loans, the specific Borrowing or Borrowings pursuant to which made, which notice the Administrative Agent shall promptly transmit to each of the Lenders; (ii) each prepayment of Loans shall be in an aggregate principal amount of at least $500,000 (or $100,000 in the case of Swingline Loans), provided that if any partial prepayment of Eurodollar Loans made pursuant to any Borrowing shall reduce the outstanding Eurodollar Loans made pursuant to such Borrowing to an amount less than the Minimum Borrowing Amount applicable thereto, then such Borrowing may not be continued as a Borrowing of Eurodollar Loans and any election of an Interest Period with respect thereto given by the Borrower shall have no force or effect; (iii) at the time of any prepayment of Eurodollar Loans pursuant to this Section 4.01 on any date other than the last day of the Interest Period applicable thereto, the Borrower shall pay the amounts required pursuant to Section 1.11; (iv) each voluntary prepayment of Term Loans pursuant to this Section 4.01(a) shall be applied pro rata to each Tranche of Term Loans, with each such Tranche of Term Loans to receive the Relevant Term Loan Percentage of such repayment; and (v) each prepayment in respect of any Loans made pursuant to a Borrowing shall be applied pro rata among such Loans, provided that at the Borrower's election in connection with any prepayment of Revolving Loans, such prepayment shall not be applied to the prepayment of Revolving Loans of a Defaulting Lender. Each prepayment of principal of any Tranche of Term Loans pursuant to this Section 4.01 shall be applied to reduce the then remaining Scheduled Repayments of such Tranche of Term Loans pro rata based upon the then remaining principal amounts of the Scheduled Repayments of such Tranche after giving effect to all prior reductions thereto.

(b) In the event of a refusal by a Lender to consent to certain proposed changes, waivers, discharges or terminations with respect to this Agreement which have been approved by

the Required Lenders as provided in Section 13.12(b), the Borrower may, upon

five Business Days' prior written notice to the Administrative Agent at its Notice Office (which notice the Administrative Agent shall promptly transmit to each of the Lenders) repay all Loans, together with accrued and unpaid interest, Fees, and all other amounts owing to such Lender in accordance with said Section 13.12(b) so long as (A) in the case of the repayment of any Loans of any Lender pursuant to this Section 4.01(b), the Commitments of such Lender are terminated concurrently with such repayment pursuant to Section 3.02(d) (at which time Schedule I shall be deemed modified to reflect the changed Commitments) and (B) the consents required by Section 13.12(b) in connection with the repayment pursuant to this Section 4.01(b) have been obtained.

4.02 Mandatory Repayments. (a) On any day on which the aggregate outstanding principal amount of Revolving Loans, Swingline Loans and the Letter of Credit Outstandings exceeds the Total Revolving Loan Commitment as then in effect, the Borrower shall prepay on such day principal of Swingline Loans and, after all Swingline Loans have been repaid in full, Revolving Loans in an amount equal to such excess. If, after giving effect to the prepayment of all outstanding Swingline Loans and Revolving Loans, the aggregate amount of the Letter of Credit Outstandings exceeds the Total Revolving Loan Commitment as then in effect, the Borrower shall pay to the Administrative Agent at the Payment Office on such day an amount of cash or Cash Equivalents equal to the amount of such excess (up to a maximum amount equal to the Letter of Credit Outstandings at such time), such cash or Cash Equivalents to be held as security for all obligations of the Borrower hereunder in a cash collateral account to be established by the Administrative Agent.

(b) (i) In addition to any mandatory repayments or commitment reductions pursuant to this Section 4.02, the Borrower shall be required to repay on each date set forth below the principal amount of A-1 Term Loans, to the extent outstanding, set forth opposite such date (each such repayment as the same may be reduced as provided in Sections 4.01 and 4.02(h) and (i), a "Scheduled A-1 Term Loan Repayment"):

Scheduled A-1 Term Loan Repayment Date	Amount
Each of September 30, 2001, December 31, 2001, March 31, 2002 and June 30, 2002	An amount equal to 1.25% of the aggregate principal amount of A-1 Term Loans outstanding on the Initial Borrowing Date (after giving effect to the incurrence of A-1 Term Loans on such date)
Each of September 30, 2002, December 31, 2002, March 31, 2003 and June 30, 2003	An amount equal to 1.875% of the aggregate principal amount of A-1 Term Loans outstanding on the Initial Borrowing Date (after giving effect to the incurrence of A-1 Term Loans on such date)
Each of September 30, 2003, December 31, 2003, March 31, 2004 and June 30, 2004	An amount equal to 2.5% of the aggregate principal amount of A-1 Term Loans outstanding on the Initial Borrowing Date (after giving effect to the incurrence of A-1 Term Loans on such date)
Each of September 30, 2004, December 31, 2004, March 31, 2005 and June 30, 2005	An amount equal to 5% of the aggregate principal amount of A-1 Term Loans outstanding on the Initial Borrowing Date (after giving effect to the incurrence of A-1 Term Loans on such date)
Each of September 30, 2005, December 31, 2005, March 31, 2006 and June 30, 2006	An amount equal to 6.25% of the aggregate principal amount of A-1 Term Loans outstanding on the Initial Borrowing Date

	(after giving effect to the incurrence of A-1 Term Loans on such date)

Each of September 30, 2006, December 31, 2006, March 31, 2007 and the A Maturity Date	An amount equal to 8.125% of the aggregate principal amount of A-1 Term Loans outstanding on the Initial Borrowing Date (after giving effect to the incurrence of A-1 Term Loans on such date)

(ii) In addition to any other mandatory repayments or commitment reductions pursuant to this Section 4.02, the Borrower shall be required to repay on each date set forth below the principal amount of the A-2 Term Loans, to the extent outstanding, set forth opposite such date (each such repayment as the same may be reduced as provided in Section 4.01 and 4.02(h) and (i), a "Scheduled A-2 Term Loan Repayment"):

Scheduled A-2 Term Loan Repayment Date	Amount
Each of March 31, 2002 and June 30, 2002	An amount equal to 2.5% of the aggregate principal amount of A-2 Term Loans outstanding on the A-2 Term Loan Commitment Termination Date (after giving effect to the incurrence of A-2 Term Loans on such date)
Each of September 30, 2002, December 31, 2002, March 31, 2003 and June 30, 2003	An amount equal to 1.875% of the aggregate principal amount of A-2 Term Loans outstanding on the A-2 Term Loan Commitment Termination Date (after giving effect to the incurrence of A-2 Term Loans on such date)
Each of September 30, 2003, December 31, 2003, March 31, 2004 and June 30, 2004	An amount equal to 2.5% of the aggregate principal amount of A-2 Term Loans outstanding on the A-2 Term Loan Commitment Termination Date (after giving effect to the incurrence of A-2 Term Loans on such date)

Each of September 30, 2004, December 31, 2004, March 31, 2005 and June 30, 2005	An amount equal to 5% of the ggregate principal amount of A-2 Term Loans outstanding on the A-2 Term Loan Commitment Termination Date (after giving effect to the incurrence of A-2 Term Loans on such date)
Each of September 30, 2005, December 31, 2005, March 31, 2006 and June 30, 2006	An amount equal to 6.25% of the aggregate principal amount of A-2 Term Loans outstanding on the A-2 Term Loan Commitment Termination Date (after giving effect to the incurrence of A-2 Term Loans on such date)
Each of September 30, 2006, December 31, 2006, March 31, 2007 and the A Maturity Date	An amount equal to 8.125% of the aggregate principal amount of A-2 Term Loans outstanding on the A-2 Term Loan Commitment Termination Date (after giving

effect to the incurrence of A-2 Term Loans on such date)

(iii) In addition to any other mandatory repayments or commitment reductions pursuant to this Section 4.02, the Borrower shall be required to repay on each date set forth below the principal amount of the A-3 Term Loans, to the extent outstanding, set forth opposite such date (each such repayment as the same may be reduced as provided in Section 4.01 and 4.02(h) and (i), a "Scheduled A-3 Term Loan Repayment"):

Scheduled A-3 Term Loan Repayment Date	Amount
Each of March 31, 2002 and June 30, 2002	An amount equal to 2.5% of the aggregate principal amount of A-3 Term Loans outstanding on the A-3 Term Loan Commitment Termination Date (after giving effect to the incurrence of A-3 Term Loans on such date)
Each of September 30, 2002, December 31, 2002, March 31, 2003 and June 30, 2003	An amount equal to 1.875% of the aggregate principal amount of A-3 Term Loans outstanding on the A-3 Term Loan Commitment Termination Date (after giving effect to the incurrence of A-3 Term Loans on such date)
Each of September 30, 2003, December 31, 2003, March 31, 2004 and June 30, 2004	An amount equal to 2.5% of the aggregate principal amount of A-3 Term Loans outstanding on the A-3 Term Loan Commitment Termination Date (after giving effect to the incurrence of A-3 Term Loans on such date)
Each of September 30, 2004, December 31, 2004, March 31, 2005 and June 30, 2005	An amount equal to 5% of the aggregate principal amount of A-3 Term Loans outstanding on the A-3 Term Loan Commitment Termination Date (after giving effect to the incurrence of A-3 Term Loans on such date)
Each of September 30, 2005, December 31, 2005, March 31, 2006 and June 30, 2006	An amount equal to 6.25% of the aggregate principal amount of A-3 Term Loans outstanding on the A-3 Term Loan Commitment Termination Date (after giving effect to the incurrence of A-3 Term Loans on such date)

Each of September 30, 2006, December 31, 2006, March 31, 2007 and the A Maturity Date	An amount equal to 8.125% of the aggregate principal amount of A-3 Term Loans outstanding on the A-3 Term Loan Commitment Termination Date (after giving effect to the incurrence of A-3 Term Loans on such date)

(iv) In addition to any other mandatory repayments or commitment reductions pursuant to this Section 4.02, the Borrower shall be required to repay on each date set forth below the principal amount of B Term Loans, to the extent outstanding, set forth opposite such date (each such repayment as the same may be reduced as provided in Sections 4.01 and 4.02(h) and (i), a "Scheduled B Term Loan Repayment"):

Scheduled B Term Loan Repayment Date	Amount

Each June 30 commencing June 30, 2002 through and including June 30, 2007	An amount equal to 1% of the aggregate principal amount of B Term Loans outstanding on the Initial Borrowing Date (after giving effect to the incurrence of B Term Loans on such Date)
Each of September 30, 2007 and the B Maturity Date	An amount equal to 47% of the aggregate principal amount of B Term Loans outstanding on the Initial Borrowing Date (after giving effect to the incurrence of B Term Loans on such date)

(v) In addition to any other mandatory repayments pursuant to this Section 4.02, the Borrower shall be required to repay the principal amount of Term Loans (other than any such Incremental Term Loans designated as B Term Loans) on the dates and in the amounts set forth in the respective Incremental Term Loan Commitment Agreement or Agreements for such Incremental Term Loans (each such repayment as the same may be reduced as provided in Sections 4.01(a) and 4.02(h), a "Scheduled Incremental Term Loan Repayment"), provided (i) that in no event may the Weighted Average Life to Maturity of any Tranche of Incremental Term Loans be permitted to be less than the Weighted Average Life to Maturity applicable to the B Term Loans and (ii) if any Incremental Term Loans are incurred which are added to (and form part of) the B Term Loan Tranche, the amount of the then remaining Scheduled B Term Loan Repayments shall be proportionally increased (with the aggregate amount of increases to the then remaining Scheduled B Term Loan Repayments to equal the

aggregate principal amount of such new Incremental Term Loans then being incurred) in accordance with the requirements of Section 1.14(c).

(c) In addition to any other mandatory repayments or commitment reductions pursuant to this Section 4.02, on each date after the Effective Date upon which the Borrower (and, in the case of any such issuance of its equity, any of its Subsidiaries) receives any cash proceeds from any sale or issuance of its equity (excluding (i) cash proceeds received from capital contributions to, or equity investments in, any Wholly-Owned Subsidiary of the Borrower or any Subsidiary Guarantor to the extent made by the Borrower or any Subsidiary of the Borrower, (ii) cash proceeds received from sales or issuances of equity to directors or employees of the Borrower or any of its Subsidiaries pursuant to any stock option or other similar incentive plan and (iii) cash proceeds from any such sale or issuance of equity to the extent such proceeds are contemporaneously used to finance the purchase of assets of the type described in the definition of Hotel Property contained in Section 11.01 (or to purchase the equity interests of a Person whose assets are all or substantially all of the type described in the definition of Hotel Property contained in Section 11.01) as otherwise permitted under this Agreement), an amount equal to 100% of the Net Equity Proceeds of the respective sale or issuance shall be applied as a mandatory repayment of Revolving Loans (with no corresponding reduction to the Total Revolving Loan Commitment) to the extent outstanding at such time in accordance with the requirements of Section 4.02(i).

(d) In addition to any other mandatory repayments or commitment reductions pursuant to this Section 4.02, on each date after the Effective Date upon which the Borrower or any of its Subsidiaries receives any cash proceeds from any incurrence by the Borrower or any of its Subsidiaries of Indebtedness for borrowed money (excluding Indebtedness for borrowed money permitted to be incurred pursuant to Section 9.04), an amount equal to 100% of the Net Debt Proceeds of the respective incurrence of Indebtedness shall be applied as a mandatory repayment (or commitment reduction, as the case may be) of outstanding Loans (or Commitments) in accordance with the requirements of Section 4.02(h) and (i).

(e) In addition to any other mandatory repayments or commitment reductions pursuant to this Section 4.02, within 3 days following each date after the Effective Date upon which the Borrower or any of its Subsidiaries receives proceeds from any sale or other disposition of assets (including capital stock and securities held by the Borrower or any such Subsidiary, but excluding (i) sales or transfers of assets permitted by Sections

9.02(ii), (v), (ix) and (x), (ii) sales or transfers of assets with a fair market value less than $35,000,000 in the aggregate for all such transfers in any fiscal year and (iii) so long as no Default or Event of Default then exists, sales or transfers of assets the Net Sale Proceeds of which do not exceed $100,000,000 in any fiscal year of the Borrower and Net Sale Proceeds from any sales permitted under Section 9.02(xii) and (xiii), provided in each case that such Net Sale Proceeds are used to construct, exchange for or purchase (including by means of the acquisition of, or merger with, any Person pursuant to a transaction otherwise permitted under this Agreement) similar assets within two years following the receipt of such Net Sale Proceeds and the Borrower delivers a certificate to the Administrative Agent within 3 days of such date of receipt stating that such Net Sale Proceeds shall be reinvested in similar assets as provided above within two years following the date of the receipt of such Net Sale Proceeds (which certificate shall set forth the estimates of

the proceeds to be so expended), an amount equal to 100% of the Net Sale Proceeds therefrom shall be applied as a mandatory repayment (or commitment reduction, as the case may be) of outstanding Loans (or Commitments) in accordance with the requirements of Section 4.02(h) and (i). To the extent Net Sale Proceeds are not required to be applied pursuant to this Section 4.02(e) as a result of clause (iii) contained in the parenthetical appearing in the first sentence of this Section 4.02(e) and all or any portion of such Net Sale Proceeds are not so reinvested in like assets within such two-year period, then the remaining portion of such Net Sale Proceeds shall be applied on the last day of such applicable period as otherwise required by this Section 4.02(e) (determined without regard to clause (iii) contained in the parenthetical appearing in the first sentence of this Section 4.02(e)). In addition, to the extent that the Borrower is required to apply any portion of any Net Sale Proceeds from any asset sale to prepay or to make an offer to prepay the 9.15% Senior Subordinated Notes, the 9-7/8% Senior Subordinated Notes or any Third Party Incremental Debt, the Borrower shall apply such Net Sale Proceeds as a mandatory repayment or commitment reduction, (as the case may be) of outstanding Loans (or Commitments) in accordance with the requirements of Section 4.02(h) and (i).

(f) In addition to any other mandatory repayments or commitment reductions pursuant to this Section 4.02, on each Excess Cash Payment Date, so long as Excess Cash Flow for the relevant Excess Cash Payment Period exceeds $30,000,000, an amount equal to 50% of the Excess Cash Flow in excess of $30,000,000 for such relevant Excess Cash Payment Period shall be applied as a mandatory repayment (or commitment reduction, as the case may be) of outstanding Loans (or Commitments) in accordance with the requirements of Section 4.02(h) and (i).

(g) In addition to any other mandatory repayments or commitment reductions pursuant to this Section 4.02, within 10 days following each date after the Effective Date on which the Borrower or any of its Subsidiaries receives any proceeds from one or more Recovery Events in excess of $35,000,000 in the aggregate in any given fiscal year of the Borrower, an amount equal to 100% of the Net Insurance Proceeds in excess of $35,000,000 in the aggregate in such fiscal year shall be applied as a mandatory repayment (or commitment reduction, as the case may be) of outstanding Loans (or Commitments) in accordance with Section 4.02(h) and (i), provided that so long as no Default or Event of Default then exists, such Net Insurance Proceeds shall not be required to be so applied on such date of receipt to the extent that the Borrower has delivered a certificate to the Administrative Agent within 10 days of such date stating that such proceeds shall be used to replace or restore any properties or assets in respect of which such proceeds were paid, or to invest in alternative properties (to the extent otherwise permitted under this Agreement) within two years following the date of receipt of such proceeds (which certificate shall set forth the estimates of the proceeds to be so expended) and provided further, that if all or any portion of such Net Insurance Proceeds not required to be applied to the repayment of Loans and/or the reduction of Commitments pursuant to the preceding proviso are not so used within two years after the date of receipt of such proceeds then such remaining portion not used shall be applied on the date which is the second anniversary of the date of receipt of such proceeds as a mandatory repayment (or commitment reduction, as the case may be) of outstanding Loans (or Commitments) in accordance with the requirements of Section 4.02(h) and (i).

(h) Each amount required to be applied to repay Loans (or to reduce Commitments) pursuant to Sections 4.02(d), (e), (f) and (g) shall be applied (1) first to repay outstanding Term Loans as provided below, (2) second, to the extent such amount is in excess of the amount required to be applied as provided in preceding clause (1), to permanently reduce the Total A-2 Term Loan Commitment, (3) third, to the extent such amount is in excess of the amount required to be applied as provided in preceding clauses (1) and (2), to permanently reduce the Total A-3 Term Loan Commitment, (4) fourth, to the extent such amount is in excess of the amount required to be applied as provided in preceding clauses (1) through (3), to permanently reduce the Total Revolving Loan Commitment and (5) fifth, to the extent such amount is in excess of the amount required to be applied as provided in preceding clauses (1) through (4), to permanently reduce Incremental Term Loan Commitments as provided below. The amount of each principal repayment of Term Loans made as required by Section 4.02(d), (e), (f) and (g) shall be applied pro rata to each Tranche of Term Loans with each Tranche of Term Loans to receive the Relevant Term Loan Percentage of such repayment. Each amount required to be applied to Incremental Term Loan Commitments pursuant to Section 4.02(d), (e), (f) and (g) shall be applied pro rata to each Tranche of Incremental Term Loan Commitments, with each such Tranche of Incremental Term Loan Commitments to be allocated the Relevant Incremental Term Loan Commitment Percentage of such amount (and each Incremental Term Loan Lender's Incremental Term Loan Commitments under each such Tranche shall be proportionately reduced based on the relative amount of each such Incremental Term Loan Lender's Incremental Term Loan Commitments under each such Tranche of Incremental Term Loan Commitments). The amount of each principal repayment of Term Loans made as required by Sections 4.02(d), (e), (f), and (g) shall be applied to reduce the then remaining Scheduled Repayments of the respective Tranche pro rata based upon the then remaining principal amounts of the Scheduled Repayments of the respective Tranche after giving effect to all prior reductions thereto.

(i) With respect to each repayment of Loans required by this Section 4.02, the Borrower may designate the Types of Loans of the respective Tranche which are to be repaid and, in the case of Eurodollar Loans, the specific Borrowing or Borrowings pursuant to which made, provided that: (i) repayments of Eurodollar Loans pursuant to this Section 4.02 shall be made on the last day of an Interest Period applicable thereto unless all Eurodollar Loans with Interest Periods ending on such date of required repayment and all Base Rate Loans have been paid in full; (ii) if any repayment of Eurodollar Loans made pursuant to a single Borrowing shall reduce the outstanding Eurodollar Loans made pursuant to such Borrowing to an amount less than the Minimum Borrowing Amount applicable thereto, such Borrowing shall be converted at the end of the then current Interest Period into a Borrowing of Base Rate Loans; and (iii) each repayment of Loans made pursuant to a Borrowing shall be applied pro rata among such Loans of all Lenders. In the absence of a designation by the Borrower as described in the preceding sentence, the Administrative Agent shall, subject to the above, make such designation in its sole discretion.

(j) Notwithstanding anything to the contrary contained elsewhere in the Agreement, all then outstanding Loans shall be repaid in full on the respective Maturity Date therefor.

(k) Notwithstanding anything to the contrary contained in Section 4.01(a) or above in this Section 4.02, at any time and to the extent that A Term Loans remain outstanding, with respect to any mandatory repayments of B Term Loans or Incremental Term Loans otherwise required above pursuant to this Section 4.02, and with respect to that portion of any voluntary prepayment of Term Loans pursuant to Section 4.01(a) which, in accordance with the provisions of clause (iv) thereof is required to be applied to B Term Loans or Incremental Term Loans, if on or prior to the date the respective mandatory repayment is otherwise required to be made pursuant to this Section 4.02 or on or prior to the date of the respective voluntary prepayment pursuant to Section 4.01(a), the Borrower has given the Administrative Agent written notification that the Borrower has elected to give each Lender with a B Term Loan and an Incremental Term Loan the right to waive such Lender's right to receive such repayment or prepayment (the "Waivable Repayment"), the Administrative Agent shall notify such Lenders of such receipt and the amount of the repayment or prepayment to be applied to each such Lender's B Term Loans or Incremental Term Loans, as the case may be. In the event any such Lender with a B Term Loan or an Incremental Term Loan, as the case may be, desires to waive such Lender's right

to receive any such Waivable Repayment in whole or in part, such Lender shall so advise the Administrative Agent no later than 5:00 P.M. (New York time) three Business Days after the date of such notice from the Administrative Agent which notice shall also include the amount such Lender desires to receive. If any such Lender does not reply to the Administrative Agent within such three Business Day period, it will be deemed to have accepted 100% of the total payment. If any such Lender does not specify an amount it wishes to receive, it will be deemed to have accepted 100% of the total payment. In the event that any such Lender waives such Lender's right to receive any such Waivable Repayment, the Administrative Agent shall apply 100% of the amount so waived by such Lender to prepay the A Term Loans pro rata in accordance with Section 4.01(a) or 4.02, as the case may be (determined, in each case, as if no B Term Loans or Incremental Term Loans, as the case may be, are outstanding).

4.03 Method and Place of Payment. Except as otherwise specifically provided herein, all payments under this Agreement or any Note shall be made to the Administrative Agent for the account of the Lender or Lenders entitled thereto not later than 2:00 P.M. (New York time) on the date when due and shall be made in Dollars in immediately available funds at the Payment Office. Whenever any payment to be made hereunder or under any Note shall be stated to be due on a day which is not a Business Day, the due date thereof shall be extended to the next succeeding Business Day and, with respect to payments of principal, interest shall be payable at the applicable rate during such extension.

4.04 Net Payments; Taxes. (a) All payments made by any Credit Party hereunder or under any Note will be made without setoff, counterclaim or other defense. Except as provided in Section 4.04(b), all such payments will be made free and clear of, and without deduction or withholding for, any present or future taxes, levies, imposts, duties, fees, assessments or other charges of whatever nature now or hereafter imposed by any jurisdiction or by any political subdivision or taxing authority thereof or therein with respect to such payments (but excluding, except as provided in the second succeeding sentence, any tax imposed on or measured by the net income or net profits of a Lender or Agent, as the case may be, or any franchise tax based on the net income or net profits of a Lender or Agent, as the case may be, in either case pursuant to the laws of the jurisdiction in which such Lender or such Agent is

organized or the jurisdiction in which the principal office or applicable lending office of such Lender or such Agent is located or any subdivision thereof or therein all such excluded taxes being referred to collectively as "Excluded Taxes") and all interest, penalties or similar liabilities with respect to such non-excluded taxes, levies, imposts, duties, fees or other charges (all such non-excluded taxes, levies, imposts, duties, fees, assessments or other charges being referred to collectively as "Taxes"). Subject to Section 4.04(b), if any Taxes are so levied or imposed, the Borrower agrees to pay the full amount of such Taxes, and such additional amounts as may be necessary so that every payment of all amounts due under this Agreement or under any Note, after withholding or deduction for or on account of any Taxes, will not be less than the amount provided for herein or in such Note. If any amounts are payable in respect of Taxes pursuant to the preceding sentence, the Borrower agrees to reimburse each Lender or Agent, as the case may be, promptly after the written request of such Lender or such Agent, for taxes imposed on or measured by the net income or net profits of such Lender or such Agent, or any franchise tax based on the net income or net profits of such Lender or such Agent, in either case pursuant to the laws of the jurisdiction in which such Lender or such Agent is organized or in which the principal office or applicable lending office of such Lender or such Agent is located or under the laws of any political subdivision or taxing authority of any such jurisdiction in which such Lender or such Agent is organized or in which the principal office or applicable lending office of such Lender or such Agent is located and for any withholding of taxes as such Lender or such Agent shall determine are payable by, or withheld from, such Lender or such Agent in respect of such amounts so paid to or on behalf of such Lender or such Agent pursuant to the preceding sentence and in respect of any amounts paid to or on behalf of such Lender or such Agent pursuant to this sentence. The Borrower will furnish to the Administrative Agent within 45 days after the date the payment of any Taxes is due pursuant to applicable law certified copies of tax receipts evidencing such payment by the Borrower. The Borrower agrees to indemnify and hold harmless each Lender or Agent, as the case may be, and reimburse such Lender or such Agent upon its written request, for the amount of any Taxes so levied or imposed and paid by such Lender or such Agent. All amounts payable pursuant to this Section 4.04(a) shall be subject to

the provisions of Section 13.17 (to the extent applicable).

(b) Each Lender and Agent that is not a United States person (as such term is defined in Section 7701(a)(30) of the Code) agrees to deliver to the Borrower and the Administrative Agent on or prior to the Effective Date, or in the case of a Lender or Agent that is an assignee or transferee of an interest under this Agreement pursuant to Section 1.13 or 13.04 (unless the respective Lender or Agent was already a Lender or Agent hereunder immediately prior to such assignment or transfer), on the date of such assignment or transfer to such Lender or Agent, (i) two accurate and complete original signed Internal Revenue Service Form W-8ECI or Form W-8BEN (with respect to a complete exemption under an income tax treaty) (or successor forms) certifying to such Lender's or such Agent's entitlement as of such date to a complete exemption from United States withholding tax with respect to payments to be made under this Agreement and under any Note, or (ii) if the Lender or Agent is not a "bank" within the meaning of Section 881(c)(3)(A) of the Code and cannot deliver either Internal Revenue Service Form W-8ECI or Form W-8BEN (with the respect to a complete exemption under an income tax treaty) pursuant to clause (i) above, (x) a certificate substantially in the form of Exhibit E (any such certificate, a "Section 4.04(b)(ii) Certificate") and (y) two accurate and complete original signed

Internal Revenue Service Form W-8BEN (with respect to the portfolio interest exemption) (or successor form) certifying to such Lender's or such Agent's entitlement as of such date to a complete exemption from United States withholding tax with respect to payments of interest to be made under this Agreement and under any Note. In addition, each Lender and Agent agrees that from time to time after the Effective Date, when a lapse in time or change in circumstances or any changes after the Effective Date in any applicable law, treaty, governmental rule, regulation, guideline or order, or in the official interpretation thereof, renders the previous certification obsolete or inaccurate in any material respect, such Lender or such Agent will deliver to the Borrower and the Administrative Agent two new accurate and complete original signed Internal Revenue Service Form W-8ECI, Form W-8BEN (with respect to the benefits of any income tax treaty), or Form W-8BEN (with respect to the portfolio interest exemption) and a Section 4.04(b)(ii) Certificate, as the case may be, and such other forms as may be required in order to confirm or establish the entitlement of such Lender or such Agent to a continued exemption from or reduction in United States withholding tax with respect to payments under this Agreement and any Note, or it shall immediately notify the Borrower and the Administrative Agent of its inability to deliver any such Form or Certificate, in which case such Lender or such Agent shall not be required to deliver any such Form or Certificate pursuant to this Section 4.04(b). Notwithstanding anything to the contrary contained in Section 4.04(a), but subject to Section 13.04(b) and the immediately succeeding sentence, (x) the Borrower shall be entitled, to the extent it is required to do so by law, to deduct or withhold income or similar taxes imposed by the United States (or any political subdivision or taxing authority thereof or therein) from interest, Fees or other amounts payable hereunder for the account of any Lender or Agent, as the case may be, which is not a United States person (as such term is defined in Section 7701(a)(30) of the Code) for U.S. Federal income tax purposes to the extent that such Lender or such Agent has not provided to the Borrower U.S. Internal Revenue Service Forms that establish a complete exemption from such deduction or withholding and (y) the Borrower shall not be obligated pursuant to Section 4.04(a) to gross-up payments to be made to a Lender or Agent, as the case may be, in respect of income or similar taxes imposed by the United States if (I) such Lender or such Agent has not provided to the Borrower the Internal Revenue Service Forms required to be provided to the Borrower pursuant to this Section 4.04(b) or (II) in the case of a payment, other than interest, to a Lender or Agent, as the case may be, described in clause (ii) above, to the extent that such Forms do not establish a complete exemption from withholding of such taxes. Notwithstanding anything to the contrary contained in the preceding sentence or elsewhere in this Section 4.04 and except as set forth in Section 13.04(b), the Borrower agrees to pay additional amounts and to indemnify each Lender or Agent, as the case may be, in the manner set forth in Section 4.04(a) (without regard to the identity of the jurisdiction requiring the deduction or withholding) in respect of any amounts deducted or withheld by it as described in the immediately preceding sentence as a result of any changes after the Effective Date in any applicable law, treaty, governmental rule, regulation, guideline or order, or in the official interpretation thereof, relating to the deducting or withholding of such income or similar taxes.

(c) If the Borrower pays any additional amount under this Section 4.04 to a Lender and such Lender determines in its sole discretion that it has actually received or realized in connection therewith any refund or any reduction of, or credit against, its Tax liabilities in or with respect to the taxable year in which the additional amount is paid (a "Tax Benefit"), such

Lender shall pay to the Borrower an amount that the Lender shall, in its sole discretion, determine is equal to the net benefit, after tax, which was obtained by the Lender in such year as a consequence of such Tax Benefit; provided, however, that (i) any Taxes that are imposed on a Lender as a result of a disallowance or reduction (including through the expiration of any tax credit carryover or carryback of such Lender that otherwise would not have expired) of any Tax Benefit with respect to which such Lender has made a payment to the Borrower pursuant to this Section 4.04(c) shall be treated as a Tax for which the Borrower is obligated to indemnify such Lender pursuant to this Section 4.04 without any exclusions or defenses; and (iii) nothing in this Section 4.04(c) shall require the Lender to disclose any confidential information to the Borrower (including, without limitation, its tax returns).

SECTION 5. Conditions Precedent to Initial Borrowing Date. The obligation of each Lender to make Loans, and the obligation of each Issuing Lender to issue Letters of Credit, on the Initial Borrowing Date, is subject at the time of the occurrence of the following conditions:

5.01 Effective Date; Notes. (i) On or prior to the Initial Borrowing Date (i) the Effective Date shall have occurred as provided in Section 13.10 and (ii) there shall have been delivered to the Administrative Agent for the account of each Lender that has requested same the appropriate Term Note and/or Revolving Note executed by the Borrower, and to the extent requested by the Swingline Lender, the Swingline Note executed by the Borrower, in each case in the amount, maturity and as otherwise provided herein.

5.02 Fees, etc. On or prior to the Initial Borrowing Date, the Borrower shall have paid to the Lead Arranger, the Administrative Agent and the Lenders all reasonable costs, fees and expenses (including, without limitation, reasonable legal fees and expenses) payable to the Lead Arranger, the Administrative Agent and the Lenders pursuant to the terms hereof or of a separate writing to the extent then due, provided that in the case of costs and expenses, the Borrower shall have received invoices therefor at least three Business Days prior to the Initial Borrowing Date.

5.03 Opinion of Counsel. On the Initial Borrowing Date, the Administrative Agent shall have received from Shearman & Sterling, counsel to the Borrower and the Subsidiary Guarantors, an opinion addressed to each of the Lead Arranger, the Administrative Agent and each of the Lenders and dated the Initial Borrowing Date covering the matters set forth in Exhibit F and such other matters incident to the transactions contemplated herein as the Lead Arranger may reasonably request.

5.04 Corporate Documents; Proceedings; etc. (a) On the Initial Borrowing Date, the Administrative Agent shall have received a certificate, dated the Initial Borrowing Date, signed by the chairman of the board, the president, any vice president or the treasurer of the Borrower and each Subsidiary of the Borrower which is to become a Credit Party on the Initial Borrowing Date, and attested to by the secretary or any assistant secretary of the respective such Person, in the form of Exhibit G with appropriate insertions, together with copies of the certificate of incorporation and by-laws (or equivalent organizational documents) of the

respective such Person, and the resolutions of the respective such Person referred to in such certificate, and the foregoing shall be reasonably acceptable to the Administrative Agent.

(b) On or prior to the Initial Borrowing Date, all corporate and legal proceedings and all instruments and agreements in connection with the transactions contemplated by this Agreement and the other Credit Documents shall be reasonably satisfactory in form and substance to the Lead Arranger and the Required Lenders, and the Lead Arranger and the Administrative Agent shall have received all information and copies of all documents and papers, including

records of corporate, limited liability company and partnership proceedings, governmental approvals, good standing certificates and bring-down telegrams, if any, which the Lead Arranger may have reasonably requested in connection therewith, such documents and papers where appropriate to be certified by proper corporate, or governmental authorities.

5.05 Employee Benefit Plans; Shareholders' Agreements; Management Agreements; Collective Bargaining Agreements; Existing Indebtedness Agreements; Tax Sharing Agreements; Material Leases. (a) On or prior to the Initial Borrowing Date, there shall have been delivered to the Administrative Agent true and correct copies of the following documents, in each case as same will be in effect on the Initial Borrowing Date:

(i) all Plans (and for each Plan that is required to file an annual report on Internal Revenue Service Form 5500-series, a copy of the most recent such report (including, to the extent required, the related financial and actuarial statements and opinions and other supporting statements, certifications, schedules and information), and for each Plan that is a "single-employer plan," as defined in Section 4001(a)(15) of ERISA, the most recently prepared actuarial valuation therefor) and any other "employee benefit plans," as defined in Section 3(3) of ERISA, and any other material agreements, plans or arrangements, with or for the benefit of current or former employees of the Borrower or any of its Subsidiaries or any ERISA Affiliate (provided that the foregoing shall apply in the case of any multiemployer plan, as defined in 4001(a)(3) of ERISA, only to the extent that any document described therein is in the possession of the Borrower or any Subsidiary of the Borrower or any ERISA Affiliate or reasonably available thereto from the sponsor or trustee of any such plan) (collectively, the "Employee Benefit Plans");

(ii) all material agreements entered into by the Borrower or any of its Subsidiaries governing the terms and relative rights of its capital stock and any agreements entered into by shareholders relating to any such entity with respect to its capital stock (collectively, the "Shareholders' Agreements");

(iii) all material agreements with members of, or with respect to, the senior management and management of the Borrower or any of its Subsidiaries (collectively, the "Management Agreements");

(iv) all collective bargaining agreements applying or relating to any employee of the Borrower or any of its Subsidiaries (collectively, the "Collective Bargaining Agreements");

(v) all agreements evidencing or relating to Indebtedness of the Borrower or any of its Subsidiaries which is to remain outstanding after the Effective Date to the extent such Indebtedness exceeds (or upon the utilization of any unused commitments may exceed) $10,000,000 (the "Existing Indebtedness Agreements");

(vi) all tax sharing, tax allocation and other similar agreements entered into by the Borrower or any of its Subsidiaries (collectively, the "Tax Sharing Agreements"); and

(vii) all material leases under which the Borrower or any of its Subsidiaries lease (as lessee) any Hotel Property (collectively, the "Material Leases");

all of which Employee Benefit Plans, Shareholders' Agreements, Management Agreements, Collective Bargaining Agreements, Tax Sharing Agreements and Material Leases shall be in full force and effect on the Initial Borrowing Date.

5.06 Existing Credit Agreement. On the Initial Borrowing Date, simultaneously with the incurrence of Loans on such date, the total commitments in respect of the Existing Credit Agreement shall have been terminated, and all loans and notes with respect thereto (together with interest thereon) shall have been repaid in full, all letters of credit issued thereunder shall have been terminated (or either incorporated as Existing Letters of Credit hereunder or fully supported with Letters of Credit issued hereunder) and all other amounts (including premiums) owing pursuant to the Existing Credit Agreement shall have been repaid in full and all documents in respect of the Existing Credit

Agreement and all guarantees with respect thereto shall have been terminated (except as to indemnification and similar provisions, which may survive to the extent provided therein) and be of no further force and effect. In addition, simultaneously with the incurrence of Loans on the Initial Borrowing Date, the creditors in respect of the Existing Credit Agreement shall have terminated and released all security interests in and Liens on the assets of the Borrower and its Subsidiaries created pursuant to the security documentation relating to the Existing Credit Agreement, and such creditors shall have returned all such assets to the Borrower or such Subsidiary.

5.07 Pledge Agreement. On or prior to the Initial Borrowing Date, each Credit Party shall have duly authorized, executed and delivered the Pledge Agreement in the form of Exhibit H (as amended, modified or supplemented from time to time, the "Pledge Agreement") and shall have delivered to the Collateral Agent, as Pledgee thereunder, all of the Pledge Agreement Collateral, if any, referred to therein and then owned by such Credit Party, (x) endorsed in blank in the case of promissory notes constituting Pledge Agreement Collateral and (y) together with executed and undated endorsements for transfer in the case of equity interests constituting certificated Pledge Agreement Collateral, along with evidence that all other actions necessary or, in the reasonable opinion of the Lead Arranger, desirable, to perfect the security interests purported to be created by the Pledge Agreement have been taken and the Pledge Agreement shall be in full force and effect.

5.08 Security Agreement. On the Initial Borrowing Date, each Credit Party shall have duly authorized, executed and delivered the Security Agreement in the form of Exhibit I (as

amended, modified or supplemented from time to time, the "Security Agreement") covering all of such Credit Party's Security Agreement Collateral, together with:

(a) proper Financing Statements (Form UCC-1) fully executed for filing under the UCC or other appropriate filing offices of each jurisdiction as may be necessary or, in the reasonable opinion of the Lead Arranger, desirable to perfect the security interests purported to be created by the Security Agreement, as the case may be;

(b) certified copies of Requests for Information or Copies (Form UCC-11), or equivalent reports, listing all effective financing statements that name such Credit Party as debtor and that are filed in the jurisdictions referred to in clause (a) above, together with copies of such other financing statements that name any such Credit Party as debtor (none of which shall cover the Collateral except to the extent evidencing Permitted Liens or in respect of which the Collateral Agent shall have received termination statements (Form UCC-3 or such other termination statements as shall be required by local law) fully executed for filing); and

(c) evidence that all other actions reasonably necessary or, in the reasonable opinion of the Lead Arranger, desirable to perfect and protect the security interests purported to be created by the Security Agreement have been taken.

5.09 Subsidiary Guarantor. On the Initial Borrowing Date, each Subsidiary Guarantor shall have duly authorized, executed and delivered the Subsidiaries Guaranty in the form of Exhibit J (as amended, modified or supplemented from time to time, the "Subsidiaries Guaranty").

5.10 Adverse Change, etc. (a) On the Initial Borrowing Date, nothing shall have occurred (and none of the Lead Arranger, the Administrative Agent or the Lenders shall have become aware of any facts, conditions or other information not previously known) which the Lead Arranger, the Administrative Agent or the Required Lenders believe would reasonably be expected to have a material adverse effect (i) on the rights or remedies of the Lead Arranger, the Administrative Agent or the Lenders, or on the ability of any Credit Party to perform its respective obligations to the Lead Arranger, the Administrative Agent and the Lenders or (ii) on the business, operations, property, assets, liabilities, condition (financial or otherwise) or prospects of the Borrower and its Subsidiaries taken as a whole.

(b) On or prior to the Initial Borrowing Date, all necessary

governmental (domestic and foreign) and third party approvals and/or consents (if any) in connection with the making of the Loans and the transactions contemplated by the Credit Documents and otherwise referred to herein or therein shall have been obtained and remain in effect, and all applicable waiting periods shall have expired without any action being taken by any competent authority which restrains, prevents or imposes materially adverse conditions upon the making of the Loans and the transactions contemplated by the Credit Documents or otherwise referred to herein or therein. Additionally, there shall not exist any judgment, order, injunction or other restraint issued or filed or a hearing seeking injunctive relief or other restraint pending or notified

prohibiting or imposing materially adverse conditions upon the making of the Loans or the transactions contemplated by the Credit Documents.

5.11 Litigation. On the Initial Borrowing Date, no litigation by any entity (private or governmental) shall be pending or, to the best of the Borrower's knowledge, threatened with respect to the making of the Loans or the Credit Documents or any documentation executed in connection therewith or the transactions contemplated thereby.

5.12 Solvency Certificate; Insurance Certificates. On or prior to the Initial Borrowing Date, there shall have been delivered to the Administrative Agent:

(a) a solvency certificate in the form of Exhibit K, addressed to the Lead Arranger, the Administrative Agent and each of the Lenders and dated the Initial Borrowing Date from the Chief Financial Officer of the Borrower providing the opinion of such Chief Financial Officer as to the solvency of the Borrower and the Borrower's Subsidiaries;

(b) certificates of insurance complying with the requirements of Section 8.03 for the business and properties of the Borrower and its Subsidiaries, in scope, form and substance reasonably satisfactory to the Lead Arranger and naming the Collateral Agent as an additional insured and/or loss payee (as its respective interest may appear), and stating that such insurance shall not be cancelled or materially changed without at least 30 days' prior written notice by the respective insurer to the Collateral Agent.

5.13 Projections. On or prior to the Initial Borrowing Date, the Lead Arranger and the Administrative Agent shall have received copies of the financial statements and Projections referred to in Sections 7.05(a) and (d).

5.14 Compliance with the 9.15% Senior Subordinated Note Indenture. On the Initial Borrowing Date, the Borrower shall deliver to the Administrative Agent a certificate (i) dated the Initial Borrowing Date and (ii) certifying that this Agreement and the incurrence of all Loans and the issuance of all Letters of Credit as permitted under this agreement are, and when incurred or issued will be, permitted under Section 4.03(a)(z) of the 9.15% Senior Subordinated Note Indenture, which certificate shall set forth in reasonable detail the calculations supporting such certification.

SECTION 6. Conditions Precedent to All Credit Events. The obligation of each Lender to make Loans (including any Loans made on the Initial Borrowing Date), and the obligation of each Issuing Lender to issue Letters of Credit (including any Letters of Credit issued on the Initial Borrowing Date), is subject, at the time of each such Credit Event (except as hereinafter indicated), to the satisfaction of the following conditions:

6.01 No Default; Representations and Warranties. At the time of each such Credit Event and also after giving effect thereto (i) there shall exist no Default or Event of Default and (ii) all representations and warranties contained herein and in the other Credit Documents shall be true and correct in all material respects with the same effect as though such representations and warranties had been made on the date of the making of such Credit Event (it

being understood and agreed that any representation or warranty which by its terms is made as of a specified date shall be required to be true and correct in all material respects only as of such specified date).

6.02 Notice of Borrowing; Letter of Credit Request. (a) Prior to the making of each Loan (other than a Swingline Loan or a Revolving Loan made pursuant to a Mandatory Borrowing), the Administrative Agent shall have received a Notice of Borrowing meeting the requirements of Section 1.03(a). Prior to the making of each Swingline Loan, the Swingline Lender shall have received the notice referred to in Section 1.03(b)(i).

(b) Prior to the issuance of each Letter of Credit, the Administrative Agent and the respective Issuing Lender shall have received a Letter of Credit Request meeting the requirements of Section 2.03.

The occurrence of the Initial Borrowing Date and the acceptance of the proceeds of each Loan and the making of each Letter of Credit Request shall constitute a representation and warranty by the Borrower to the Lead Arranger, the Administrative Agent and each of the Lenders that all the conditions specified in Section 5 (with respect to Credit Events on the Initial Borrowing Date) and in this Section 6 (with respect to Credit Events on and after the Initial Borrowing Date) and applicable to the Initial Borrowing Date and/or such Credit Event, as the case may be, exist as of that time. All of the Notes, certificates, legal opinions and other documents and papers referred to in Section 5 and in this Section 6, unless otherwise specified, shall be delivered to the Administrative Agent at the Notice Office for the account of each of the Lenders and, except for the Notes, in sufficient counterparts for each of the Lenders and shall be in form and substance reasonably satisfactory to the Lead Arranger and the Required Lenders.

SECTION 7. Representations and Warranties. In order to induce the Lenders to enter into this Agreement and to make the Loans and issue (or participate in) the Letters of Credit as provided herein, the Borrower makes the following representations, warranties and agreements, all of which shall survive the execution and delivery of this Agreement and the Notes and the making of the Loans and issuance of the Letters of Credit, with the occurrence of the Initial Borrowing Date and the occurrence of each Credit Event on or after the Initial Borrowing Date being deemed to constitute a representation and warranty that the matters specified in this Section 7 are true and correct on and as of the Initial Borrowing Date and on the date of each such Credit Event (it being understood and agreed that any representation or warranty which by its terms is made as of a specified date shall be required to be true and correct in all material respects only as of such specified date).

7.01 Corporate and Other Status. The Borrower and each of its Subsidiaries (i) except as set forth on Schedule X, is a duly organized and validly existing Company in good standing under the laws of the jurisdiction of its organization, (ii) has the Company power and authority to own its property and assets and to transact the business in which it is engaged and presently proposes to engage and (iii) is duly qualified and is authorized to do business and is in good standing in each jurisdiction where the conduct of its business requires such qualifications except for failures to be so qualified which, individually or in the aggregate, would not reasonably be expected to have a material adverse effect on the business, operations, property,

assets, liabilities, condition (financial or otherwise) or prospects of the Borrower and its Subsidiaries taken as a whole.

7.02 Corporate or Partnership Power and Authority. Each Credit Party has the Company power and authority, to execute, deliver and perform the terms and provisions of each of the Credit Documents to which it is a party and has taken all necessary Company action to authorize the execution, delivery and performance by it of each of such Credit Documents. Each Credit Party has duly executed and delivered each of the Credit Documents to which it is a party, and each of such Credit Documents constitutes the legal, valid and binding obligation of such Credit Party enforceable in accordance with its terms, except to the extent that the enforceability thereof may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws generally affecting creditors' rights and by equitable principles (regardless of whether enforcement is sought in equity or at law).

7.03 No Violation. Neither the execution, delivery or performance by any Credit Party of the Credit Documents to which it is a party, nor compliance by it with the terms and provisions thereof, nor the consummation of the transactions contemplated therein, (i) will contravene any provision of any applicable law, statute, rule or regulation or any applicable order, writ,

injunction or decree of any court or governmental instrumentality, (ii) will conflict with or result in any breach of any of the terms, covenants, conditions or provisions of, or constitute a default under, or result in the creation or imposition of (or the obligation to create or impose) any Lien (except pursuant to the Security Documents) upon any of the properties or assets of the Borrower or any of its Subsidiaries pursuant to the terms of, any indenture, mortgage, deed of trust, credit agreement or loan agreement, or any other material agreement, contract or instrument, to which the Borrower or any of its Subsidiaries is a party or by which it or any of its property or assets is bound or to which it may be subject or (iii) will violate any provision of the certificate of incorporation, by-laws or equivalent organizational document of the Borrower or any of its Subsidiaries.

7.04 Governmental Approvals. No order, consent, approval, license, authorization or validation of, or filing, recording or registration with (except as have been obtained or made and which remain in full force and effect), or exemption by, any governmental or public body or authority, or any subdivision thereof, is required to authorize, or is required in connection with, (i) the execution, delivery and performance of any Credit Document or (ii) the legality, validity, binding effect or enforceability of any such Credit Document.

7.05 Financial Statements; Financial Condition; Undisclosed Liabilities; Projections; etc. (a) (i) The consolidated balance sheet of the Borrower and its Subsidiaries at December 31, 2000 and the related consolidated statements of operations, cash flows and shareholders' equity of the Borrower and its Subsidiaries for the fiscal year ended on such date and (ii) the consolidated balance sheet of the Borrower and its Subsidiaries at March 31, 2001 and the consolidated statements of operations and cash flows of the Borrower and its Subsidiaries for the three-month period ended on such date, copies of which have been furnished to the Lenders prior to the Effective Date, present fairly the financial position of the Borrower and its Subsidiaries at the date of such balance sheets and the results of the operations of the Borrower and its Subsidiaries for the periods covered thereby. All such financial statements have been

prepared in accordance with generally accepted accounting principles consistently applied (provided that the aforementioned interim financial statements have been prepared in accordance with generally accepted accounting principles for interim financial statements and the requirements of Regulation S-X under the Securities Act). Since December 31, 2000, there has been no material adverse change in the business, operations, property, assets, liabilities, condition (financial or otherwise) or prospects of the Borrower and its Subsidiaries taken as a whole; it being understood and agreed that the occurrence of any event that occurred, and was disclosed by the Borrower or any of its Subsidiaries by means of public Exchange Act filings, at any time from December 31, 2000 to the Effective Date shall not constitute an event which had a material adverse effect on the business, operations, property, assets, liabilities, condition (financial or otherwise) or prospects of the Borrower and its Subsidiaries taken as a whole during such period.

(b) (i) On and as of the Initial Borrowing Date and after giving effect to the transaction contemplated hereby and to all Indebtedness (including the Loans) being incurred or assumed and Liens created by the Credit Parties in connection therewith, (a) the sum of the assets, at a fair valuation, of each of the Borrower on a stand alone basis and of the Borrower and its Subsidiaries taken as a whole will exceed its debts; (b) each of the Borrower on a stand alone basis and the Borrower and its Subsidiaries taken as a whole has not incurred and does not intend to incur, and does not believe that they will incur, debts beyond their ability to pay such debts as such debts mature; and (c) each of the Borrower on a stand alone basis and the Borrower and its Subsidiaries taken as a whole will have sufficient capital with which to conduct its business. For purposes of this Section 7.05(b), "debt" means any liability on a claim, and "claim" means (i) right to payment, whether or not such a right is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, or unsecured or (ii) right to an equitable remedy for breach of performance if such breach gives rise to a payment, whether or not such right to an equitable remedy is reduced to judgment, fixed, contingent, matured, unmatured, disputed, undisputed, secured or unsecured. The amount of contingent liabilities at any time shall be computed as the amount that, in the light of all the facts and circumstances existing at such time, represents the amount that can reasonably be expected to become an

actual or matured liability.

(c) Except (i) as fully disclosed in the financial statements delivered pursuant to Section 7.05(a) and (ii) without duplication, any Existing Indebtedness, there were as of the Effective Date no liabilities or obligations with respect to the Borrower or any of its Subsidiaries of any nature whatsoever (whether absolute, accrued, contingent or otherwise and whether or not due) which, either individually or in aggregate, would reasonably be expected to be material to the Borrower and its Subsidiaries taken as a whole. As of the Effective Date, the Borrower does not know of any basis for the assertion against it or any of its Subsidiaries of any liability or obligation of any nature whatsoever that is not fully disclosed in the financial statements delivered pursuant to Section 7.05(a) or otherwise referred to in the immediately preceding sentence which, either individually or in the aggregate, would reasonably be expected to be material to the Borrower and its Subsidiaries taken as a whole.

(d) On and as of the Effective Date, the Projections have been prepared in good faith and are based on reasonable assumptions, and there are no statements or conclusions in the Projections which are based upon or include information known to the Borrower to be

misleading in any material respect or which fail to take into account material information known to the Borrower regarding the matters reported therein. On the Effective Date, the Borrower believes that the Projections are reasonable, it being understood that the Projections include assumptions as to future events that are not to be viewed as facts and there can be no assurance that such assumptions, statements, estimates and Projections will be realized and that actual results may differ from the projected results and such differences may be material and adverse.

7.06 Litigation. There are no actions, suits or proceedings pending or, to the Borrower's knowledge, threatened (i) with respect to any Credit Document or (ii) that would reasonably be expected to materially and adversely affect the business, operations, property, assets, liabilities, condition (financial or otherwise) or prospects of the Borrower and its Subsidiaries taken as a whole.

7.07 True and Complete Disclosure. To the best knowledge of the Borrower, all factual information (taken as a whole) regarding the Borrower or any of its Subsidiaries furnished by or on behalf of the Borrower or any of its Subsidiaries in writing to the Lead Arranger, the Administrative Agent or any Lender (including, without limitation, all information contained in the Credit Documents) for purposes of or in connection with this Agreement, the other Credit Documents or any transaction contemplated herein or therein is, and all other such factual information (taken as a whole) hereafter furnished by or on behalf of the Borrower or any of its Subsidiaries in writing to the Lead Arranger, the Administrative Agent or any Lender will be, true and accurate in all material respects on the date as of which such information is dated or certified and not incomplete by omitting to state any fact necessary to make such information (taken as a whole) not misleading in any material respect at such time in light of the circumstances under which such information was provided. It is understood that the Projections do not constitute factual information for purposes of this Section 7.07.

7.08 Use of Proceeds; Margin Regulations. (a) The proceeds of all A-1 Term Loans and B Term Loans shall be utilized by the Borrower (i) first, to finance the Refinancing and the payment of fees and expenses relating thereto and (ii) second, after the application of such Loans as provided in preceding clause (i), for its general corporate purposes, including, without limitation, the construction or acquisition of assets of the type described in the definition of Hotel Properties contained in Section 11.01 (or the equity interests of a Person whose assets are all or substantially all of the type described in the definition of Hotel Properties contained in Section 11.01) and for such other purposes as are not prohibited hereby.

(b) The proceeds of all A-2 Term Loans, A-3 Term Loans, Incremental Term Loans, Revolving Loans and Swingline Loans shall be utilized by the Borrower for its general corporate purposes, including, without limitation, the construction or acquisition of assets of the type described in the definition of Hotel Properties contained in Section 11.01 (or the equity interests of a Person whose assets are all or substantially all of the type

described in the definition of Hotel Properties contained in Section 11.01) and for such other purposes as are not prohibited hereby, provided that no proceeds of Revolving Loans or Swingline Loans may be utilized to finance the Refinancing.

(c) No part of any Credit Event (or the proceeds thereof) will be used to purchase or carry any Margin Stock or to extend credit for the purpose of purchasing or carrying any Margin Stock. Neither the making of any Loan nor the use of the proceeds thereof nor the occurrence of any other Credit Event will violate or be inconsistent with the provisions of Regulation T, U or X of the Board of Governors of the Federal Reserve System.

7.09 Tax Returns and Payments. Each of the Borrower and each of its Subsidiaries has filed all federal income tax returns and all other material tax returns, domestic and foreign, required to be filed by it and has paid all material taxes and assessments payable by it which have become due, except for those contested in good faith and adequately disclosed and fully provided for on the financial statements of the Borrower and its Subsidiaries in accordance with generally accepted accounting principles. The Borrower and each of its Subsidiaries have at all times paid, or have provided adequate resources (in the good faith judgment of the management of the Borrower) for the payment of all federal, state and foreign income taxes applicable for all prior fiscal years and for the current fiscal year to date. There is no (with respect to the Borrower and its Subsidiaries taken as a whole) action, suit, proceeding, investigation, audit, or claim now pending or, to the knowledge of the Borrower, threatened by any authority regarding any material amount of taxes relating to the Borrower or any of its Subsidiaries.

7.10 Compliance with ERISA. (i) Schedule IV sets forth each Plan; each Plan (and each related trust, insurance contract or fund) is in substantial compliance with its terms and with all applicable laws, including without limitation ERISA and the Code; each Plan (and each related trust, if any) which is intended to be qualified under Section 401(a) of the Code has received a determination letter from the Internal Revenue Service to the effect that it meets the requirements of Sections 401(a) and 501(a) of the Code; no Reportable Event has occurred; no Plan which is a multiemployer plan (as defined in Section 4001(a)(3) of ERISA) is insolvent or in reorganization except to the extent that such insolvency or reorganization would not reasonably be expected to have a material adverse effect on the business, operations, assets, liabilities, conditions (financial or otherwise) or prospects of the Borrower and its Subsidiaries taken as a whole; no Plan has an Unfunded Current Liability which, when added to the aggregate amount of Unfunded Current Liabilities with respect to all other Plans, exceeds $10,000,000; no Plan which is subject to Section 412 of the Code or Section 302 of ERISA has an accumulated funding deficiency, within the meaning of such sections of the Code or ERISA, or has applied for or received a waiver of an accumulated funding deficiency or an extension of any amortization period, within the meaning of Section 412 of the Code or Section 303 or 304 of ERISA; all contributions required to be made with respect to a Plan have been timely made; neither the Borrower nor any Subsidiary of the Borrower nor any ERISA Affiliate has incurred any material liability (including any indirect, contingent or secondary liability) to or on account of a Plan pursuant to Section 409, 502(i), 502(l), 515, 4062, 4063, 4064, 4069, 4201, 4204 or 4212 of ERISA or Section 401(a)(29), 4971 or 4975 of the Code or expects to incur any such liability under any of the foregoing sections with respect to any Plan; no condition exists which presents a material risk to the Borrower or any Subsidiary of the Borrower or any ERISA Affiliate of incurring a liability to or on account of a Plan pursuant to the foregoing provisions of ERISA and the Code; no proceedings have been instituted to terminate or appoint a trustee to administer any Plan which is subject to Title IV of ERISA; no action, suit, proceeding, hearing,

audit or investigation with respect to the administration, operation or the investment of assets of any Plan (other than routine claims for benefits) is pending, expected or threatened; using actuarial assumptions and computation methods consistent with Part 1 of subtitle E of Title IV of ERISA, the aggregate liabilities of the Borrower and its Subsidiaries and its ERISA Affiliates to all Plans which are multiemployer plans (as defined in Section 4001(a)(3) of ERISA) in the event of a complete withdrawal therefrom, as of the close of the most recent fiscal year of each such Plan ended prior to the date of the most recent

Credit Event, would not exceed such amount as would reasonably be expected to have a material adverse effect on the business, operations, assets, liabilities, conditions (financial or otherwise) or prospects of the Borrower and its Subsidiaries taken as a whole; each group health plan (as defined in Section 607(1) of ERISA or Section 4980B(g)(2) of the Code) which covers or has covered employees or former employees of the Borrower, any Subsidiary of the Borrower, or any ERISA Affiliate has at all times been operated in material compliance with the provisions of Part 6 of subtitle B of Title I of ERISA and Section 4980B of the Code; no lien imposed under the Code or ERISA on the assets of the Borrower or any Subsidiary of the Borrower or any ERISA Affiliate exists or is likely to arise on account of any Plan; and the Borrower and its Subsidiaries may cease contributions to or terminate any employee benefit plan maintained by any of them without incurring any material liability.

(ii) Each Foreign Pension Plan has been maintained in substantial compliance with its terms and with the requirements of any and all applicable laws, statutes, rules, regulations and orders and has been maintained, where required, in good standing with applicable regulatory authorities. All contributions required to be made with respect to a Foreign Pension Plan have been timely made. Neither the Borrower nor any of its Subsidiaries has incurred any obligation in connection with the termination of or withdrawal from any Foreign Pension Plan. The present value of the accrued benefit liabilities (whether or not vested) under each Foreign Pension Plan, determined as of the end of the Borrower's most recently ended fiscal year on the basis of actuarial assumptions, each of which is reasonable, did not exceed the current value of the assets of such Foreign Pension Plan allocable to such benefit liabilities.

7.11 The Security Documents. (a) On and after the Effective Date, the provisions of the Security Agreement are effective to create in favor of the Collateral Agent for the benefit of the Secured Creditors a legal, valid and enforceable security interest in all right, title and interest of the Credit Parties in the Security Agreement Collateral described therein, and the Security Agreement, upon the filing of Form UCC-1 financing statements or the appropriate equivalent (which filings shall have been made within ten days following the Effective Date), create a fully perfected first lien on, and security interest in, all right, title and interest in all of the Security Agreement Collateral described therein, to the extent that a security interest may be perfected therein by filing a financing statement under the UCC, subject to no other Liens other than Permitted Liens. The recordation of the Assignment of Security Interest in U.S. Patents and Trademarks in the form attached to the Security Agreement in the United States Patent and Trademark Office together with filings on Form UCC-1 made pursuant to the Security Agreement will be effective, under applicable law, to perfect the security interest granted to the Collateral Agent in the trademarks and patents covered by the Security Agreement. Each of the Credit Parties party to the Security Agreement has good and valid title to all Security Agreement Collateral owned by such Credit Party described therein, free and clear of all Liens. Except for

filings made pursuant to Section 5.09 on or prior to the Effective Date, no additional filings with respect to the Security Agreement are required at the time of, or in connection with the occurrence of, the Effective Date.

(b) The security interests created under the Pledge Agreement in favor of the Collateral Agent, as Pledgee, for the benefit of the Secured Creditors, constitute perfected security interests in the Pledge Agreement Collateral described in the Pledge Agreement, subject to no security interests of any other Person. No filings or recordings are required in order to perfect (or maintain the perfection or priority of) the security interests created in the Pledge Agreement Collateral under the Pledge Agreement other than with respect to that portion of the Pledge Agreement Collateral constituting a "general intangible" under the UCC.

7.12 Manager Subordination Agreements. To the extent required to be executed and delivered pursuant to Section 8.13, each Manager Subordination Agreement is in full force and effect and all Obligations hereunder and under the other Credit Documents are within the definition of "senior debt" or any substantially similar definition contained in the subordination provisions of each Manager Subordination Agreement.

7.13 Properties. The Borrower and each of its Subsidiaries have good and marketable title to all properties owned by them, including all

property reflected in the consolidated balance sheets of the Borrower referred to in Section 7.05(a) (except as sold or otherwise disposed of since the date of such balance sheets in the ordinary course of business), free and clear of all Liens, other than Permitted Liens.

7.14 Capitalization. On the Effective Date, the authorized capital stock of the Borrower shall consist of (i) 500,000,000 shares of common stock, $.01 par value per share and (ii) 10,000,000 shares of preferred stock, $.01 par value per share, none of which preferred stock is issued and outstanding. All outstanding shares of such capital stock have been duly and validly issued, are fully paid and nonassessable and are free of preemptive rights. Except for certain options issued pursuant to employee and director stock option plans (including any assumed plans), the Borrower does not, as of the Effective Date, have outstanding any securities convertible into or exchangeable for its capital stock or outstanding any rights to subscribe for or to purchase, or any options for the purchase of, or any agreements providing for the issuance (contingent or otherwise) of, or any calls, commitments or claims of any character relating to, its capital stock.

7.15 Subsidiaries. The Borrower has no Subsidiaries other than (i) those Subsidiaries listed on Schedule V and (ii) new Subsidiaries created in compliance with Section 9.15. Schedule V correctly sets forth, as of the Effective Date, the percentage ownership (direct or indirect) of the Borrower in each class of capital stock or other equity interest of each of its Subsidiaries and also identifies the direct owner thereof.

7.16 Compliance with Statutes, etc. The Borrower and each of its Subsidiaries are in compliance with all applicable statutes, regulations and orders of all governmental bodies, domestic or foreign, in respect of the conduct of its business and the ownership of its property (including applicable Environmental Laws) except such noncompliances as would not,

individually or in the aggregate, reasonably be expected to have a material adverse effect on the business, operations, property, assets, liabilities, condition (financial or otherwise) or prospects of the Borrower and its Subsidiaries taken as a whole.

7.17 Investment Company Act. Neither the Borrower nor any of its Subsidiaries is an "investment company" or a company "controlled" by an "investment company," within the meaning of the Investment Company Act of 1940, as amended.

7.18 Public Utility Holding Company Act. Neither the Borrower nor any of its Subsidiaries is a "holding company," or a "subsidiary company" of a "holding company," or an "affiliate" of a "holding company" or of a "subsidiary company" of a "holding company" within the meaning of the Public Utility Holding Company Act of 1935, as amended.

7.19 Environmental Matters. (a) The Borrower and each of its Subsidiaries have complied with all applicable Environmental Laws and the requirements of any permits issued under such Environmental Laws. There are no pending or, to the Borrower's knowledge, threatened Environmental Claims against the Borrower or any of its Subsidiaries or any Real Property owned or operated by the Borrower or any of its Subsidiaries. There are no facts, circumstances, conditions or occurrences on any Real Property owned or operated by the Borrower or any of its Subsidiaries or, to the Borrower's knowledge, on any property adjoining or in the vicinity of any such Real Property that would reasonably be expected (i) to form the basis of an Environmental Claim against the Borrower or any of its Subsidiaries or any such Real Property or (ii) to cause any such Real Property to be subject to any restrictions on the ownership, occupancy, use or transferability of such Real Property by the Borrower or any of its Subsidiaries under any applicable Environmental Law.

(b) Hazardous Materials have not at any time been generated, used, treated or stored on, or transported to or from, or Released on or from, any Real Property owned or operated by the Borrower or any of its Subsidiaries except in compliance with all applicable Environmental Laws.

(c) Notwithstanding anything to the contrary in this Section 7.19, the representations made in this Section 7.19 shall only be untrue if the aggregate effect of all failures, noncompliance, activities, facts, circumstances, conditions and occurrences of the types described above would

reasonably be expected to have a material adverse effect on the business, operations, property, assets, liabilities, condition (financial or otherwise) or prospects of the Borrower and its Subsidiaries taken as a whole.

7.20 Labor Relations. Neither the Borrower nor any of its Subsidiaries nor any Facility Manager is engaged in any unfair labor practice that could reasonably be expected to have a material adverse effect on the Borrower and its Subsidiaries taken as a whole. There is (i) no unfair labor practice complaint pending against the Borrower or any of its Subsidiaries or any Facility Manager or, to the best knowledge of the Borrower, threatened against any of them, before the National Labor Relations Board, and no grievance or arbitration proceeding arising out of or under any collective bargaining agreement is so pending against the Borrower or any of its Subsidiaries or any Facility Manager or, to the best knowledge of the Borrower, threatened

against any of them, (ii) no strike, labor dispute, slowdown or stoppage pending against the Borrower or any of its Subsidiaries or any Facility Manager or, to the best knowledge of the Borrower, threatened against any of them and (iii) no union representation question exists with respect to the employees of the Borrower or any of its Subsidiaries or any Facility Manager, except (with respect to any matter specified in clause (i), (ii) or (iii) above, either individually or in the aggregate) such as would not reasonably be expected to have a material adverse effect on the business, operations, property, assets, liabilities, condition (financial or otherwise) or prospects of the Borrower and its Subsidiaries taken as a whole.

7.21 Patents, Licenses, Franchises and Formulas. Each of the Borrower and each of its Subsidiaries owns all the patents, trademarks, permits, service marks, trade names, copyrights, licenses, franchises, proprietary information (including but not limited to rights in computer programs and databases) and formulas, or rights with respect to the foregoing, and has obtained assignments of all leases and other rights of whatever nature, necessary for the present conduct of its business, without any known conflict with the rights of others which, or the failure to obtain which, as the case may be, would reasonably be expected to result in a material adverse effect on the business, operations, property, assets, liabilities, condition (financial or otherwise) or prospects of the Borrower and its Subsidiaries taken as a whole.

7.22 Indebtedness. Schedule VI sets forth a true and complete list of all Indebtedness of the Borrower and its Subsidiaries as of the Effective Date (all such Indebtedness other than the Loans, the Letters of Credit, the 9.15% Senior Subordinated Notes and the 9-7/8% Senior Subordinated Notes, herein called the "Existing Indebtedness"), in each case showing the aggregate principal amount thereof and the name of the respective borrower and any other entity which directly or indirectly guaranteed such Indebtedness.

7.23 Hotel Properties. The Borrower owns no Hotel Properties directly and (i) on the Effective Date, each Hotel Property is owned by a Wholly-Owned Subsidiary of the Borrower and (ii) after the Effective Date, each Hotel Property is owned by a Wholly-Owned Subsidiary of the Borrower which is a Foreign Subsidiary or a Subsidiary of the Borrower which is a Subsidiary Guarantor. Each Hotel Property which is located in the United States is owned by a Subsidiary Guarantor which is organized under the laws of a state in the United States.

7.24 Subordination. The subordination provisions contained in each of the 9.15% Senior Subordinated Note Documents and the 9-7/8% Senior Subordinated Note Documents are enforceable against the Borrower and each of its Subsidiaries and all Obligations hereunder and under the other Credit Documents are within the definition of "senior debt" or any similar definition contained in such documentation.

SECTION 8. Affirmative Covenants. The Borrower hereby covenants and agrees that on and after the Effective Date and until the Total Commitments and all Letters of Credit have terminated and the Loans, Notes and Unpaid Drawings, together with interest, Fees and all other obligations incurred hereunder and thereunder, are paid in full:

8.01 Information Covenants. The Borrower will make available

through the Internet or e-commerce or will furnish to the Administrative Agent (with sufficient copies for each of the Lenders, and the Administrative Agent will promptly forward to each of the Lenders):

(a) Quarterly Financial Statements. Within 55 days after the close of the first three quarterly accounting periods in each fiscal year of the Borrower, (i) the consolidated balance sheet of the Borrower and its Subsidiaries as at the end of such quarterly accounting period and the related consolidated statements of income and retained earnings and statement of cash flows for such quarterly accounting period and for the elapsed portion of the fiscal year ended with the last day of such quarterly accounting period, in each case setting forth comparative figures for the related periods in the prior fiscal year, all of which shall be certified by the Chief Financial Officer of the Borrower, subject to normal recurring adjustments and (ii) management's discussion and analysis of the important operational and financial developments during the quarterly and year-to-date periods, it being understood that the delivery by the Borrower of its Form 10-Q as filed with the SEC shall satisfy the requirements of this Section 8.01(a).

(b) Annual Financial Statements. (A) Within 100 days after the close of each fiscal year of the Borrower, (i) the consolidated balance sheet of the Borrower and its Subsidiaries as at the end of such fiscal year and the related consolidated statements of income and retained earnings and of cash flows for such fiscal year setting forth comparative figures for the preceding fiscal year and certified by Pricewaterhouse Coopers LLP, any other "Big Five" independent certified public accountants or such other independent certified public accountants of recognized national standing reasonably acceptable to the Administrative Agent and (ii) management's discussion and analysis of the important operational and financial developments during the respective fiscal year, it being understood that the delivery by the Borrower of its Form 10-K as filed with the SEC shall satisfy the requirements of this Section 8.01(b).

(B) At the time of the delivery of the annual financial statements pursuant to clause (A) above, a report of the applicable accounting firm stating that in the course of its regular audit of the financial statements of the Borrower and its Subsidiaries, which audit was conducted in accordance with generally accepted auditing standards, such accounting firm obtained no knowledge of any Default or Event of Default which has occurred and is continuing under Section 9.08, 9.09 or 9.10 or, if in the opinion of such accounting firm such a Default or an Event of Default has occurred and is continuing, a statement as to the nature thereof.

(c) Budgets. No later than the 30th day of each fiscal year of the Borrower, a budget in form reasonably satisfactory to the Administrative Agent (including, in any event, budgeted statements of income and sources and uses of cash and balance sheets of cash flow and budgeted debt and cash balances) for such fiscal year prepared by the Borrower in reasonable detail and accompanied by a statement of the Chief Financial Officer of the Borrower to the effect that, to the best of such officer's knowledge, the budget is a reasonable estimate of the period covered thereby.

(d) Officer's Certificates. At the time of the delivery of the financial statements provided for in Sections 8.01(a) and (b), a certificate of the Chief Financial Officer of the Borrower to the effect that, to the best of such officer's knowledge, no Default or Event of Default has occurred and is continuing or, if any Default or Event of Default has occurred and is continuing, specifying the nature and extent thereof, which certificate shall (x) set forth the calculations required to establish whether the Borrower and its Subsidiaries were in compliance with the provisions of Sections 4.02(d), 4.02(e) and 4.02(g), 9.01 through 9.05, inclusive, and 9.07 through 9.10, inclusive, at the end of such fiscal quarter or year, as the case may be and (y) if delivered with the financial statements required by Section 8.01(b), set forth the amount of (and the calculations required to establish) Excess Cash Flow for the respective Excess Cash Payment Period.

(e) Management Letters. Promptly after the Borrower's or any of its Subsidiaries' receipt thereof, a copy of any "management letter" received from its certified public accountants.

(f) Notice of Default or Litigation. Promptly, and in any event within five Business Days after any officer of any Credit Party obtains knowledge thereof, notice of (i) the occurrence of any event which constitutes a Default or an Event of Default and (ii) any litigation or governmental investigation or proceeding pending or threatened (x) against the Borrower or any of its Subsidiaries which would reasonably be expected to materially and adversely affect the business, operations, property, assets, liabilities, condition (financial or otherwise) or prospects of the Borrower and its Subsidiaries taken as a whole or (y) with respect to the transactions contemplated hereby or any other Credit Document.

(g) Other Reports and Filings. Promptly after the filing or delivery thereof, copies of all financial information, proxy materials and other information and reports with respect to the Borrower or any of its Subsidiaries, if any, which the Borrower or any of its Subsidiaries shall file with or furnish to the Securities and Exchange Commission or any successor thereto (the "SEC") and copies of all material notices and reports which the Borrower or its Subsidiaries shall deliver to holders of its Indebtedness (or any trustee, agent or other representative therefor) pursuant to the terms of the documentation governing such Indebtedness.

(h) Environmental Matters. Promptly upon, and in any event within fifteen Business Days after, any senior or executive officer of any Credit Party obtaining knowledge thereof, notice of one or more of the following environmental matters, unless such environmental matters would not, individually or when aggregated with all other such environmental matters, be reasonably expected to materially and adversely affect the business, operations, property, assets, liabilities, condition (financial or otherwise) or prospects of the Borrower and its Subsidiaries taken as a whole:

(i) any pending or threatened material Environmental Claim against the Borrower or any of its Subsidiaries or any Real Property owned or operated by the Borrower or any of its Subsidiaries;

(ii) any condition or occurrence on or arising from any Real Property owned or operated by the Borrower or any of its Subsidiaries that (a) results in non-compliance by the Borrower or any of its Subsidiaries with any applicable Environmental Law or (b) could reasonably be expected to form the basis of a material Environmental Claim against the Borrower or any of its Subsidiaries or any such Real Property;

(iii) any condition or occurrence on any Real Property owned or operated by the Borrower or any of its Subsidiaries that could reasonably be expected to cause such Real Property to be subject to any restrictions on the ownership, occupancy, use or transferability by it or any of its Subsidiaries of such Real Property under any Environmental Law; and

(iv) the taking of any removal or remedial action in response to the actual or alleged presence of any Hazardous Material on any Real Property owned or operated by the Borrower or any of its Subsidiaries as required by any Environmental Law or any governmental or other administrative agency, provided that in any event the Borrower shall deliver to each Lender all notices received by the Borrower or any of its Subsidiaries from any government or governmental agency under, or pursuant to, CERCLA which identify the Borrower or any of its Subsidiaries as potentially responsible parties for remediation costs or which otherwise notify the Borrower or any of its Subsidiaries of potential liability under CERCLA.

All such notices shall describe in reasonable detail the nature of the claim, investigation, condition, occurrence or removal or remedial action and the Borrower's or such Subsidiary's response or proposed response thereto. In addition, the Borrower and any of its Subsidiaries will provide the Lenders with copies of all material communications with any governmental agency or other third Person that is adverse to the Borrower or such Subsidiary relating to material Environmental Claims, and such detailed reports of any material Environmental Claim as may reasonably be requested by the Lead Arranger, the Administrative Agent or any Lender.

(i) Other Information. From time to time, such other information or documents (financial or otherwise) with respect to the Borrower or its Subsidiaries as the Administrative Agent may reasonably request.

8.02 Books, Records and Inspections. The Borrower will, and will cause each of its Subsidiaries to, keep proper books of record and account in which full, true and correct entries in conformity with generally accepted accounting principles and all requirements of law shall be made of all dealings and transactions in relation to its business and activities. Upon reasonable notice, the Borrower will, and will cause each of its Subsidiaries to, permit officers and designated representatives of the Lead Arranger, the Administrative Agent or any Lender (at the expense of the Lead Arranger, the Administrative Agent or such Lender, as the case may be) to visit and inspect, under guidance of officers of its or such Subsidiary, any of the properties of the Borrower or any of its Subsidiaries, and to examine the books of account of the Borrower and any of its Subsidiaries and discuss the affairs, finances and accounts of the Borrower and any of

its Subsidiaries with, and be advised as to the same by, its and their officers and independent accountants, all at such reasonable times and intervals and to such reasonable extent as the Lead Arranger, the Administrative Agent or such Lender may reasonably request (provided that the Borrower shall have the right to take part in any discussions with its independent accountants).

8.03 Maintenance of Property; Insurance. (a) Schedule VII sets forth a true and complete listing of all insurance maintained by, or on behalf of, the Borrower and its Subsidiaries as of the Effective Date. The Borrower will, and will cause each of its Subsidiaries and Facility Managers to, (i) keep all property necessary to the business of the Borrower and its Subsidiaries in good working order and condition, ordinary wear and tear excepted, (ii) maintain insurance on all its property in at least such amounts and against at least such risks as is consistent and in accordance with industry practice for a company similarly situated and (iii) furnish to the Lead Arranger and the Administrative Agent, upon written request, full information as to the insurance carried.

(b) The Borrower will, and will cause each of its Subsidiaries and Facility Managers to, at all times keep its property insured in favor of the Collateral Agent, and all policies or certificates with respect to such insurance (and any other insurance maintained by, or on behalf of, the Borrower or any Subsidiary of the Borrower) (i) shall be endorsed to the Collateral Agent's satisfaction for the benefit of the Collateral Agent (including, without limitation, by naming the Collateral Agent as loss payee and/or additional insured), (ii) shall state that such insurance policies shall not be cancelled without at least 30 days' prior written notice thereof by the respective insurer to the Collateral Agent (or such shorter period of time as a particular insurance company policy generally provides), (iii) shall provide that the respective insurers irrevocably waive any and all rights of subrogation with respect to the Collateral Agent and the Secured Creditors, (iv) shall contain the standard non-contributory mortgage clause endorsement in favor of the Collateral Agent with respect to hazard insurance coverage, (v) shall, except in the case of public liability insurance, provide that any losses shall be payable notwithstanding (A) any act or neglect of the Borrower or any Subsidiary of the Borrower, (B) the occupation or use of the properties for purposes more hazardous than those permitted by the terms of the respective policy if such coverage is obtainable at commercially reasonable rates and is of the kind from time to time customarily insured against by Persons owning or using similar property and in such amounts as are customary, (C) any foreclosure or other proceeding relating to the insured properties or (D) any change in the title to or ownership or possession of the insured properties and (vi) shall be deposited with the Collateral Agent.

(c) If the Borrower or any of its Subsidiaries or any Facility Manager shall fail to insure its property in accordance with this Section 8.03, or if the Borrower or any of its Subsidiaries or any Facility Manager shall fail to so endorse and deposit all policies or certificates with respect thereto, the Collateral Agent shall have the right (but shall be under no obligation), after giving the Borrower at least five Business Days' prior written notice, to procure such insurance and the Borrower agrees to reimburse the Collateral Agent for all reasonable costs and expenses of procuring such insurance.

8.04 Corporate Franchises. The Borrower will, and will cause each of its Subsidiaries to, do or cause to be done, all things necessary to preserve and keep in full force and

effect its existence and its material rights, franchises, licenses and patents; provided, however, that nothing in this Section 8.04 shall prevent (i) any of the transactions permitted in accordance with Section 9.02 or (ii) the withdrawal by the Borrower or any of its Subsidiaries of its qualification as a foreign corporation in any jurisdiction where such withdrawal would not reasonably be expected to have a material adverse effect on the business, operations, property, assets, liabilities, condition (financial or otherwise) or prospects of the Borrower and its Subsidiaries taken as a whole.

8.05 Compliance with Statutes, etc. The Borrower will, and will cause each of its Subsidiaries to, comply with all applicable statutes, regulations and orders of all governmental bodies, domestic or foreign, in respect of the conduct of its business and the ownership of its property (including applicable Environmental Laws), except such noncompliances as would not, individually or in the aggregate, reasonably be expected to have a material adverse effect on the business, operations, property, assets, liabilities, condition (financial or otherwise) or prospects of the Borrower and its Subsidiaries taken as a whole.

8.06 Compliance with Environmental Laws. (a) The Borrower will comply, and will cause each of its Subsidiaries to comply, with all Environmental Laws applicable to the ownership or use of its Real Property now or hereafter owned or operated by the Borrower or any of its Subsidiaries (except such noncompliances as would not, individually or in the aggregate, reasonably be expected to have the material adverse effect on the business, operations, property, assets, liabilities, condition (financial or otherwise) or prospects of the Borrower and its Subsidiaries taken as a whole), will promptly pay or cause to be paid all costs and expenses incurred in connection with such compliance, and will keep or cause to be kept all such Real Property free and clear of any Liens imposed pursuant to such Environmental Laws except for Permitted Liens. Neither the Borrower nor any of its Subsidiaries will generate, use, treat, store, Release or dispose of, or knowingly permit the generation, use, treatment, storage, Release or disposal of Hazardous Materials on any Real Property now or hereafter owned or operated by the Borrower or any of its Subsidiaries, or transport or permit the transportation of Hazardous Materials to or from any such Real Property except for Hazardous Materials generated, used, treated, stored, released or disposed of at any such Real Properties in compliance with all applicable Environmental Laws (except such noncompliances as would not, individually or in the aggregate, reasonably be expected to have the material adverse effect on the business, operations, property, assets, liabilities, condition (financial or otherwise) or prospects of the Borrower and its Subsidiaries taken as a whole), and reasonably required in connection with the operation, use and maintenance of the business or operations of the Borrower or any of its Subsidiaries.

(b) To the extent any Credit Party delivers notice of the occurrence of the environmental matters as described in Section 8.01(i), the Borrower will provide, upon the written request of the Lead Arranger, the Administrative Agent or the Required Lenders, which request shall specify in reasonable detail the basis therefor, at its sole cost and expense, an environmental site assessment report concerning the relevant Real Property now or hereafter owned or operated by such Credit Party, prepared by an environmental consulting firm reasonably approved by the Lead Arranger, indicating the presence or absence of Hazardous Materials and the potential cost of any removal or remedial action in connection with any Hazardous Materials on such Real Property. If the Borrower fails to provide the same within 90

days after such request was made, the Lead Arranger may order the same, and the Borrower shall grant and hereby grants, to the Lead Arranger, the Administrative Agent and the Lenders and their agents access to such Real Property and specifically grants, the Lead Arranger, the Administrative Agent and the Lenders an irrevocable non-exclusive license, subject to the rights of tenants, to undertake such an assessment, all at the Borrower's reasonable expense.

8.07 ERISA. As soon as possible and, in any event, within ten (10) days after the Borrower, any Subsidiary of the Borrower or any ERISA Affiliate knows or has reason to know of the occurrence of any of the following, the Borrower will deliver to the Administrative Agent a certificate of the Chief Financial Officer of the Borrower setting forth the full details as to such occurrence and the action, if any, that the Borrower, such Subsidiary or such ERISA Affiliate is required or proposes to take, together with any notices required or proposed to be given to or filed with or by the Borrower, the Subsidiary, the ERISA Affiliate, the PBGC, a Plan participant or the Plan administrator with respect thereto: that a Reportable Event has occurred (except to the extent that the Borrower has previously delivered to the Administrative Agent a certificate and notices (if any) concerning such event pursuant to the next clause hereof); that a contributing sponsor (as defined in Section 4001(a)(13) of ERISA) of a Plan subject to Title IV of ERISA is subject to the advance reporting requirement of PBGC Regulation Section 4043.61 (without regard to subparagraph (b)(1) thereof), and an event described in subsection .62, .63, .64, .65, .66, .67 or .68 of PBGC Regulation Section 4043 is reasonably expected to occur with respect to such Plan within the following 30 days; that an accumulated funding deficiency, within the meaning of Section 412 of the Code or Section 302 of ERISA, has been incurred or an application may be or has been made for a waiver or modification of the minimum funding standard (including any required installment payments) or an extension of any amortization period under Section 412 of the Code or Section 303 or 304 of ERISA with respect to a Plan; that any contribution required to be made with respect to a Plan or Foreign Pension Plan has not been timely made; that a Plan has been or may be terminated, reorganized, partitioned or declared insolvent under Title IV of ERISA; that a Plan has an Unfunded Current Liability which, when added to the aggregate amount of Unfunded Current Liabilities with respect to all other Plans, exceeds $10,000,000; that proceedings may be or have been instituted to terminate or appoint a trustee to administer a Plan which is subject to Title IV of ERISA; that a proceeding has been instituted pursuant to Section 515 of ERISA to collect a delinquent contribution to a Plan; that the Borrower, any Subsidiary of the Borrower or any ERISA Affiliate will or may incur any material liability (including any indirect, contingent, or secondary liability) to or on account of the termination of or withdrawal from a Plan under Section 4062, 4063, 4064, 4069, 4201, 4204 or 4212 of ERISA or with respect to a Plan under Section 401(a)(29), 4971, 4975 or 4980 of the Code or Section 409 or 502(i) or 502(l) of ERISA or with respect to a group health plan (as defined in Section 607(1) of ERISA or Section 4980B(g)(2) of the Code) under Section 4980B of the Code; or that the Borrower or any Subsidiary of the Borrower may incur any material liability pursuant to any employee welfare benefit plan (as defined in Section 3(1) of ERISA) that provides benefits to retired employees or other former employees (other than as required by Section 601 of ERISA) or any Plan or any Foreign Pension Plan. Upon written request, the Borrower will deliver to each of the Administrative Agent (i) a complete copy of the annual report (on Internal Revenue Service Form 5500-series) of each Plan (including, to the extent required, the related financial and actuarial statements and opinions and other supporting statements, certifications, schedules and

information) required to be filed with the Internal Revenue Service and (ii) copies of any records, documents or other information that must be furnished to the PBGC with respect to any Plan pursuant to Section 4010 of ERISA. In addition to any certificates or notices delivered to the Administrative Agent pursuant to the first sentence hereof, copies of any material notices received by the Borrower, any Subsidiary of the Borrower or any ERISA Affiliate with respect to any Plan or Foreign Pension Plan shall be delivered to the Administrative Agent no later than ten (10) days after the date such notice has been received by the Borrower, the Subsidiary or the ERISA Affiliate, as applicable.

8.08 End of Fiscal Years; Fiscal Quarters. The Borrower will cause (i) each of its, and each of its Subsidiaries', fiscal years to end on December 31 and (ii) each of its, and each of its Subsidiaries', fiscal quarters to end on March 31, June 30, September 30 and December 31, provided any such fiscal year or fiscal quarter, as the case may be, may be modified so long as

(i) no Default or Event of Default then exists or would result therefrom, (ii) the Borrower shall have given the Administrative Agent at least 10 Business Days' prior written notice thereof and (iii) at the time of such modification, the Borrower and the Required Lenders shall have entered into certain technical amendments and modifications to this Agreement to preserve the intent of the parties with respect to the covenants and agreements set forth in Sections 9.08 through 9.10, inclusive and any other provisions of this Agreement deemed appropriate by the Lead Arranger and the Borrower.

8.09 Performance of Obligations. The Borrower will, and will cause each of its Subsidiaries to, perform all of its obligations under the terms of each mortgage, deed of trust, indenture, security agreement, loan agreement or credit agreement and each other material agreement, contract or instrument by which it or any Real Property is bound, except such non-performances as would not, individually or in the aggregate, reasonably be expected to have a material adverse effect on the business, operations, property, assets, liabilities, condition (financial or otherwise) or prospects of the Borrower and its Subsidiaries taken as a whole.

8.10 Payment of Taxes. The Borrower will pay and discharge, and will cause each of its Subsidiaries to pay and discharge, all taxes, assessments and governmental charges or levies imposed upon it or upon its income or profits, or upon any properties belonging to it, prior to the date on which penalties attach thereto, and all lawful claims for sums that have become due and payable which, if unpaid, might become a Lien not otherwise permitted under Section 9.01(i); provided, that neither the Borrower nor any of its Subsidiaries shall be required to pay any such tax, assessment, charge, levy or claim which is being contested in good faith and by proper proceedings if it has maintained adequate reserves with respect thereto in accordance with GAAP.

8.11 Additional Security; Further Assurances. (a) On the Effective Date and thereafter, at the reasonable request from time to time by the Lead Arranger, the Borrower will, and will cause each of the Subsidiary Guarantors to, grant to the Collateral Agent security interests in such assets and properties (other than Real Property) of the Borrower and such Subsidiary Guarantors, which assets and property are of the kind that are the subject of the Pledge Agreement and/or the Security Agreement and which are not covered by the original Security Documents (collectively, the "Additional Security Documents"). All such security

interests shall be granted pursuant to documentation reasonably satisfactory in form and substance to the Lead Arranger and shall constitute valid and enforceable perfected security interests superior to and prior to the rights of all third Persons and subject to no other Liens except for Permitted Liens. The Additional Security Documents or instruments related thereto shall have been duly recorded or filed in such manner and in such places as are required by law to establish, perfect, preserve and protect the Liens in favor of the Collateral Agent required to be granted pursuant to the Additional Security Documents and all taxes, fees and other charges payable in connection therewith shall have been paid in full.

(b) On the Effective Date and thereafter, the Borrower will, and will cause each of the Subsidiary Guarantors to, at the expense of the Borrower, take such further reasonable steps relating to the collateral covered by any of the Security Documents as the Lead Arranger or the Collateral Agent may reasonably require which are necessary to maintain the liens and security interest pursuant to the Security Documents. Furthermore, the Borrower will cause to be delivered to the Collateral Agent such opinions of counsel and other related documents as may be reasonably requested by the Lead Arranger to assure itself that this Section 8.11 has been complied with.

(c) The Borrower agrees that each action required above by this Section 8.11 shall be completed within 90 days after such action is either requested to be taken by the Lead Arranger or the Collateral Agent; provided that (x) in no event will the Borrower be required to take any action, other than using its best efforts, to obtain consents from third parties with respect to its compliance with this Section 8.11 and (y) the Borrower shall not be deemed to be in default under its obligations under this clause (c) to the extent that any action is not completed within the time required hereunder solely by reason of the failure of a third Person to take such actions provided that the Borrower has utilized, and continues to utilize, its best efforts to cause such third Person to take such action.

8.12 Foreign Subsidiaries Security. If following a change in the relevant sections of the Code or the regulations, rules, rulings, notices or other official pronouncements issued or promulgated thereunder, counsel for the Borrower reasonably acceptable to the Lead Arranger does not within 30 days after a request in writing from the Lead Arranger or the Required Lenders deliver evidence, in form and substance mutually satisfactory to the Lead Arranger and the Borrower, with respect to any Foreign Subsidiary of the Borrower which has not already had all of its stock pledged pursuant to the Pledge Agreement that (i) a pledge of 66-2/3% or more of the total combined voting power of all classes of capital stock of such Foreign Subsidiary entitled to vote, (ii) the entering into by such Foreign Subsidiary of a security agreement in substantially the form of the Security Agreement and (iii) the entering into by such Foreign Subsidiary of a guaranty in substantially the form of the Subsidiaries Guaranty, in any such case would cause the undistributed earnings of such Foreign Subsidiary as determined for Federal income tax purposes to be treated as a deemed dividend to a United States shareholder for Federal income tax purposes, then in the case of a failure to deliver the evidence described in clause (i) above, that portion of such Foreign Subsidiary's outstanding capital stock not theretofore pledged pursuant to the Pledge Agreement shall be pledged to the Collateral Agent for the benefit of the Secured Creditors pursuant to the Pledge Agreement (or another pledge agreement in substantially similar form, if needed), and in the case of a failure to deliver the evidence described in clause (ii) above,

such Foreign Subsidiary (to the extent that same is a Wholly-Owned Foreign Subsidiary) will execute and deliver the Security Agreement (or another security agreement in substantially similar form, if needed), granting the Secured Creditors a security interest in all of such Foreign Subsidiary's assets and securing the Obligations of the Borrower under the Credit Documents and under any Interest Rate Protection Agreement or Other Hedging Agreement and, in the event the Subsidiaries Guaranty shall have been executed by such Foreign Subsidiary, the obligations of such Foreign Subsidiary thereunder, and in the case of a failure to deliver the evidence described in clause (iii) above, such Foreign Subsidiary (to the extent that same is a Wholly-Owned Foreign Subsidiary) will execute and deliver the Subsidiaries Guaranty (or another guaranty in substantially similar form, if needed), guaranteeing the Obligations of the Borrower under the Credit Documents and under any Interest Rate Protection Agreement or Other Hedging Agreement, in each case to the extent that the entering into such Security Agreement or Subsidiaries Guaranty is permitted by the laws of the respective foreign jurisdiction and with all documents delivered pursuant to this Section 8.12 to be in form and substance reasonably satisfactory to the Lead Arranger.

8.13 Hotel Property Management. The Borrower will take, and will cause each of its Subsidiaries to take, all action necessary so that each Hotel Property owned or leased by a Subsidiary of the Borrower is managed by either the Subsidiary Guarantor owning such Hotel Property or another Wholly-Owned Subsidiary of the Borrower, provided that such Hotel Property may be managed by a Person other than such owner or such Wholly-Owned Subsidiary of the Borrower so long as (i) such manager is a Permitted Facility Manager and (ii) such Permitted Facility Manager executes and delivers a Hotel Property Management Agreement and Manager Subordination Agreement.

8.14 Maintenance of Corporate Separateness. (a) The Borrower will, and will cause each of its Unrestricted Subsidiaries to, satisfy customary corporate formalities, including the holding of regular board of directors' and shareholders' meetings or action by directors or shareholders without a meeting and the maintenance of corporate offices and records. Neither the Borrower nor any of its Subsidiaries will make any payment to a creditor of any Unrestricted Subsidiary in respect of any liability of any Unrestricted Subsidiary, and no bank account of any Unrestricted Subsidiary shall be commingled with any bank account of the Borrower or any of its Subsidiaries. Any financial statements distributed to any creditors of any Unrestricted Subsidiary shall clearly establish or indicate the corporate separateness of such Unrestricted Subsidiary from the Borrower and its Subsidiaries. Finally, neither the Borrower nor any of its Subsidiaries shall take any action, or conduct its affairs in a manner, which is likely to result in the corporate existence of the Borrower or any of its Subsidiaries or Unrestricted Subsidiaries being ignored, or in the assets and liabilities of the Borrower or any of its Subsidiaries being substantively consolidated with those of any other such Person or any Unrestricted Subsidiary in a bankruptcy, reorganization or other insolvency proceeding.

(b) All Hotel Properties owned by a Subsidiary shall be owned by a Wholly-Owned Subsidiary of the Borrower which is a Foreign Subsidiary or by a Subsidiary Guarantor. The Borrower shall not directly own any Hotel Property. All Hotel Properties owned by a Subsidiary which are located in the United States will be owned by a Subsidiary Guarantor which is organized under the laws of a state in the United States.

SECTION 9. Negative Covenants. The Borrower covenants and agrees that on and after the Effective Date and until the Total Commitments and all Letters of Credit have terminated and the Loans, Notes and Unpaid Drawings, together with interest, Fees and all other Obligations incurred hereunder and thereunder, are paid in full:

9.01 Liens. The Borrower will not, and will not permit any of its Subsidiaries to, create, incur, assume or suffer to exist any Lien upon or with respect to any property or assets (real or personal, tangible or intangible) of the Borrower or any of its Subsidiaries, whether now owned or hereafter acquired, or sell any such property or assets subject to an understanding or agreement, contingent or otherwise, to repurchase such property or assets (including sales of accounts receivable with recourse to the Borrower or any Subsidiary of the Borrower), or assign any right to receive income or permit the filing of any financing statement under the UCC or any other similar notice of Lien under any similar recording or notice statute, provided that the provisions of this Section 9.01 shall not prevent the creation, incurrence, assumption or existence of the following Liens (collectively, "Permitted Liens"):

(i) inchoate Liens for taxes, assessments or governmental charges or levies not yet due and payable or Liens for taxes, assessments or governmental charges or levies being contested in good faith and by appropriate proceedings for which adequate reserves have been established in accordance with generally accepted accounting principles;

(ii) Liens in respect of property or assets of the Borrower or any of its Subsidiaries imposed by law, which were incurred in the ordinary course of business and do not secure Indebtedness for borrowed money, such as carriers', warehousemen's, materialmen's and mechanics' liens and other similar Liens arising in the ordinary course of business, and (x) which do not in the aggregate materially detract from the value of the Borrower's or such Subsidiary's property or assets or materially impair the use thereof in the operation of the business of the Borrower or such Subsidiary or (y) which are being contested in good faith by appropriate proceedings, which proceedings have the effect of preventing the forfeiture or sale of the property or assets subject to any such Lien;

(iii) Liens in existence on the Effective Date which are listed, and the property subject thereto described, in Schedule VIII, but only to the respective date, if any, set forth in such Schedule VIII for the removal and termination of any such Liens, but no renewals or extensions of such Liens shall be permitted;

(iv) Permitted Encumbrances;

(v) Liens created pursuant to the Security Documents;

(vi) leases or subleases granted to other Persons not materially interfering with the conduct of the business of the Borrower or any of its Subsidiaries or the interest of a ground lessor arising by operation of law in real property interests located on the property subject to such ground lease;

(vii) Liens upon assets subject to Capitalized Lease Obligations to the extent such Capitalized Lease Obligations are permitted by Section 9.04(iii), provided that (x) such Liens only serve to secure the payment of Indebtedness arising under such Capitalized Lease Obligation and (y) the Lien encumbering the asset giving rise to

the Capitalized Lease Obligation does not encumber any other asset of the Borrower or any of the Borrower's Subsidiaries;

(viii) Liens placed upon equipment or machinery used in the ordinary course of business of the Borrower or any of its Subsidiaries at the time of acquisition thereof by the Borrower or any such Subsidiary or within 90 days thereafter to secure Indebtedness incurred to pay all or a portion of the purchase price thereof, provided that (x) the aggregate outstanding principal amount of all Indebtedness secured by Liens permitted by this clause (viii) is permitted by Section 9.04(iii) and (y) in all events, the Lien encumbering the equipment or machinery so acquired does not encumber any other asset of the Borrower or such Subsidiary;

(ix) easements, rights-of-way, restrictions, encroachments and other similar charges or encumbrances, and minor title deficiencies, in each case not securing Indebtedness and not materially interfering with the conduct of the business of the Borrower or any of its Subsidiaries;

(x) Liens arising from precautionary UCC financing statement filings in respect of operating leases;

(xi) statutory and common law landlords' liens under leases to which the Borrower or any of its Subsidiaries is a party;

(xii) Liens (other than Liens created or imposed under ERISA) incurred in the ordinary course of business in connection with workers' compensation, unemployment insurance and other types of social security, or to secure the performance of tenders, statutory obligations, surety bonds, bids, government contracts, performance and return-of-money bonds and other similar obligations incurred in the ordinary course of business (exclusive of obligations in respect of the payment for borrowed money), provided that the aggregate outstanding amount of obligations secured by Liens permitted by this clause (xii) (and the value of all cash and property encumbered by Liens permitted pursuant to this clause (xii)) shall not at any time exceed $20,000,000;

(xiii) Liens arising out of judgments or awards in respect of which the Borrower or any of the Borrower's Subsidiaries shall in good faith be prosecuting an appeal or proceedings for review in respect of which there shall have been secured a subsisting stay of execution pending such appeal or proceedings, provided that the aggregate amount of all such judgments or awards does not exceed $20,000,000 at any time outstanding;

(xiv) Liens on property or assets acquired pursuant to a Hotel Property acquisition effected pursuant to Section 9.02(viii), or on property or assets of a Subsidiary of the Borrower in existence at the time such property or assets are acquired pursuant to

such Hotel Property acquisition, provided that (i) all Indebtedness secured by such Liens is permitted to exist under Section 9.04(ix) and (ii) such Liens are not incurred in connection with or in anticipation of such Hotel Property acquisition and do not attach to any other asset of the Borrower or any of its Subsidiaries;

(xv) Liens upon cash and Cash Equivalents not exceeding $20,000,000 at any one time to secure Indebtedness in respect of any letters of credit issued pursuant to Section 9.04(x); and

(xvi) additional Liens incurred by the Borrower and its Subsidiaries so long as the aggregate amount of the Indebtedness and other obligations secured thereby do not exceed $50,000,000.

9.02 Consolidation, Merger, Purchase or Sale of Assets, etc. The Borrower will not, and will not permit any of the Borrower's Subsidiaries to, wind up, liquidate or dissolve its affairs or enter into any transaction of merger or consolidation, or convey, sell, lease or otherwise dispose of (or agree to do any of the foregoing at any future time) all or any part of its property or assets, or enter into any sale-leaseback transactions, or purchase or otherwise acquire (in one or a series of related transactions) any part of

the property or assets (other than purchases or other acquisitions of inventory, materials and equipment in the ordinary course of business) of any Person, except that:

(i) Capital Expenditures by the Borrower and its Subsidiaries shall be permitted to the extent not in violation of Section 9.07;

(ii) the Borrower and each of its Subsidiaries may in the ordinary course of business, sell or otherwise dispose of equipment and materials which, in the reasonable opinion of such Person, are obsolete, uneconomic or no longer useful in the conduct of such Person's business;

(iii) Investments may be made to the extent permitted by Section 9.05;

(iv) the Borrower and each of its Subsidiaries may lease (as lessee) real or personal property in the ordinary course of business (so long as any such lease does not create a Capitalized Lease Obligation unless permitted by Section 9.04(iii));

(v) the Borrower and each of its Subsidiaries may make sales of inventory in the ordinary course of business;

(vi) each of the Borrower and its Subsidiaries may sell other assets (other than less than all of the capital stock of any Subsidiary held by the Borrower and/or its Subsidiaries) so long as (i) no Default or Event of Default then exists or would result therefrom, (ii) each such sale is in an arm's-length transaction and the Borrower or the respective Subsidiary receives at least fair market value therefor (as determined in good faith by the Borrower or such Subsidiary, as the case may be), (iii) at least 75% of the total consideration received by the Borrower or such Subsidiary is cash and is received at the time of the consummation of such sale and (iv) the amount of the proceeds received

from the assets sold pursuant to this clause (vi) shall not exceed $35,000,000 in the aggregate for all such sales in any fiscal year of the Borrower;

(vii) each of the Borrower and its Subsidiaries may sell other assets (other than less than all of the capital stock of any Subsidiary held by the Borrower and/or its Subsidiaries) so long as (i) no Default or Event of Default then exists or would result therefrom, (ii) each such sale is in an arm's-length transaction and the Borrower or the respective Subsidiary receives at least fair market value therefor (as determined in good faith by the Borrower or such Subsidiary, as the case may be), (iii) at least 75% of the total consideration received by the Borrower or such Subsidiary is cash and is received at the time of the consummation of such sale, (iv) the aggregate amount of the proceeds received from all assets sold pursuant to this clause (vii) shall not exceed $100,000,000 in any fiscal year of the Borrower and (v) the Net Sale Proceeds therefrom are either applied as provided in Section 4.02(e) or reinvested in assets to the extent permitted by Section 4.02(e);

(viii) any of the Borrower's Subsidiaries may acquire (for cash or capital stock of the Borrower) or construct assets of the type described in the definition of Hotel Properties contained in Section 11.01 (including by purchasing the capital stock or other equity interests of any Person or Persons whose assets are all or substantially all of the type described in the definition of Hotel Properties contained in Section 11.01);

(ix) the Borrower may transfer assets to a Subsidiary Guarantor, and any Wholly-Owned Subsidiary of the Borrower may merge with and into any Subsidiary Guarantor which is a Wholly-Owned Subsidiary, in each case so long as the respective Subsidiary Guarantor is the surviving corporation of any such merger;

(x) each of the Borrower and its Subsidiaries may grant leases or subleases to other Persons not materially interfering with the

conduct of the business of the Borrower or any of its Subsidiaries;

(xi) each of the Borrower and its Subsidiaries may, in the ordinary course of business, license, as licensor or licensee (or pursuant to franchising arrangements), patents, trademarks, copyrights and know-how to and from third Persons and to and from one another so long as any such license by the Borrower or any other Credit Party in its capacity as licensor is permitted to be assigned pursuant to the Security Agreement (to the extent that the security interest in such patents, trademarks, copyrights and know-how is granted thereunder) and does not otherwise prohibit the granting of a Lien by the Borrower or any other Credit Party pursuant to the Security Agreement in the intellectual property covered by such license;

(xii) the Borrower and its Subsidiaries may sell Crosslands Hotel Properties so long as (i) no Default or Event of Default then exists or would result therefrom, (ii) such sale is in an arm's-length transaction and the Borrower receives at least fair market value therefor (as determined in good faith by the Borrower), (iii) at least 75% of the total consideration received by the Borrower or such Subsidiary is cash and is received at the

time of the consummation of such sale and (iv) the Net Sale Proceeds therefrom are either applied as provided in Section 4.02(e) or reinvested in assets to the extent permitted by Section 4.02(e); and

(xiii) the Borrower and its Subsidiaries may sell Designated Properties so long as (i) no Default or Event of Default then exists or would result therefrom, (ii) each such sale is in an arm's-length transaction and the borrower receives at least fair market value therefor (as determined in good faith by the Borrower), (iii) at least 75% of the total consideration received by the Borrower or such Subsidiary is cash and is received at the time of the consummation of each such sale and (iv) the Net Sale proceeds therefrom are either applied as provided in Section 4.02(e) or reinvested in assets to the extent permitted by Section 4.02(e).

To the extent the Required Lenders or all of the Lenders, as the case may be, waive the provisions of this Section 9.02 with respect to the sale of any Collateral, or any Collateral is sold or otherwise disposed of as permitted by this Section 9.02, such Collateral shall be sold or otherwise disposed of free and clear of the Liens created by the Security Documents, and the Administrative Agent and the Collateral Agent shall be authorized to take any actions deemed appropriate in order to effect the foregoing.

9.03 Dividends. The Borrower will not, and will not permit any of its Subsidiaries to, authorize, declare or pay any Dividends with respect to the Borrower or any of its Subsidiaries, except that:

(i) any Subsidiary of the Borrower may pay cash Dividends to the Borrower or to a Wholly-Owned Subsidiary of the Borrower,

(ii) so long as there shall exist no Default under Section 10.01 or Event of Default (both before and after giving effect to the payment thereof) any non-Wholly-Owned Subsidiary of the Borrower may pay cash Dividends to its shareholders or partners generally so long as the Borrower or its respective Subsidiary which owns the equity interest or interests in the Subsidiary paying such Dividends receives at least its proportionate share thereof (based upon its relative holdings of equity interests in the Subsidiary paying such Dividends and taking into account the relative preferences, if any, of the various classes of equity interests in such Subsidiary);

(iii) so long as there shall exist no Default or Event of Default (both before and after giving effect to the payment thereof), the Borrower may repurchase its outstanding capital stock, so long as the aggregate amount paid by the Borrower and its Subsidiaries in respect of all such repurchases made after the Effective Date, when added to the aggregate amount of all repurchases of 9.15% Senior Subordinated Notes and 9-7/8% Senior Subordinated Notes, and all repayments and repurchases of Incremental Third Party Debt, made pursuant to Section 9.11(i), does not exceed $100,000,000, provided

that the Borrower may make such repurchases pursuant to this clause (iii) in excess of such amount to the extent that on the date of any such repurchase in excess of such amount it certifies to the Administrative Agent that such excess amount does not exceed

the Retained Excess Cash Flow Amount as then in effect (and such excess repurchase shall constitute a utilization of the Retained Excess Cash Flow Amount as provided in the definition thereof); and

(iv) so long as there shall exist no Default or Event of Default (both before and after giving effect to the payment thereof), the Borrower may pay Dividends in respect of (but not as a repurchase of) its outstanding capital stock so long as the aggregate amount of Dividends paid by the Borrower pursuant to this clause (iv) in any fiscal year of the Borrower does not exceed $20,000,000, provided that the Borrower may pay additional Dividends pursuant to this clause (iv) in excess of such amount to the extent that on the date of any such Dividends in excess of such amount the Borrower certifies to the Administrative Agent that the amount of such excess Dividends does not exceed the Retained Excess Cash Flow Amount as then in effect (and such excess Dividends shall constitute a utilization of the Retained Excess Cash Flow Amount as provided in the definition thereof).

9.04 Indebtedness. The Borrower will not, and will not permit any of its Subsidiaries to, contract, create, incur, assume or suffer to exist any Indebtedness, except:

(i) Indebtedness incurred pursuant to this Agreement and the other Credit Documents;

(ii) Existing Indebtedness to the extent the same is listed on Schedule VI, but no refinancings or renewals thereof;

(iii) Indebtedness of the Borrower and its Subsidiaries (but not any guarantees thereof by any Subsidiary Guarantor) evidenced by Capitalized Lease Obligations (to the extent permitted pursuant to Section 9.07) and purchase money Indebtedness described in Section 9.01(viii), provided that in no event shall the aggregate principal amount of Capitalized Lease Obligations and purchase money Indebtedness permitted by this clause (iii) exceed $100,000,000 at any time outstanding;

(iv) Indebtedness of the Borrower and its Subsidiaries secured by Liens described in Section 9.01(xii) or (xiii) to the extent that such Indebtedness does not constitute Indebtedness of a type described in clause (i), (ii), (iii), (iv) or (v) of the definition of Indebtedness;

(v) intercompany Indebtedness among the Borrower and Subsidiaries of the Borrower to the extent permitted by Section 9.05(iv);

(vi) Indebtedness of the Borrower under Interest Rate Protection Agreements;

(vii) Indebtedness under Other Hedging Agreements providing protection against fluctuations in currency values in connection with the Borrower's or any of its Subsidiaries' ordinary course of business operations so long as management of the Borrower or such Subsidiary, as the case may be, has determined in good faith that the entering into of such Other Hedging Agreements are bona fide hedging activities;

(viii) Incremental Third Party Debt so long as (w) the aggregate principal amount thereof does not at any time exceed the remainder of (A) the Permitted Incremental Debt Amount at such time less (B) the sum of the aggregate principal amount of all Incremental Term Loans outstanding at such time plus the aggregate amount of unutilized Incremental Term Loan Commitments at such time, (x) at least three days prior to the incurrence of any Incremental Third Party Debt,

the Borrower shall have delivered to the Lead Arranger and the Administrative Agent substantially final drafts of the documents pursuant to which such Incremental Third Party Debt is to be incurred and with any changes thereto made after the initial delivery of such documents to be delivered to the Lead Arranger and the Administrative Agent at least one day prior to the incurrence of such Incremental Third Party Debt, (y) all terms and conditions of all Incremental Third Party Debt and the documentation with respect thereto (including, without limitation, the maturity thereof, the interest rate applicable thereto, the required repayments with respect thereto, the covenants and events of default) shall be in form and substance reasonably satisfactory to the Lead Arranger (it being understood that the terms and conditions of such Incremental Third Party Debt shall be satisfactory to the Lead Arranger if the terms and conditions of such Incremental Third Party Debt are substantially similar to, or no more restrictive on the Borrower than the corresponding terms and conditions of the 9-7/8% Senior Subordinated Notes), and (z) no Default or Event of Default then exists or would result from the incurrence of the respective Incremental Third Party Debt;

(ix) Indebtedness of a Subsidiary of the Borrower acquired pursuant to a Hotel Property acquisition, provided that (i) such Indebtedness was not incurred in connection with or in anticipation of such Hotel Property acquisition, (ii) such Indebtedness does not constitute Indebtedness for borrowed money, it being understood and agreed that Capitalized Lease Obligations and purchase money Indebtedness shall not constitute Indebtedness for borrowed money for purposes of this clause (ix), and (iii) at the time of such Hotel Property acquisition such Indebtedness does not exceed 20% of the total value of the assets of the Subsidiary so acquired; and

(x) additional Indebtedness of the Borrower and its Subsidiaries (but not any guarantees thereof by any Subsidiary Guarantors) not to exceed $20,000,000 in aggregate principal amount at any time outstanding.

9.05 Advances, Investments and Loans. The Borrower will not, and will not permit any of its Subsidiaries to, directly or indirectly, lend money or credit or make advances to any Person, or purchase or acquire any stock, obligations or securities of, or any other interest in, or make any capital contribution to, any other Person, or purchase or own a futures contract or otherwise become liable for the purchase or sale of currency or other commodities at a future date in the nature of a futures contract, or hold any cash or Cash Equivalents (each of the foregoing an "Investment" and, collectively, "Investments"), except that the following shall be permitted:

(i) the Borrower and its Subsidiaries may acquire and hold accounts receivables owing to any of them, if created or acquired in the ordinary course of business

and payable or dischargeable in accordance with customary terms, and the Borrower and its Subsidiaries may own Investments received in connection with the bankruptcy or reorganization of suppliers and customers and in settlement of delinquent obligations of, and other disputes with, customers and suppliers arising in the ordinary course of business;

(ii) the Borrower and its Subsidiaries may acquire and hold cash and Cash Equivalents;

(iii) the Borrower may enter into Interest Rate Protection Agreements;

(iv) the Borrower and its Subsidiaries may hold and to the extent permitted by Section 9.15 acquire Investments in Subsidiaries of the Borrower and may make additional Investments in such Subsidiaries so long as (i) no more than $10,000,000 in the aggregate for all such Investments made after the Effective Date pursuant to this clause (iv) shall be made in Subsidiaries that are not Subsidiary Guarantors, (ii) each intercompany loan or advance evidenced by a note or other instrument having a principal amount in excess of $2,500,000 shall be pledged to the Collateral Agent pursuant to (and to the extent required

by) the Pledge Agreement and (iii) to the extent required by Section 9.15, the equity interests of the Subsidiary in which such Investments are made are pledged to the Collateral Agent pursuant to (and to the extent required by) the Pledge Agreement;

(v) the Borrower and its Subsidiaries may make loans and advances in the ordinary course of business to their respective employees so long as the aggregate principal amount thereof at any time outstanding (determined without regard to any write-downs or write-offs of such loans and advances) shall not exceed $35,000,000 (although no more than $5,000,000 of such loans and advances made to senior management of the Borrower and its Subsidiaries may at any time be outstanding);

(vi) the Borrower and its Subsidiaries may enter into Other Hedging Agreements to the extent permitted by Section 9.04(vii);

(vii) the Borrower and its Subsidiaries may receive non-cash consideration in connection with any asset sale permitted by Sections 9.02(vi), (vii), (xii) and (xiii) but only to the extent set forth in such Sections 9.02(vi), (vii), (xii) and (xiii);

(viii) the Borrower and its Subsidiaries may acquire Hotel Properties which may consist in whole or in part of stock acquisitions (and otherwise in compliance with this Agreement);

(ix) the Borrower and its Subsidiaries may make Investments in Unrestricted Subsidiaries effected through the issuance of the Borrower's common stock; and

(x) in addition to Investments permitted by clauses (i) through (ix) above, the Borrower and its Wholly-Owned Subsidiaries may make Investments in Unrestricted Subsidiaries so long as (I) no Default or Event of Default then exists or would result

therefrom and (II) the aggregate amount of Investments made pursuant to this clause (x) after the Effective Date does not exceed $50,000,000, provided that Investments in excess of $50,000,000 may be made pursuant to this clause (x) to the extent that, on the date of such excess Investments, the Borrower certifies to the Administrative Agent that the amount of such excess Investments does not exceed the Retained Excess Cash Flow Amount as then in effect (and such excess Investments shall constitute a utilization of the Retained Excess Cash Flow Amount in accordance with the definition thereof). The Investments permitted under clause (ix) above shall not be counted against the limit set forth in this clause (x).

9.06 Transactions with Affiliates. The Borrower will not, and will not permit any of its Subsidiaries to, enter into any transaction or series of related transactions, whether or not in the ordinary course of business, with (x) any Affiliate of the Borrower or any of its Subsidiaries or (y) any Unrestricted Subsidiary, other than in the ordinary course of business and on terms and conditions substantially as favorable to the Borrower or such Subsidiary as would reasonably be obtained by the Borrower or such Subsidiary at that time in a comparable arm's-length transaction with a Person other than an Affiliate, except that notwithstanding the foregoing:

(i) Dividends may be paid to the extent provided in Section 9.03;

(ii) loans may be made and other transactions may be entered into by and among the Borrower and the Borrower's Subsidiaries to the extent permitted by Section 9.02, 9.04 or 9.05;

(iii) customary fees may be paid to non-officer directors of the Borrower; and

(iv) Subsidiaries of the Borrower may pay management and similar fees to the Borrower or any Wholly-Owned Subsidiary of the Borrower.

9.07 Capital Expenditures. (a) The Borrower will not, and will

not permit any of its Subsidiaries to make any Capital Expenditures (other than such Capital Expenditures of the type permitted by clauses (b), (c) and (d) hereof), except that the Borrower and its Subsidiaries may make Capital Expenditures in an aggregate amount not to exceed the Permitted CapEx Amount at the time of such Capital Expenditure.

(b) In addition to the foregoing, the Borrower and its Subsidiaries may effect construction and acquisitions of Hotel Properties.

(c) In addition to the Capital Expenditures permitted pursuant to preceding clauses (a) and (b), the Borrower and its Subsidiaries may make additional Capital Expenditures consisting of the reinvestment of proceeds of Recovery Events not required to be applied as a mandatory repayment (and/or commitment reduction) pursuant to Section 4.02(g).

(d) In addition to the Capital Expenditures permitted pursuant to preceding clauses (a), (b) and (c), the Borrower and its Subsidiaries may make additional Capital Expenditures during the period from the Effective Date to March 31, 2005 as part of the

construction of its new corporate headquarters (including the furnishing and outfitting thereof) and in an aggregate amount not to exceed $20,000,000.

9.08 Consolidated Interest Coverage Ratio. The Borrower will not permit the Consolidated Interest Coverage Ratio for any Test Period to be less than 2.50:1.00.

9.09 Maximum Consolidated Leverage Ratio. The Borrower will not permit the Consolidated Leverage Ratio at any time during any period set forth below to be greater than the ratio set forth opposite such period below:

Period	Ratio
Effective Date to March 30, 2003	4.75:1.00
March 31, 2003 and thereafter	4.50:1.00

9.10 Maximum Consolidated Senior Debt Leverage Ratio. The Borrower will not permit the Consolidated Senior Debt Leverage Ratio at any time during any period set forth below to be greater than the ratio set forth opposite such period below:

Period	Ratio
Effective Date to March 30, 2004	3.75:1.00
March 31, 2004 and thereafter	3.50:1.00

9.11 Limitation on Payments of Certain Indebtedness; Modifications of Certain Indebtedness; Modifications of Certificate of Incorporation, By-Laws and Certain Agreements; etc. The Borrower will not, and will not permit any of the Borrower's Subsidiaries to:

(i) make (or give any notice in respect of) any voluntary or optional payment or prepayment on or redemption or acquisition for value of, or any prepayment or redemption as a result of any change of control or similar event of, including, in each case without limitation, by way of depositing with the trustee with respect thereto money or securities before due for the purpose of paying when due, any 9.15% Senior Subordinated Notes, 9-7/8% Senior Subordinated Notes or any Incremental Third Party Debt provided that, so long as no Default or Event of Default then exists or would result therefrom, the Borrower may (A) repurchase outstanding 9.15% Senior Subordinated Notes and outstanding 9-7/8% Senior Subordinated Notes and (B) repay or repurchase Incremental Third Party Debt, so long as the aggregate amount of all such repayments and repurchases made after the Effective Date, when added to the aggregate amount of all Dividends made pursuant

to Section 9.03(iii) shall not exceed an amount equal to $100,000,000, provided that the Borrower may make such repurchases in excess

of such amount to the extent Borrower certifies to the Administrative Agent on the date of such excess repayments and/or repurchases that the amount of such excess repayments and/or repurchases does not exceed the Retained Excess Cash Flow Amount as then in effect (and such excess repayments and repurchases shall constitute a utilization of the Retained Excess Cash Flow Amount pursuant to the definition thereof);

(ii) amend or modify, or permit the amendment or modification of, any provision of (x) the 9.15% Senior Subordinated Notes, the 9-7/8% Senior Subordinated Notes or, in each case, any agreement (including, without limitation, any purchase agreement, indenture or loan agreement) related thereto or (y) any agreement evidencing or relating to any Incremental Third Party Debt (including, without limitation, any purchase agreement, indenture or loan agreement), in the case of clause (x) or (y), other than amendments not adverse to the interests of the Lenders in any material respect provided that a copy of such amendment is delivered to the Lead Arranger at least 5 Business Days prior to the execution thereof by the Borrower;

(iii) amend or modify, or permit the amendment or modification of, any provision of any Hotel Property Management Agreement between the Borrower and a Person other than a Subsidiary Guarantor (other than any amendment or modification thereto which would not violate or be inconsistent with any of the terms or provisions of this Agreement and the other Credit Documents and could not be adverse to the interests of the Lenders in any respect) or enter into any new management agreement (other than Hotel Property Management Agreements, if applicable, entered into in connection with the acquisition or construction of new Hotel Properties); or

(iv) amend, modify or change its certificate of incorporation (including, without limitation, by the filing or modification of any certificate of designation) or by-laws, or any agreement entered into by it, with respect to its capital stock, or enter into any new agreement with respect to its capital stock, other than any amendments, modifications or changes or any such new agreements which are not materially adverse in any respect to the interests of the Lenders.

9.12 Limitation on Certain Restrictions on Subsidiaries. The Borrower will not, and will not permit any of its Subsidiaries to, directly or indirectly, create or otherwise cause or suffer to exist or become effective any encumbrance or restriction on the ability of any Subsidiary of the Borrower to (a) pay dividends or make any other distributions on its capital stock or any other interest or participation in its profits owned by the Borrower or any of its Subsidiaries, or pay any Indebtedness owed to the Borrower or any Subsidiary of the Borrower, (b) make loans or advances to the Borrower or any Subsidiary of the Borrower or (c) transfer any of its properties or assets to the Borrower or any Subsidiary of the Borrower, except in each case for such encumbrances or restrictions existing under or by reason of (i) applicable law, (ii) this Agreement and the other Credit Documents, (iii) customary provisions restricting subletting or assignment of any lease governing a leasehold interest of the Borrower or any Subsidiary of the Borrower, (iv) customary provisions restricting assignment of any licensing agreement entered into by the Borrower or any Subsidiary of the Borrower in the ordinary course of business and (v) customary

provisions restricting the transfer of assets subject to Liens permitted under Section 9.01(vii) or (viii).

9.13 Limitation on Issuance of Capital Stock. (a) The Borrower will not issue (i) any preferred stock other than Qualified Preferred Stock or (ii) any redeemable common stock.

(b) The Borrower will not permit any of its Subsidiaries to issue any capital stock (including by way of sales of treasury stock) or any options or warrants to purchase, or securities convertible into, capital stock,

except (i) for transfers and replacements of then outstanding shares of capital stock, (ii) for stock splits, stock dividends and similar or additional issuances which do not decrease the percentage ownership of the Borrower or any of the Borrower's Subsidiaries in any class of the capital stock of such Subsidiary, (iii) to qualify directors to the extent required by applicable law, (iv) for issuances by newly created or acquired Subsidiaries in accordance with the terms of this Agreement or (v) issuances of capital stock to the Borrower or a Wholly-Owned Subsidiary provided that such capital stock is pledged to the Collateral Agent pursuant to the Security Documents.

9.14 Business. The Borrower will not, and will not permit any of its Subsidiaries to, engage (directly or indirectly) in any business other than the business in which the Borrower and its Subsidiaries are engaged on the Effective Date and reasonable extensions thereof and other businesses reasonably related thereto.

9.15 Limitation on Creation of Subsidiaries. Notwithstanding anything to the contrary contained in this Agreement, the Borrower will not, and will not permit any of its Subsidiaries to establish, create or acquire after the Effective Date any Subsidiary, provided that the Borrower and its Wholly-Owned Subsidiaries shall be permitted to (i) establish or create one or more Wholly-Owned Subsidiaries so long as within a reasonable time from such establishment or creation (x) the equity interests of such new Wholly-Owned Subsidiary that is owned by any Credit Party is pledged pursuant to, and to the extent required by, the Pledge Agreement and the certificates representing such equity interests, together with endorsements for the transfer thereof duly executed in blank, are delivered to the Collateral Agent for the benefit of the Secured Creditors, (y) such new Wholly-Owned Subsidiary (other than a Wholly-Owned Foreign Subsidiary, except to the extent otherwise required pursuant to Section 8.12) executes a counterpart of the Subsidiaries Guaranty, the Pledge Agreement and the Security Agreement, and (z) such new Wholly-Owned Subsidiary, to the extent requested by the Administrative Agent or the Required Lenders, takes all actions required pursuant to Section 8.11 and (ii) acquire a Person which immediately upon such acquisition will constitute a Subsidiary of the Borrower in connection with the acquisition of a Hotel Property so long as within a reasonable time from such acquisition (x) the equity interests of such Subsidiary that is owned by any Credit Party is pledged pursuant to, and to the extent required by, the Pledge Agreement and the certificates representing such equity interests, together with endorsements for the transfer thereof duly executed in blank, are delivered to the Collateral Agent for the benefit of the Secured Creditors, (y) such Subsidiary (including any such Subsidiary which is a Foreign Subsidiary) executes a counterpart of the Subsidiaries Guaranty, the Pledge Agreement and the Security Agreement, and (z) such Subsidiary, to the extent requested by the Administrative Agent or the Required Lenders, takes all actions required pursuant to Section 8.11. In addition, each such Subsidiary shall

execute and deliver, or cause to be executed and delivered, all other relevant documentation of the type described in Section 5 as such Subsidiary would have had to deliver if such new Wholly-Owned Subsidiary were a Credit Party on the Effective Date.

9.16 Representative. The Borrower will not, and will not permit any of its Subsidiaries to, designate any holder of Indebtedness, other than the Lenders or their representative, to deliver blockage notices which the holders of senior debt are permitted to provide under the 9.15% Senior Subordinated Notes, the 9-7/8% Senior Subordinated Notes or any other Indebtedness of the Borrower or any of its Subsidiaries which is subordinated to the Obligations.

9.17 Changes To Legal Names; Organizational Identification Numbers, Jurisdiction or Type of Organization. No Credit Party shall change, or permit any change to, its legal name until (i) it shall have given to the Administrative Agent not less than 15 days prior written notice of its intention so to do, clearly describing such new name and providing other information in connection therewith as the Administrative Agent may reasonably request and (ii) with respect to such new name, it shall have taken all action reasonably requested by the Administrative Agent to maintain the security interests of the Administrative Agent in the Collateral intended to be granted pursuant to the Security Documents at all times fully perfected and in full force and effect. In addition, to the extent that any Credit Party does not have an organizational identification number on the date hereof and later obtains one, or if there is

any change in the organizational identification number of any Credit Party, the Borrower or such Credit Party shall promptly notify the Administrative Agent of such new or changed organizational identification number and shall take all actions reasonably satisfactory to the Administrative Agent to the extent necessary to maintain the security interests of the Administrative Agent in the Collateral intended to be granted pursuant to the Security Documents fully perfected and in full force and effect. Furthermore, no Credit Party shall change its jurisdiction of organization or its type of organization until (i) it shall have given to the Administrative Agent not less than 15 days prior written notice of its intention so to do, clearly describing such new jurisdiction of organization and/or type of organization and providing such other information in connection therewith as the the Administrative Agent may reasonably request and (ii) with respect to such new jurisdiction and/or type of organization, it shall have taken all actions reasonably requested by the Administrative Agent to maintain the security interests of the Administrative Agent in the Collateral intended to be granted pursuant to the Security Documents at all times fully perfected and in full force and effect. If at any time Schedule XI hereto is not true and correct (as of the date in question, which may be after the Effective Date), whether because of changes thereto or as a result of the creation or acquisition of additional Credit Parties, the Borrower shall promptly furnish to the Administrative Agent a true and correct updated Schedule XI, which shall contain the updated information required therein with respect to each Credit Party as of the date of any change thereto.

SECTION 10. Events of Default. Upon the occurrence of any of the following specified events (each an "Event of Default"):

10.01 Payments. The Borrower shall (i) default in the payment when due of any principal of any Loan or any Note or (ii) default, and such default shall continue unremedied for

three or more Business Days, in the payment when due of any interest on any Loan or Note, any Unpaid Drawing or any Fees or any other amounts owing hereunder or under any other Credit Document; or

10.02 Representations, etc. Any representation or warranty made by any Credit Party herein or in any other Credit Document or in any certificate delivered to the Lead Arranger, the Administrative Agent or any Lender pursuant hereto or thereto shall prove to be untrue in any material respect on the date as of which made or deemed made; or

10.03 Covenants. Any Credit Party shall (i) default in the due performance or observance by it of any term, covenant or agreement contained in Section 9 or (ii) default in the due performance or observance by it of any other term, covenant or agreement contained in this Agreement or any other Credit Document (other than as provided in Sections 10.01 and 10.02) and such default shall continue unremedied for a period of 45 days after written notice to the Borrower by the Administrative Agent or the Required Lenders; or

10.04 Default Under Other Agreements. (i) The Borrower or any of its Subsidiaries shall (x) default in any payment of any Indebtedness (other than the Obligations) beyond the period of grace or cure, if any, provided in the instrument or agreement under which such Indebtedness was created or (y) default in the observance or performance of any agreement or condition relating to any Indebtedness (other than the Obligations) or contained in any instrument or agreement evidencing, securing or relating thereto, or any other event shall occur or condition exist, the effect of which default or other event or condition is to cause, or to permit the holder or holders of such Indebtedness (or a trustee or agent on behalf of such holder or holders) to cause (determined without regard to whether any notice is required), any such Indebtedness to become due prior to its stated maturity, or (ii) any Indebtedness (other than the Obligations) of the Borrower or any of its Subsidiaries shall be declared to be (or shall become) due and payable, or required to be prepaid other than by a regularly scheduled required prepayment (including, without limitation, by reason of the occurrence of a change of control or other similar event), prior to the stated maturity thereof, provided that it shall not be a Default or an Event of Default under clauses (i) or (ii) of this Section 10.04 unless the aggregate outstanding principal amount of all Indebtedness as described in such clauses (i) and (ii) is at least $20,000,000; or

10.05 Bankruptcy, etc. The Borrower or any of its Subsidiaries (other than an Immaterial Subsidiary) shall commence a voluntary case concerning

itself under Title 11 of the United States Code entitled "Bankruptcy," as now or hereafter in effect, or any successor thereto (the "Bankruptcy Code"); or an involuntary case is commenced against the Borrower or any of its Subsidiaries (other than an Immaterial Subsidiary) and the petition is not controverted within 15 days, or is not dismissed within 60 days, after commencement of the case; or a custodian (as defined in the Bankruptcy Code) is appointed for, or takes charge of, all or substantially all of the property of the Borrower or any of its Subsidiaries (other than an Immaterial Subsidiary) or the Borrower or any of its Subsidiaries (other than an Immaterial Subsidiary) commences any other proceeding under any reorganization, arrangement, adjustment of debt, relief of debtors, dissolution, insolvency or liquidation or similar law of any jurisdiction whether now or hereafter in effect relating to the Borrower or any of its Subsidiaries (other than an Immaterial Subsidiary),

or there is commenced against the Borrower or any of its Subsidiaries (other than an Immaterial Subsidiary) any such proceeding which remains undismissed for a period of 60 days, or the Borrower or any of its Subsidiaries (other than an Immaterial Subsidiary) is adjudicated insolvent or bankrupt; or any order of relief or other order approving any such case or proceeding is entered; or the Borrower or any of its Subsidiaries (other than an Immaterial Subsidiary) suffers any appointment of any custodian or the like for it or any substantial part of its property to continue undischarged or unstayed for a period of 60 days; or the Borrower or any of its Subsidiaries (other than an Immaterial Subsidiary) makes a general assignment for the benefit of creditors; or any corporate action is taken by the Borrower or any of its Subsidiaries (other than an Immaterial Subsidiary) for the purpose of effecting any of the foregoing; or

10.06 ERISA. (a) Any Plan shall fail to satisfy the minimum funding standard required for any plan year or part thereof under Section 412 of the Code or Section 302 of ERISA or a waiver of such standard or extension of any amortization period is sought or granted under Section 412 of the Code or Section 303 or 304 of ERISA, a Reportable Event shall have occurred, a contributing sponsor (as defined in Section 4001(a)(13) of ERISA) of a Plan subject to Title IV of ERISA shall be subject to the advance reporting requirement of PBGC Regulation Section 4043.61 (without regard to subparagraph (b)(1) thereof) and an event described in subsection .62, .63, .64, .65, .66, .67 or .68 of PBGC Regulation Section 4043 shall be reasonably expected to occur with respect to such Plan within the following 30 days, any Plan which is subject to Title IV of ERISA shall have had or is likely to have a trustee appointed to administer such Plan, any Plan which is subject to Title IV of ERISA is, shall have been or is likely to be terminated or to be the subject of termination proceedings under ERISA, any Plan shall have an Unfunded Current Liability, a contribution required to be made with respect to a Plan or a Foreign Pension Plan has not been timely made, the Borrower or any Subsidiary of the Borrower or any ERISA Affiliate has incurred or is likely to incur any liability to or on account of a Plan under Section 409, 502(i), 502(l), 515, 4062, 4063, 4064, 4069, 4201, 4204 or 4212 of ERISA or Section 401(a)(29), 4971 or 4975 of the Code or on account of a group health plan (as defined in Section 607(1) of ERISA or Section 4980B(g)(2) of the Code) under Section 4980B of the Code, or the Borrower or any Subsidiary of the Borrower has incurred or is likely to incur liabilities pursuant to one or more employee welfare benefit plans (as defined in Section 3(1) of ERISA) that provide benefits to retired employees or other former employees (other than as required by Section 601 of ERISA) or Plans or Foreign Pension Plans; (b) there shall result from any such event or events the imposition of a lien on, the granting of a security interest by, or a liability or a material risk of incurring a liability by, the Borrower, a Subsidiary of the Borrower or an ERISA Affiliate; and (c) such lien, security interest or liability, individually, and/or in the aggregate, in the opinion of the Required Lenders, has had, or could reasonably be expected to have, a material adverse effect upon the business, operations, condition (financial or otherwise) or prospects of the Borrower or any Subsidiary of the Borrower; or

10.07 Security Documents. At any time after the execution and delivery thereof, any of the Security Documents shall cease to be in full force and effect, or shall cease to give the Collateral Agent for the benefit of the Secured Creditors the Liens, rights, powers and privileges purported to be created thereby (including, without limitation, a perfected security interest in, and Lien on, all of the Collateral in favor of the Collateral Agent, superior to and prior to the rights of all third Persons (except as permitted by Section 9.01), and subject to no other Liens (except as

permitted by Section 9.01), provided that it shall not be a Default or Event of Default under this Section 10.07 unless the value of the Collateral adversely affected thereby exceeds $1,000,000 in the aggregate; or

10.08 Subsidiaries Guaranty. At any time after the execution and delivery thereof, the Subsidiaries Guaranty or any provision thereof shall cease to be in full force or effect as to any Subsidiary Guarantor (other than a Subsidiary Guarantor which is an Immaterial Subsidiary), or any Subsidiary Guarantor (other than a Subsidiary Guarantor which is an Immaterial Subsidiary) or any Person acting by or on behalf of such Subsidiary Guarantor shall deny or disaffirm such Subsidiary Guarantor's obligations under the Subsidiaries Guaranty or any Subsidiary Guarantor shall default in the due performance or observance of any material term, covenant or agreement on its part to be performed or observed pursuant to the Subsidiaries Guaranty; or

10.09 Judgments. One or more judgments or decrees shall be entered against the Borrower or any of its Subsidiaries involving in the aggregate for the Borrower and its Subsidiaries a liability (not paid or not fully covered by a reputable and solvent insurance company) and such judgments and decrees either shall be final and non-appealable or shall not be vacated, discharged or stayed or bonded pending appeal for any period of 30 consecutive days, and the aggregate amount of all such judgments exceeds $20,000,000; or

10.10 Manager Subordination Agreements. Any Manager Subordination Agreement (to the extent executed and delivered as required under Section 8.13) or any provision thereof shall cease to be a legal, valid and binding obligation enforceable against any party to such Manager Subordination Agreement, or any party to a Manager Subordination Agreement (other than the Administrative Agent) or any Person acting by or on behalf of any such party shall deny or disaffirm such party's obligations under any such Manager Subordination Agreement, or any such party shall default in the due performance of any term, covenant or agreement on its part to be performed or observed pursuant to any such Manager Subordination Agreement, in each case so long as such event, act or condition would either individually or in the aggregate have a material adverse effect in the interests of the Lenders; or

10.11 Change of Control. A Change of Control shall occur;

then, and in any such event, and at any time thereafter, if any Event of Default shall then be continuing, the Administrative Agent, upon the written request of the Required Lenders, shall by written notice to the Borrower, take any or all of the following actions, without prejudice to the rights of the Administrative Agent, any Lender or the holder of any Note to enforce its claims against any Credit Party (provided, that, if an Event of Default specified in Section 10.05 shall occur with respect to the Borrower, the result which would occur upon the giving of written notice by the Administrative Agent to the Borrower as specified in clauses (i) and (ii) below shall occur automatically without the giving of any such notice): (i) declare the Total Commitments terminated, whereupon all of the Commitments of each Lender shall forthwith terminate immediately and any Commitment Commission shall forthwith become due and payable without any other notice of any kind; (ii) declare the principal of and any accrued interest in respect of all Loans and the Notes and all Obligations owing hereunder and thereunder to be, whereupon the

same shall become, forthwith due and payable without presentment, demand, protest or other notice of any kind, all of which are hereby waived by each Credit Party; (iii) terminate any Letter of Credit which may be terminated in accordance with its terms; (iv) direct the Borrower to pay (and the Borrower agrees that upon receipt of such notice, or upon the occurrence of an Event of Default specified in Section 10.05 with respect to the Borrower, it will pay) to the Collateral Agent at the Payment Office such additional amount of cash, to be held as security by the Collateral Agent, as is equal to the aggregate Stated Amount of all Letters of Credit issued for the account of the Borrower and then outstanding; (v) enforce, as Collateral Agent, all of the Liens and security interests created pursuant to the Security Documents; and (vi) apply any cash collateral held by the Administrative Agent pursuant to Section 4.02 to the repayment of the Obligations.

SECTION 11. Definitions and Accounting Terms.

11.01 Defined Terms. As used in this Agreement, the following

terms shall have the following meanings (such meanings to be equally applicable to both the singular and plural forms of the terms defined):

"A Maturity Date" shall mean July 24, 2007.

"A Term Loans" shall mean each of the A-1 Term Loans, the A-2 Term Loans and the A-3 Term Loans.

"A-1 Term Loan Commitment" shall mean, for each Lender, the amount set forth opposite such Lender's name in Schedule I directly below the column entitled "A-1 Term Loan Commitment," as the same may be terminated pursuant to Sections 3.03 and/or 10.

"A-1 Term Loans" shall have the meaning provided in Section 1.01(a).

"A-1 Term Notes" shall have the meaning provided in Section 1.05(a).

"A-2 Term Loan Borrowing Date" shall mean each date on which a Borrowing of A-2 Term Loans is incurred pursuant to Section 1.01(b), provided that in no event shall any Borrowing of A-2 Term Loans be incurred after the A-2 Term Loan Commitment Termination Date.

"A-2 Term Loan Commitment" shall mean, for each Lender, the amount set forth opposite such Lender's name in Schedule I directly below the column entitled "A-2 Term Loan Commitment", as the same may be (i) reduced pursuant to Sections 3.02 and 3.03(c) and (ii) terminated pursuant to Section 3.03 and/or 10.

"A-2 Term Loan Commitment Commission" shall have the meaning provided in Section 3.01(a).

"A-2 Term Loan Commitment Termination Date" shall mean October 24, 2001.

"A-2 Term Loans" shall have the meaning provided in Section 1.01(b).

"A-2 Term Notes" shall have the meaning provided in Section 1.05(a).

"A-3 Term Loan Borrowing Date" shall mean each day on which a Borrowing of A-3 Term Loans is incurred pursuant to Section 1.01(c), provided that in no event shall any Borrowing of any A-3 Term Loans be incurred (i) before the A-2 Term Loan Commitment Termination Date (or such earlier date as when the A-2 Term Loan Commitment shall have been terminated or reduced to zero) or (ii) after the A-3 Term Loan Commitment Termination Date.

"A-3 Term Loan Commitment" shall mean, for each Lender, the amount set forth opposite such Lender's name in Schedule I directly below the column entitled "A-3 Term Loan Commitment", as the same may be (i) reduced pursuant to Sections 3.02 and 3.03(d) and (ii) terminated pursuant to Section 3.03 and/or 10.

"A-3 Term Loan Commitment Commission" shall have the meaning provided in Section 3.01(b).

"A-3 Term Loan Commitment Termination Date" shall mean January 24, 2002.

"A-3 Term Loans" shall have the meaning provided in Section 1.01(c).

"A-3 Term Notes" shall have the meaning provided in Section 1.05(a).

"Additional Security Documents" shall have the meaning provided in Section 8.11(a).

"Adjusted Consolidated Net Income" shall mean, for any period, Consolidated Net Income of the Borrower and its Subsidiaries for such period plus, without duplication, the sum of the amount of all net non-cash charges (including, without limitation, depreciation, amortization, deferred tax expense, non-cash interest expense) and net non-cash losses which were included in arriving at Consolidated Net Income for such period less the sum of the amount of all net non-cash gains and gains from the sale of assets (other than sales of inventory in the ordinary course of business) which were included in

arriving at Consolidated Net Income for such period.

"Adjusted Consolidated Working Capital" at any time shall mean Consolidated Current Assets (but excluding therefrom all cash and Cash Equivalents) less Consolidated Current Liabilities at such time.

"Administrative Agent" shall mean IBJ in its capacity as Administrative Agent (including in its capacity as Collateral Agent) for the Lenders hereunder, and shall include any successor to the Administrative Agent appointed pursuant to Section 12.09.

"Affiliate" shall mean, with respect to any Person, any other Person (i) directly or indirectly controlling (including, but not limited to, all directors, officers and partners of such Person) controlled by, or under direct or indirect common control with, such Person or (ii) that directly or indirectly owns more than 5% of any class of the voting securities or capital stock of or equity interests in such Person. A Person shall be deemed to control another Person if such Person possesses, directly or indirectly, the power to direct or cause the direction of the

management and policies of such other Person, whether through the ownership of voting securities, by contract or otherwise.

"Agent" shall mean the Lead Arranger, the Administrative Agent and each Co-Syndication Agent.

"Agreement" shall mean this Credit Agreement, as modified, supplemented, amended, restated, extended, renewed, refinanced or replaced from time to time.

"Applicable Margin" shall mean (i) in the case of Swingline Loans, 1.25%, (ii) in the case of A Term Loans and Revolving Loans (A) maintained as Base Rate Loans, 1.25% and (B) maintained as Eurodollar Loans, 2.25%, (iii) in the case of B Term Loans (A) maintained as Base Rate Loans, 1.75% and (B) maintained as Eurodollar Loans, 2.75% and (iv) in the case of Incremental Term Loans incurred under a particular Tranche, the respective Applicable Margins for each Type of such Tranche of Loans as set forth in the applicable Incremental Term Loan Commitment Agreement, provided that all Incremental Term Loans of a particular Tranche shall have the same Applicable Margins for each type of such Tranche of Incremental Term Loans.

"Assignment and Assumption Agreement" shall mean the Assignment and Assumption Agreement substantially in the form of Exhibit L (appropriately completed).

"Authorized Officer" of any Credit Party shall mean any of the President, the Chief Financial Officer or any Vice-President of such Credit Party or any other officer of such Credit Party which is designated in writing to the Administrative Agent by any of the foregoing officers of such Credit Party as being authorized to give such notices under this Agreement.

"B Maturity Date" shall mean January 15, 2008.

"B Term Loan Commitment" shall mean, for each Lender, the amount set forth opposite such Lender's name in Schedule I directly below the column entitled "B Term Loan Commitment", as the same may be terminated pursuant to Section 3.03 and/or 10.

"B Term Loans" shall have the meaning provided in Section 1.01(d).

"B Term Notes" shall have the meaning provided in Section 1.05(a).

"Bankruptcy Code" shall have the meaning provided in Section 10.05.

"Base Rate" at any time shall mean the higher of (i) the rate which is 1/2 of 1% in excess of the Federal Funds Rate and (ii) the Prime Lending Rate.

"Base Rate Loan" shall mean (i) each Swingline Loan and (ii) each other Loan designated or deemed designated as such by the Borrower at the time of the incurrence thereof or conversion thereto.

"Borrower" shall have the meaning provided in the first paragraph of

this Agreement.

"Borrowing" shall mean the borrowing of one Type of Loan from all the Lenders (or from the Swingline Lender in the case of Swingline Loans) on a given date (or resulting from a conversion or conversions on such date) having in the case of Eurodollar Loans the same Interest Period, provided that Base Rate Loans incurred pursuant to Section 1.10(b) shall be considered part of the related Borrowing of Eurodollar Loans.

"Business Day" shall mean (i) for all purposes other than as covered by clause (ii) below, any day except Saturday, Sunday and any day which shall be in New York, New York a legal holiday or a day on which banking institutions are authorized or required by law or other government action to close and (ii) with respect to all notices and determinations in connection with, and payments of principal and interest on, Eurodollar Loans, any day which is a Business Day described in clause (i) above and which is also a day for trading by and between banks in the New York interbank Eurodollar market.

"Capital Expenditures" shall mean, with respect to any Person, all expenditures by such Person (other than with respect to any Investment) which should be capitalized in accordance with generally accepted accounting principles, and, without duplication, the amount of Capitalized Lease Obligations incurred by such Person, provided that Capital Expenditures shall not include financing costs required to be capitalized.

"Capitalized Lease Obligations" of any Person shall mean all rental obligations which, under generally accepted accounting principles, are or will be required to be capitalized on the books of such Person, in each case taken at the amount thereof accounted for as indebtedness in accordance with such principles.

"Cash Equivalents" shall mean, as to any Person, (i) securities issued or directly and fully guaranteed or insured by the United States or any agency or instrumentality thereof (provided that the full faith and credit of the United States is pledged in support thereof) having maturities of not more than six months from the date of acquisition, (ii) Dollar denominated time deposits and certificates of deposit of any commercial bank having, or which is the principal banking subsidiary of a bank holding company having, a long-term unsecured debt rating of at least "A" or the equivalent thereof from S&P or "A2" or the equivalent thereof from Moody's with maturities of not more than six months from the date of acquisition by such Person, (iii) repurchase obligations with a term of not more than seven days for underlying securities of the types described in clause (i) above entered into with any bank meeting the qualifications specified in clause (ii) above, (iv) commercial paper issued by any Person incorporated in the United States rated at least A-1 or the equivalent thereof by S&P or at least P-1 or the equivalent thereof by Moody's and in each case maturing not more than six months after the date of acquisition by such Person, (v) other Dollar denominated securities issued by any Person incorporated in the United States rated at least "A-" or the equivalent by S&P or at least "A3" or the equivalent by Moody's and in each case either (x) maturing not more than 90 days after the date of acquisition by such Person or (y) which are subject to a repricing arrangement (such as a Dutch auction) not more than 90 days after the date of acquisition by such Person which such Person believes in good faith will permit such Person to sell such security at par in connection with such repricing mechanism and (vi) investments in money market funds substantially all of whose assets are comprised of securities of the types described in clauses (i) through (iv) above.

"CERCLA" shall mean the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as the same may be amended from time to time, 42 U.S.C.A. ss. 9601 et seq.

"Change of Control" shall mean (i) any Person or "group" (within the meaning of Rules 13d-3 or 13d-5 under the Exchange Act (as in effect on the Effective Date)), other than the Permitted Holders, shall (A) have acquired beneficial ownership of 35% or more on a fully diluted basis of the voting and/or economic interest in the Borrower's capital stock or (B) have obtained the power (whether or not exercised) to elect a majority of the Borrowers' directors or (ii) the Board of Directors of the Borrower shall cease to consist

of a majority of Continuing Directors.

"Claims" shall have the meaning provided in the definition of "Environmental Claims."

"Code" shall mean the Internal Revenue Code of 1986, as amended from time to time, and the regulations promulgated thereunder. Section references to the Code are to the Code, as in effect at the date of this Agreement, and to any subsequent provision of the Code, amendatory thereof, supplemental thereto or substituted therefor.

"Collateral" shall mean all property with respect to which any security interests have been granted (or purported to be granted) pursuant to any Security Document, including, without limitation, all Pledge Agreement Collateral and all Security Agreement Collateral.

"Collateral Agent" shall mean the Administrative Agent acting as collateral agent for the Secured Creditors pursuant to the Security Documents.

"Collective Bargaining Agreements" shall have the meaning provided in Section 5.05.

"Commitment" shall mean any of the commitments of any Lender, i.e., whether the A-1 Term Loan Commitment, A-2 Term Loan Commitment, A-3 Term Loan Commitment, B Term Loan Commitment, any Incremental Term Loan Commitment or the Revolving Loan Commitment.

"Commitment Commission" shall mean the A-2 Term Loan Commitment Commission, the A-3 Term Loan Commitment Commission, the Revolving Loan Commitment Commission and any commitment commission payable pursuant to Section 3.01(d).

"Company" shall mean any corporation, limited liability company, partnership or other business entity (or adjectival form thereof, where appropriate).

"Consolidated Current Assets" shall mean, at any time, the amounts that would be classified as consolidated current assets of the Borrower and its Subsidiaries in accordance with GAAP in a classified balance sheet.

"Consolidated Current Liabilities" shall mean, at any time, the amounts that would be classified as consolidated current liabilities of the Borrower and its Subsidiaries at such time in accordance with GAAP in a classified balance sheet, but excluding the current portion of any

Indebtedness under this Agreement and any other long-term Indebtedness which would otherwise be included therein.

"Consolidated Debt" shall mean, at any time, the principal amount of all Indebtedness of the Borrower and its Subsidiaries at such time (including any Indebtedness incurred at such time).

"Consolidated EBIT" shall mean, for any period, Consolidated Net Income of the Borrower and its Subsidiaries before Consolidated Interest Expense and provision for income taxes for such period and without giving effect to (u) the cumulative effects of changes in accounting principles, (v) non-recurring expenses incurred during such period in connection with the Borrower relocating its corporate headquarters to the extent same do not exceed $10,000,000 in the aggregate, (w) any non-cash write-ups and non-cash write-downs during such period resulting from the marking to market of any Interest Rate Protection Agreements or Other Hedging Agreements, (x) non-cash write-offs of amortization of deferred financing costs, during such period, (y) any extraordinary gains or losses during such period and (z) any gains or losses from sales of assets during such period other than from sales of inventory sold in the ordinary course of business.

"Consolidated EBITDA" shall mean, for any period, Consolidated EBIT for such period, adjusted by adding thereto the amount of all amortization of intangibles and depreciation that were deducted in arriving at Consolidated EBIT for such period.

"Consolidated Interest Coverage Ratio" shall mean, for any period, the

ratio of Consolidated EBITDA for such period to Consolidated Interest Expense for such period.

"Consolidated Interest Expense" shall mean, for any period, the total consolidated cash interest expense reduced by cash interest income and other investment earnings earned on Cash Equivalents of the Borrower and its Subsidiaries, in each case, for such period (calculated without regard to any limitations on the payment thereof) plus, without duplication, that portion of Capitalized Lease Obligations of the Borrower and its Subsidiaries representing the interest factor for such period, but excluding the amortization of any deferred financing costs.

"Consolidated Leverage Ratio" shall mean, at any time, the ratio of Consolidated Debt at such time to Consolidated EBITDA for the then most recently ended Test Period.

"Consolidated Net Income" shall mean, for any Person and period, the net income (or loss) of such Person and its Subsidiaries for such period, determined on a consolidated basis, provided that (A) in determining Consolidated Net Income of the Borrower, (i) the net income of any other Person which is not a Subsidiary of the Borrower or a Subsidiary thereof or is accounted for by the Borrower or a Subsidiary thereof by the equity method of accounting shall be included only to the extent of the payment of dividends or distributions by such other Person to the Borrower or a Subsidiary thereof during such period, (ii) the net income (or loss) of any other Person acquired by such specified Person or a Subsidiary of such Person in a pooling of interests transaction for any period prior to the date of such acquisition shall be excluded and (iii) to the extent Consolidated Net Income reflects amounts attributable to minority interests in

Subsidiaries that are not Wholly-Owned Subsidiaries of the Borrower, Consolidated Net Income shall be reduced by the amounts attributable to such minority interests and (B) in determining Consolidated Net Income of the Borrower for any Test Period for the purposes of determining Consolidated Leverage Ratio and Consolidated Senior Debt Leverage Ratio, (i) if during such Test Period the Borrower or any Subsidiaries shall have consummated any Material Acquisition, Consolidated Net Income for such Test Period shall be calculated after giving pro forma effect thereto as if such Material Acquisition had occurred on the first day of such Test Period, (ii) if at any time during such Test Period the Borrower or any of its Subsidiaries shall have consummated any Material Disposition, Consolidated Net Income for such Test Period shall be reduced by an amount equal to the Consolidated Net Income (if positive) attributable to the Hotel Property which is the subject of such Material Disposition for such period and (iii) pro forma calculations of Consolidated Net Income shall give effect to anticipated cost savings to the extent such cost savings for the relevant period are directly attributable to the respective acquisition, are permitted by Regulation S-X under the Securities Act and are demonstrated in writing by the Borrower (with supporting calculations) to the Administrative Agent at the time of the relevant acquisition.

"Consolidated Senior Debt" at any time shall mean Consolidated Debt on such date, adjusted by excluding therefrom the amount of (i) the 9.15% Senior Subordinated Notes, (ii) the 9-7/8% Senior Subordinated Notes and (iii) all other subordinated debt incurred pursuant to Section 9.04(viii), in each case reflected in Consolidated Debt on such date.

"Consolidated Senior Debt Leverage Ratio" shall mean, at any time, the ratio of Consolidated Senior Debt at such time to Consolidated EBITDA for the then most recently ended Test Period.

"Contingent Obligation" shall mean, as to any Person, any obligation of such Person guaranteeing or intended to guarantee (including, without limitation, as a result of such Person being a general partner of the other Person, unless the underlying obligation is expressly made non-recourse as to such general partner) any Indebtedness, leases, dividends or other obligations ("primary obligations") of any other Person (the "primary obligor") in any manner, whether directly or indirectly, including, without limitation, any obligation of such Person, whether or not contingent, (i) to purchase any such primary obligation or any property constituting direct or indirect security therefor, (ii) to advance or supply funds (x) for the purchase or payment of any such primary obligation or (y) to maintain working capital or equity capital of the primary obligor or otherwise to maintain the net worth or solvency of the

primary obligor, (iii) to purchase property, securities or services primarily for the purpose of assuring the owner of any such primary obligation of the ability of the primary obligor to make payment of such primary obligation or (iv) otherwise to assure or hold harmless the holder of such primary obligation against loss in respect thereof; provided, however, that the term Contingent Obligation shall not include endorsements of instruments for deposit or collection in the ordinary course of business. The amount of any Contingent Obligation shall be deemed to be an amount equal to the stated or determinable amount of the primary obligation in respect of which such Contingent Obligation is made or, if not stated or determinable, the maximum reasonably anticipated liability in respect thereof (assuming such Person is required to perform thereunder) as determined by such Person in good faith.

"Continuing Directors" shall mean the directors of the Borrower on the Effective Date and each other director if such other director's nomination for election or appointment to the Board of Directors of the Borrower is recommended or approved by a majority of the then Continuing Directors or is recommended or approved by a committee of the Board of Directors a majority of which is composed of the then Continuing Directors.

"Co-Syndication Agent" shall have the meaning provided in the first paragraph hereof.

"Credit Documents" shall mean this Agreement and, after the execution and delivery thereof pursuant to the terms of this Agreement, each Note, each Incremental Term Loan Commitment Agreement, the Subsidiary Guaranty, each Security Document and each Manager Subordination Agreement.

"Credit Event" shall mean the making of any Loan or the issuance of any Letter of Credit but shall not include the commencement of a new Interest Period applicable to a Borrowing of Eurodollar Loans upon the expiration of the Interest Period applicable thereto or the conversion of Loans of one Type into Loans of the other Type, provided that, in any such case, the aggregate outstanding principal amount of Loans is not increased as a result thereof.

"Credit Party" shall mean the Borrower and each Subsidiary Guarantor.

"Crossland Hotel Properties" shall mean those extended stay hotels operated by the Borrower or any of its Subsidiaries under the Crossland Economy Studios(R) brand.

"Default" shall mean any event, act or condition which with notice or lapse of time, or both, would constitute an Event of Default.

"Defaulting Lender" shall mean any Lender with respect to which a Lender Default is in effect.

"Designated Properties" shall mean each of the properties set forth on Schedule IX hereto.

"Dividends" with respect to any Person shall mean that such Person has declared or paid a dividend or returned any equity capital to its stockholders or partners or authorized or made any other distribution, payment or delivery of property (other than common stock of such Person and, in the case of the Borrower, other than additional shares of Qualified Preferred Stock) or cash to its stockholders or partners as such, or redeemed, retired, purchased or otherwise acquired, directly or indirectly, for consideration any shares of any class of its capital stock or any partnership interests outstanding on or after the Effective Date (or any options or warrants issued by such Person with respect to its capital stock or partnership interest), or set aside any funds for any of the foregoing purposes, or shall have permitted any of its Subsidiaries to purchase or otherwise acquire for a consideration any shares of any class of the capital stock or any partnership interests of such Person outstanding on or after the Effective Date (or any options or warrants issued by such Person with respect to its capital stock or partnership interest). Without limiting the foregoing, "Dividends" with respect to any Person shall also include all payments (other than as excluded above) made or required to be made by such Person with respect to any

stock appreciation rights, plans, equity incentive or achievement plans or any similar plans or setting aside of any funds for the foregoing purposes.

"Dollars" and the sign "$" shall each mean freely transferable lawful money of the United States.

"Domestic Subsidiary" shall mean each Subsidiary of the Borrower incorporated or organized in the United States or any State thereof.

"Drawing" shall have the meaning provided in Section 2.05(b).

"Effective Date" shall have the meaning provided in Section 13.10.

"Eligible Transferee" shall mean and include a commercial bank, financial institution or other "accredited investor" (as defined in Regulation D of the Securities Act).

"Employee Benefit Plans" shall have the meaning provided in Section 5.05.

"Environmental Claims" shall mean any and all administrative, regulatory or judicial actions, suits, formal demands, demand letters, claims, liens, notices of non-compliance or violation, investigations or proceedings relating in any way to any Environmental Law or any permit issued, or any approval given, under any such law (hereafter "Claims"), including, without limitation, (a) any and all Claims by governmental or regulatory authorities for enforcement, cleanup, removal, response, remedial or other actions or damages pursuant to any applicable Environmental Law, and (b) any and all Claims by any third party seeking damages, contribution, indemnification, cost recovery, compensation or injunctive relief in connection with alleged injury or threat of injury to health, safety or the environment due to the presence of Hazardous Materials.

"Environmental Law" shall mean any applicable Federal, state, foreign or local statute, law, rule, regulation, ordinance, code, written guideline, written policy and rule of common law now or hereafter in effect and in each case as amended, and any judicial or administrative interpretation thereof, including any judicial or administrative order, consent decree or judgment relating to the environment, employee health and safety or Hazardous Materials, including, without limitation, CERCLA; RCRA; the Federal Water Pollution Control Act, 33 U.S.C.A.ss. 2601 et seq., the Toxic Substances Control Act, 15 U.S.C.ss. 2601 et seq.; the Clean Air Act, 42 U.S.C.A.ss. 7401 et seq.; the Safe Drinking Water Act, 42 U.S.C.A.ss. 3803 et seq.; the Oil Pollution Act of 1990, 33 U.S.C.A.ss. 2701 et seq.; the Emergency Planning and the Community Right-to-Know Act of 1986, 42 U.S.C.A.ss. 11001 et seq., the Hazardous Material Transportation Act, 49 U.S.C.A.ss.1801 et seq. and the Occupational Safety and Health Act, 29 U.S.C.A.ss. 651 et seq.; and any state and local or foreign counterparts or equivalents, in each case as amended from time to time.

"ERISA" shall mean the Employee Retirement Income Security Act of 1974, as amended from time to time, and the regulations promulgated and rulings issued thereunder. Section references to ERISA are to ERISA, as in effect at the date of this Agreement and any subsequent provisions of ERISA, amendatory thereof, supplemental thereto or substituted therefor.

"ERISA Affiliate" shall mean each person (as defined in Section 3(9) of ERISA) which together with the Borrower or a Subsidiary of the Borrower would be deemed to be a "single employer" (i) within the meaning of Section 414(b), (c), (m) or (o) of the Code or (ii) as a result of the Borrower or a Subsidiary of the Borrower being or having been a general partner of such person.

"Eurodollar Loan" shall mean each Loan designated as such by the Borrower at the time of the incurrence thereof or conversion thereto.

"Eurodollar Rate" shall mean for any Interest Determination Date with respect to an Interest Period for a Eurodollar Loan, the rate per annum obtained by dividing (i)(a) per annum rate for deposits in Dollars for a period corresponding to the duration of the relevant Interest Period which appears on Telerate Page 3750 at approximately 11:00 a.m. (London time) on such Interest Determination Date or (b) if such rate does not appear on Telerate Page 3750 on such Interest Determination Date, per annum rate (rounded upward to the nearest

1/16 of one percent) at which deposits in Dollars are offered by Administrative Agent to first-class banks in the London interbank market, in the approximate amount of Administrative Agent's relevant Eurodollar Loan and having a maturity approximately equal to such Interest Period, at approximately 11:00 a.m. (London time) on such Interest Determination Date by (ii) a percentage equal to 100% minus the then stated maximum rate of all reserve requirements (including, without limitation, any marginal, emergency, supplemental, special or other reserves required by applicable law) applicable to any member bank of the Federal Reserve System in respect of Eurocurrency funding or liabilities as defined in Regulation D (or any successor category of liabilities under Regulation D). The Eurodollar Rate shall be rounded to the next higher multiple of 1/100 of 1% if the rate is not such a multiple. The reference to Telerate Page 3750 in this definition shall be construed to be a reference to the relevant page or any other page that may replace such page on the Telerate service or any other service that may be nominated by the British Bankers' Association as the information vendor for the purpose of displaying British Bankers' Association Interest Settlement Rates for deposits in Dollars.

"Event of Default" shall have the meaning provided in Section 10.

"Excess Cash Flow" shall mean, for any period, the remainder of (i) the sum of (a) Adjusted Consolidated Net Income for such period and (b) the decrease, if any, in Adjusted Consolidated Working Capital from the first day to the last day of such period, minus (ii) the sum of (a) the amount of all Capital Expenditures made by the Borrower and its Subsidiaries pursuant to Sections 9.07(a), (b) and (d) during such period, (b) the aggregate principal amount of permanent principal payments of Indebtedness for borrowed money of the Borrower and its Subsidiaries (other than repayments of Loans, provided that repayments of Loans shall be deducted in determining Excess Cash Flow if such repayments were (x) required as a result of a Scheduled Repayment under Section 4.02(b) or (y) made as a voluntary prepayment with internally generated funds (but in the case of a voluntary prepayment of Revolving Loans or Swingline Loans, only to the extent accompanied by a voluntary reduction to the Total Revolving Loan Commitment in an equal amount)) during such period, (c) the aggregate amount of Dividends made pursuant to Section 9.03(iii) and 9.03(iv) during such period (other than any such Dividends to the extent financed with equity proceeds, asset sale proceeds or Indebtedness),

(d) the aggregate amount of repurchases of 9.15% Senior Subordinated Notes and 9-7/8% Senior Subordinated Notes, and repayments or repurchases of Incremental Third Party Debt, in each case made pursuant to Section 9.14(i) during such period (other than any such repayments or repurchases to the extent financed with equity proceeds, asset sale proceeds or Indebtedness) and (e) the increase, if any, in Adjusted Consolidated Working Capital from the first day to the last day of such period.

"Excess Cash Payment Date" shall mean the date occurring 100 days after the last day of each fiscal year of the Borrower (beginning with its fiscal year ending December 31, 2001).

"Excess Cash Payment Period" shall mean, with respect to the repayment required on each Excess Cash Payment Date, the immediately preceding fiscal year of the Borrower.

"Exchange Act" shall mean the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

"Excluded Taxes" shall have the meaning provided in Section 4.04(a).

"Existing Credit Agreement" shall mean the Credit Agreement, dated as of September 26, 1997 and amended and restated as of March 10, 1998 and further amended and restated as of June 7, 2000, and as further amended to the Effective Date, among the Borrower, the banks signatory thereto, MSSF, as Sole Book Runner and Sole Lead Arranger and The Industrial Bank of Japan, Limited, as Administrative Agent.

"Existing Indebtedness" shall have the meaning provided in Section 7.22.

"Existing Indebtedness Agreements" shall have the meaning provided in Section 5.05.

"Existing Letters of Credit" shall have the meaning provided in Section 2.01(a).

"Facility Manager" shall mean each manager under a Hotel Property Management Agreement of a Hotel Property owned or leased by the Borrower or any Subsidiary Guarantor.

"Facing Fee" shall have the meaning provided in Section 3.01(f).

"Federal Funds Rate" shall mean, for any period, a fluctuating interest rate equal for each day during such period to the weighted average of the rates on overnight Federal Funds transactions with members of the Federal Reserve System arranged by Federal Funds brokers, as published for such day (or, if such day is not a Business Day, for the next preceding Business Day) by the Federal Reserve Bank of New York, or, if such rate is not so published for any day which is a Business Day, the average of the quotations for such day on such transactions received by the Administrative Agent from three Federal Funds brokers of recognized standing selected by the Administrative Agent.

"Fees" shall mean all amounts payable pursuant to or referred to in Section 3.01.

"Foreign Pension Plan" means any plan, fund (including, without limitation, any superannuation fund) or other similar program established or maintained outside the United States of America by the Borrower or any one or more of its Subsidiaries primarily for the benefit of employees of the Borrower or such Subsidiaries residing outside the United States of America, which plan, fund or other similar program provides, or results in, retirement income, a deferral of income in contemplation of retirement or payments to be made upon termination of employment, and which plan is not subject to ERISA or the Code.

"Foreign Subsidiary" shall mean each Subsidiary of the Borrower other than a Domestic Subsidiary.

"GAAP" shall have the meaning provided in Section 13.07(a).

"Hazardous Materials" shall mean (a) any petroleum or petroleum products, radioactive materials, asbestos in any form that is friable, urea formaldehyde foam insulation, transformers or other equipment that contain dielectric fluid containing levels of polychlorinated biphenyls, and radon gas; (b) any chemicals, materials or substances defined as or included in the definition of "hazardous substances," "hazardous wastes," "hazardous materials," "restricted hazardous materials," "extremely hazardous wastes," "restrictive hazardous wastes," "toxic substances," "toxic pollutants," "contaminants" or "pollutants," or words of similar meaning and regulatory effect under any applicable Environmental Law; and (c) any other chemical, material or substance, the Release of which is prohibited, limited or regulated by any governmental authority.

"Hotel Property" shall mean each hotel owned or leased directly by the Borrower or any of its Subsidiaries (including the furniture, fixture and equipment thereon), provided that the term "Hotel Property" shall not include any casino or gaming hotel or any hotel owned or leased by an Unrestricted Subsidiary.

"Hotel Property Management Agreement" shall mean an agreement, in form and substance reasonably satisfactory to the Lead Arranger, with respect to the management of a Hotel Property.

"IBJ" shall mean The Industrial Bank of Japan, Limited, in its individual capacity.

"Immaterial Subsidiary" shall mean any Subsidiary of the Borrower that does not have assets with a fair market value or book value in excess of $1,500,000 and has not had revenues in excess of $1,500,000 for the Test Period then most recently ended and whose obligations are non-recourse to the Borrower or any other Subsidiary of the Borrower that is not an Immaterial Subsidiary, provided that (x) a Subsidiary shall not be considered to be an Immaterial Subsidiary for purposes of Sections 10.05 and 10.08 if more than 15 other Subsidiaries are affected by the events, acts or conditions described in Sections 10.05 and 10.08 and (y) the net income of Hotel Properties of Immaterial Subsidiaries affected by the events, acts or conditions described in

Sections 10.05 and 10.08 shall not be included in the determination of Consolidated Net Income.

"Incremental Term Loan" shall have the meaning provided in Section 1.01(e).

"Incremental Term Loan Borrowing Date" shall mean each date on which a Borrowing (or Borrowings) of Incremental Term Loans are incurred pursuant to Section 1.01(e).

"Incremental Term Loan Commitment" shall mean, for each Incremental Term Loan Lender, the commitment of such Incremental Term Loan Lender to make Incremental Term Loans pursuant to Section 1.01(e) on a given Incremental Term Loan Borrowing Date, as such commitment (x) is set forth in the respective Incremental Term Loan Commitment Agreement delivered pursuant to Section 1.14(b) and (y) may be terminated pursuant to Sections 3.03 and/or 10.

"Incremental Term Loan Commitment Agreement" shall mean an Incremental Term Loan Commitment Agreement substantially in the form of Exhibit C (appropriately completed and with such modifications as may be acceptable to the Lead Arranger).

"Incremental Term Loan Commitment Termination Date" shall mean the 90th day prior to the Revolving Loan Maturity Date.

"Incremental Term Loan Lender" shall have the meaning provided in Section 1.14(b).

"Incremental Term Loan Maturity Date" shall mean, (i) in the case of any Incremental Term Loans designated as "B Term Loans" in the Incremental Term Loan Agreement relating thereto, the B Maturity Date and (ii) in the case of any other Tranche of Incremental Term Loans, the maturity date for such Tranche of Incremental Term Loans as set forth in the Incremental Term Loan Commitment Agreement relating thereto, provided that the Maturity Date for all Incremental Term Loans of a given Tranche shall be the same date.

"Incremental Term Note" shall have the meaning provided in Section 1.05(a).

"Incremental Third Party Debt" shall mean unsecured Indebtedness for borrowed money incurred by the Borrower pursuant to Section 9.04(viii), provided that (i) Incremental Term Loans and Incremental Term Loan Commitments shall not constitute Incremental Third Party Debt and (ii) in no event shall any Incremental Third Party Debt be recourse to any Subsidiary of the Borrower.

"Indebtedness" shall mean, as to any Person, without duplication, (i) all indebtedness (including principal, interest, fees and charges) of such Person for borrowed money or for the deferred purchase price of property or services, (ii) the maximum amount available to be drawn under all letters of credit issued for the account of such Person and all unpaid drawings in respect of such letters of credit, (iii) all Indebtedness of the types described in clause (i), (ii), (iv), (v), (vi) or (vii) of this definition secured by any Lien on any property owned by such Person, whether or not such Indebtedness has been assumed by such Person (provided that, if the Person has not assumed or otherwise become liable in respect of such Indebtedness, such Indebtedness shall be deemed to be in an amount equal to the fair market value of the property to which such Lien relates as determined in good faith by such Person), (iv) the aggregate amount required to be capitalized under leases under which such Person is the lessee, (v) all obligations of such person to pay a specified purchase price for goods or services, whether or not delivered or accepted, i.e.,

take-or-pay and similar obligations, (vi) all Contingent Obligations of such Person, and (vii) all obligations under any Interest Rate Protection Agreement or Other Hedging Agreement or under any similar type of agreement or arrangement. Notwithstanding the foregoing, Indebtedness shall not include obligations under (or in respect of) construction contracts (to the extent such obligations do not constitute Indebtedness for borrowed money), trade payables and accrued expenses incurred by any Person in accordance with its customary practices and in the ordinary course of business of such Person.

"Initial Borrowing Date" shall mean the date occurring on or after the Effective Date on which the Initial Borrowing of Term Loans occurs.

"Interest Determination Date" shall mean, with respect to any Eurodollar Loan, the second Business Day prior to the commencement of any Interest Period relating to such Eurodollar Loan.

"Interest Period" shall have the meaning provided in Section 1.09.

"Interest Rate Protection Agreement" shall mean any interest rate swap agreement, interest rate cap agreement, interest rate collar agreement, interest rate hedging agreement, interest rate floor agreement or other similar agreement or arrangement.

"Investment" shall have the meaning provided in Section 9.05.

"Issuing Lender" shall mean IBJ and any other Lender which at the request of the Borrower and with the consent of the Lead Arranger and the Administrative Agent (which consent shall not be unreasonably withheld) agrees, in such Lender's sole discretion, to become an Issuing Lender for the purpose of issuing Letters of Credit pursuant to Section 2. The only Issuing Lender on the Effective Date is IBJ.

"L/C Supportable Obligations" shall mean (i) obligations of the Borrower or any of its Subsidiaries incurred in the ordinary course of business with respect to workers compensation, surety bonds and other similar statutory obligations and (ii) such other obligations of the Borrower or any of its Subsidiaries as are otherwise permitted to exist pursuant to (or otherwise not restricted by) the terms of this Agreement.

"Lead Arranger" shall have the meaning provided in the first paragraph of this Agreement.

"Leasehold" of any Person shall mean all of the right, title and interest of such Person as lessee or licensee in, to and under any lease or license of land, improvements and/or fixtures.

"Lender" shall mean each financial institution listed on Schedule I or Schedule II, as well as any Person which becomes a "Lender" hereunder pursuant to Section 1.13, 1.14 or 13.04(b).

"Lender Default" shall mean (i) the refusal (which has not been retracted) or the failure of a Lender to make available its portion of any Borrowing (including any Mandatory Borrowing) or to fund its portion of any unreimbursed payment under Section 2.04(c) in violation of this

Agreement or (ii) a Lender having notified in writing the Borrower and/or the Administrative Agent that it does not intend to comply with its obligations under Section 1.01 or Section 2, in case of either clause (i) or (ii) as a result of any takeover or control (including, without limitation, as a result of the occurrence of any event of the type described in Section 10.05 with respect to such Lender) of such Lender by any regulatory authority or agency.

"Letter of Credit" shall have the meaning provided in Section 2.01(a).

"Letter of Credit Fee" shall have the meaning provided in Section 3.01(e).

"Letter of Credit Outstandings" shall mean, at any time, the sum of (i) the aggregate Stated Amount of all outstanding Letters of Credit and (ii) the amount of all Unpaid Drawings.

"Letter of Credit Request" shall have the meaning provided in Section 2.03(a).

"Lien" shall mean any mortgage, pledge, hypothecation, assignment, deposit arrangement, encumbrance, lien (statutory or other) or other security agreement or preferential arrangement of any kind or nature whatsoever (including, without limitation, any conditional sale or other title retention agreement, any financing or similar statement or notice filed under the UCC or any other similar recording or notice statute, and any lease having

substantially the same effect as any of the foregoing).

"Loan" shall mean each A-1 Term Loan, each A-2 Term Loan, each A-3 Term Loan, each B Term Loan, each Incremental Term Loan, each Revolving Loan and each Swingline Loan.

"Majority Lenders" of any Tranche shall mean those Non-Defaulting Lenders which would constitute the Required Lenders under, and as defined in, this Agreement if all outstanding Obligations under the other Tranches under this Agreement were repaid in full and all Commitments with respect thereto were terminated.

"Management Agreements" shall have the meaning provided in Section 5.05.

"Manager Subordination Agreement" shall mean an agreement, in form and substance reasonably satisfactory to the Lead Arranger, in respect of a Hotel Property whereby, inter alia, the manager thereof subordinates certain of the obligations, owed to it under the respective Hotel Property Management Agreement, to the payment of the Obligations hereunder.

"Mandatory Borrowing" shall have the meaning provided in Section 1.01(h).

"Margin Stock" shall have the meaning provided in Regulation U.

"Material Acquisition" shall mean any acquisition (or series of related acquisitions) of assets of the type described in the definition of Hotel Properties contained in this Section 11.01 (including by purchasing the capital stock or other equity interest of any Person or Persons whose assets are all or substantially of the type described in the definition of Hotel Properties contained in this Section 11.01), the consideration for which paid by the Borrower and its Subsidiaries (valued at the initial principal amount thereof, in the case of non-cash proceeds consisting of

notes or other debt securities and valued at the fair market value, in each case of other non-cash proceeds) exceeds $35,000,000.

"Material Disposition" shall mean any disposition (or series of related dispositions) of Hotel Properties (or the equity of any Person which owns such Hotel Properties) which in yield gross proceeds to the Borrower or any of its Subsidiaries (valued at the initial principal amount thereof, in the case of non-cash proceeds consisting of notes or other debt securities and valued at the fair market value, in the case of other non-cash proceeds) in excess of $35,000,000.

"Material Leases" shall have the meaning provided in Section 5.05.

"Maturity Date" shall mean, with respect to any Tranche of Loans, the A Maturity Date, the Revolving Maturity Date, the B Maturity Date, the Swingline Expiry Date or the Incremental Term Loan Maturity Date for such Tranche of Loans, as the case may be.

"Maximum Swingline Amount" shall mean $20,000,000.

"Minimum Borrowing Amount" shall mean (i) for Swingline Loans, $250,000 and (ii) for all other Loans, $2,500,000.

"Moody's" shall mean Moody's Investors Service, Inc.

"MSSF" shall mean Morgan Stanley Senior Funding, Inc., in its individual capacity.

"9.15% Senior Subordinated Note Documents" shall mean the 9.15% Senior Subordinated Note Indenture and all other documents executed and delivered with respect to the 9.15% Senior Subordinated Notes and the 9.15% Senior Subordinated Note Indenture, as in effect on the Effective Date and as the same may be amended, modified or supplemented from time to time in accordance with the terms hereof and thereof.

"9.15% Senior Subordinated Note Indenture" shall mean the Indenture, dated as of March 10, 1998, among the Borrower, and Manufacturers and Traders

Trust Company, as Trustee, as in effect on the Initial Borrowing Date and as thereafter amended, modified or supplemented from time to time in accordance with the terms hereof and thereof.

"9.15% Senior Subordinated Notes" shall mean the Borrower's 9.15% Senior Subordinated Notes due 2008, issued pursuant to the 9.15% Senior Subordinated Note Indenture.

"9-7/8% Senior Subordinated Note Documents" shall mean the 9-7/8% Senior Subordinated Note Indenture and all other documents executed and delivered with respect to the 9-7/8% Senior Subordinated Notes and the 9-7/8% Senior Subordinated Note Indenture, as in effect on the Effective Date and as the same may be amended, modified or supplemented from time to time in accordance with the terms hereof and thereof.

"9-7/8% Senior Subordinated Note Indenture" shall mean the Indenture, dated as of June 27, 2001, among the Borrower, and Manufacturers and Traders Trust Company, as Trustee,

as in effect on the Effective Date and as thereafter amended, modified or supplemented from time to time in accordance with the terms hereof and thereof.

"9-7/8% Senior Subordinated Notes" shall mean the Borrower's 9-7/8% Senior Subordinated Notes due 2011, issued pursuant to the 9-7/8% Senior Subordinated Note Indenture.

"NAIC" shall mean the National Association of Insurance Commissioners.

"Net Debt Proceeds" shall mean, with respect to each incurrence of Indebtedness for borrowed money by any Person, the cash proceeds (net of (i) underwriting discounts and commissions and other reasonable costs associated therewith and (ii) the incremental taxes (if any) paid or payable as a result of such incurrence of Indebtedness for borrowed money) received by such Person from the respective incurrence of such Indebtedness for borrowed money.

"Net Equity Proceeds" shall mean, with respect to each issuance or sale of any equity by any Person or any capital contribution to such Person, the cash proceeds (net of (i) underwriting discounts and commissions and other reasonable costs associated therewith and (ii) the incremental taxes (if any) paid or payable as a result of such issuance or sale of equity or such capital contribution) received by such Person from the respective sale or issuance of its equity or from the respective capital contribution.

"Net Insurance Proceeds" shall mean, with respect to any Recovery Event, the cash proceeds (net of reasonable costs and taxes incurred in connection with such Recovery Event) received by the respective Person in connection with the respective Recovery Event.

"Net Sale Proceeds" shall mean, for any asset sale, the gross cash proceeds (including any cash received by way of deferred payment pursuant to a promissory note, receivable or otherwise, but only as and when received) received from such sale of assets, net of the reasonable costs of such sale (including fees and commissions, payments of unassumed liabilities relating to the assets sold and required payments of any Indebtedness (other than Indebtedness under the Credit Documents or any Indebtedness owned to the Borrower or a Subsidiary thereof) which is secured by the respective assets which were sold), and the incremental taxes paid or payable as a result of such asset sale.

"Non-Defaulting Lender" shall mean and include each Lender other than a Defaulting Lender.

"Note" shall mean each A-1 Term Note, each A-2 Term Note, each A-3 Term Note, each B Term Note, each Incremental Term Loan Note, each Revolving Note and the Swingline Note.

"Notice of Borrowing" shall have the meaning provided in Section 1.03(a).

"Notice of Conversion" shall have the meaning provided in Section 1.06.

"Notice Office" shall mean the office of the Administrative Agent

located at 600 East Las Colinas Blvd., Suite 1300, 13th Floor, Irving, TX 75309, Attention: Kevin Miles or Monica

Stevens, or such other office as the Administrative Agent may hereafter designate in writing as such to the other parties hereto.

"Obligations" shall mean all amounts owing to any Agent, the Collateral Agent or any Lender pursuant to the terms of this Agreement or any other Credit Document.

"Other Hedging Agreements" shall mean any foreign exchange contracts, currency swap agreements, commodity agreements or other similar agreements or arrangements designed to protect against the fluctuations in currency values.

"Participant" shall have the meaning provided in Section 2.04(a).

"Payment Office" shall mean the office of the Administrative Agent located at 600 East Las Colinas Blvd., Suite 1300, 13th Floor, Irving, TX 75309, Attention: Kevin Miles or Monica Stevens, or such other office as the Administrative Agent may hereafter designate in writing as such to the other parties hereto.

"PBGC" shall mean the Pension Benefit Guaranty Corporation established pursuant to Section 4002 of ERISA, or any successor thereto.

"Permitted CapEx Amount" shall mean, on any date of the determination thereof, an amount equal to the remainder of (i) the sum of $75,000,000 plus 5% of the aggregate gross revenues from Hotel Properties owned or leased by the Borrower or any of its Wholly-Owned Subsidiaries for the period from the Effective Date to such date of determination less (ii) the amount theretofore expended by the Borrower and its Subsidiaries to make Capital Expenditures pursuant to Section 9.07(a) during such period.

"Permitted Encumbrances" shall mean, with respect to any Real Property, such exceptions to title (i) which, individually or in the aggregate, do not materially detract from the value of such Real Property or (ii) are otherwise acceptable to the Lead Arranger in its reasonable discretion.

"Permitted Facility Manager" shall mean, with respect to each Hotel Property owned or leased by a Subsidiary of Borrower, a Wholly-Owned Subsidiary of the Borrower or another hotel management company in good standing.

"Permitted Holders" shall mean the directors of the Borrower on the Effective Date, their spouses and any one or more of their lineal descendants and their spouses or any trust which has been created solely for the benefit of any such Person or any corporation, partnership or other entity controlled by any such Person.

"Permitted Incremental Debt Amount" shall mean, on any date of determination, an amount equal to the sum of (i) $700,000,000 plus (ii) 50% of the Net Equity Proceeds received by the Borrower from issuances of its common equity after the Effective Date and on or prior to such date, plus (iii) 33% of the Net Debt Proceeds received by the Borrower from any issuance of any Qualified Convertible Subordinated Notes after the Effective Date and on or prior to such date.

"Permitted Liens" shall have the meaning provided in Section 9.01.

"Person" shall mean any individual, partnership, limited liability company, joint venture, firm, corporation, association, trust or other enterprise or any government or political subdivision or any agency, department or instrumentality thereof.

"Plan" shall mean any pension plan as defined in Section 3(2) of ERISA, which is maintained or contributed to by (or to which there is an obligation to contribute of) the Borrower or a Subsidiary of the Borrower or an ERISA Affiliate, and each such plan for the five year period immediately following the latest date on which the Borrower, or a Subsidiary of the Borrower or an ERISA Affiliate maintained, contributed to or had an obligation to contribute to such

plan.

"Pledge Agreement" shall have the meaning provided in Section 5.07.

"Pledge Agreement Collateral" shall mean all "Collateral" as defined in the Pledge Agreement.

"Pledgee" shall have the meaning provided in the Pledge Agreement.

"Prime Lending Rate" shall mean the rate which the Administrative Agent announces from time to time as its prime lending rate, the Prime Lending Rate to change when and as such prime lending rate changes. The Prime Lending Rate is a reference rate and does not necessarily represent the lowest or best rate actually charged to any customer. The Administrative Agent may make commercial loans or other loans at rates of interest at, above or below the Prime Lending Rate.

"Projections" shall mean the financial assumptions and projections prepared by the Borrower, dated June 2001 and delivered to Administrative Agent and the Lenders prior to the Initial Borrowing Date.

"Qualified Convertible Subordinated Notes" shall mean Incremental Third Party Debt which (i) is subordinated to the Obligations in a manner satisfactory to the Lead Arranger (it being understood that the subordination provisions in the 9-7/8% Senior Subordinated Notes are satisfactory to the Lead Arranger, (ii) convertible into common equity of the Borrower, (iii) bears interest (after giving effect to any original issue discount) at a rate per annum not to exceed 7.50% and (iv) matures not less than one year after the latest Maturity Date in respect of Term Loans outstanding at the time of the issuance of any such Qualified Convertible Subordinated Notes.

"Qualified Preferred Stock" shall mean any preferred stock of the Borrower so long as the terms of any such preferred stock (i) do not contain any mandatory put, redemption, repayment, sinking fund or other similar provision occurring before the latest Maturity Date in respect of Term Loans outstanding at the time of the issuance of any such Qualified Preferred Stock, (ii) do not require the cash payment of dividends prior to the latest Maturity Date in respect of Term Loans outstanding at the time of the issuance of any such Qualified Preferred Stock (provided that the terms of Qualified Preferred Stock shall provide that the payment of such Dividends are

otherwise subject to the provisions set forth in this Agreement, as same may be amended, modified, replaced or refinanced from time to time), (iii) do not contain any covenants that are more restrictive in any material respect than those covenants contained in any indenture in respect of subordinated Incremental Third Party Indebtedness, (iv) do not grant the holders thereof any voting rights except for (x) voting rights required to be granted to such holders under applicable law and (y) limited customary voting rights on fundamental matters such as mergers, consolidations, sales of all or substantially all of the assets of the Borrower, liquidations involving the Borrower or amendments to any of the covenants set forth therein, and (v) as otherwise reasonably satisfactory to the Lead Arranger.

"Quarterly Payment Date" shall mean the last Business Day of each September, December, March and June occurring after the Effective Date.

"RCRA" shall mean the Resource Conservation and Recovery Act, as the same may be amended from time to time, 42 U.S.C. ss. 6901 et seq.

"Real Property" of any Person shall mean all the right, title and interest of such Person in and to land, improvements and fixtures, including Leaseholds.

"Recovery Event" shall mean the receipt by the Borrower or any of its Subsidiaries of any cash insurance proceeds or condemnation awards payable (i) by reason of theft, loss, physical destruction or damage or any other similar event with respect to any property or assets of the Borrower or any of its Subsidiaries and (ii) under any policy of insurance required to be maintained under Section 8.03.

"Refinancing" shall mean the repayment of all outstanding loans and all other obligations (and the termination of all commitments) under the Existing

Credit Agreement as described in Section 5.06.

"Register" shall have the meaning provided in Section 13.16.

"Regulation D" shall mean Regulation D of the Board of Governors of the Federal Reserve System as from time to time in effect and any successor to all or a portion thereof establishing reserve requirements.

"Regulation T" shall mean Regulation T of the Board of Governors of the Federal Reserve System as from time to time in effect and any successor to all or a portion thereof.

"Regulation U" shall mean Regulation U of the Board of Governors of the Federal Reserve System as from time to time in effect and any successor to all or a portion thereof.

"Regulation X" shall mean Regulation X of the Board of Governors of the Federal Reserve System as from time to time in effect and any successor to all or a portion thereof.

"Related Business" shall mean the business of developing, owning and operating lodging facilities, conducted by the Borrower and its Subsidiaries (or, if the reference is to an Unrestricted Subsidiary, by such Unrestricted Subsidiary) and any and all related businesses in

support of and ancillary to or reasonably related to such business of developing, owning and operating lodging facilities.

"Related Fund" shall mean, with respect to any Lender that is a fund that invests in commercial loans, any other fund that invests in commercial loans and is managed or advised by the same investment advisor as such Lender or by an Affiliate of such investment advisor.

"Release" shall have the meaning provided such term in CERCLA.

"Relevant Incremental Term Loan Commitment Percentage" shall mean, with respect to any mandatory reduction of any Incremental Term Loan Commitment of any Tranche at any time, a fraction (expressed as a percentage), the numerator of which is equal to the aggregate amount of Incremental Term Loan Commitments of such Tranche at such time and the denominator of which is equal to the aggregate amount of all Incremental Term Loan Commitments of all Tranches at such time.

"Relevant Term Loan Percentage" shall mean, with respect to any voluntary prepayment or mandatory repayment of a particular Tranche of Term Loans at any time, a fraction (expressed as a percentage), the numerator of which is equal to the aggregate outstanding principal amount of Term Loans of such Tranche at such time and the denominator of which is equal to the aggregate outstanding principal amount of all Term Loans at such time.

"Replaced Lender" shall have the meaning provided in Section 1.13.

"Replacement Lender" shall have the meaning provided in Section 1.13.

"Reportable Event" shall mean an event described in Section 4043(c) of ERISA with respect to a Plan that is subject to Title IV of ERISA other than those events as to which the 30-day notice period is waived under subsection .22, .23, .25, .27 or .28 of PBGC Regulation Section 4043.

"Required Lenders" shall mean Non-Defaulting Lenders, the sum of whose outstanding Term Loans (and Term Loan Commitments, if any) and Revolving Loan Commitments (or after the termination of the Revolving Loan Commitments, outstanding Revolving Loans and RL Percentage of Swingline Loans and Letter of Credit Outstandings) represent an amount greater than 50% of the sum of all outstanding Term Loans (or Term Loan Commitments, if any) of Non-Defaulting Lenders and the Total Revolving Loan Commitment (or after the termination of the Total Revolving Loan Commitment, the sum of the then total outstanding Revolving Loans of Non-Defaulting Lenders and the aggregate RL Percentages of all Non-Defaulting Lenders of the total outstanding Swingline Loans and Letter of Credit Outstandings at such time).

"Retained Excess Cash Flow Amount" shall initially mean $0, provided

that (u) on each Excess Cash Payment Date where Excess Cash Flow for the relevant Excess Cash Payment Period is in excess of $30,000,000, the Retained Excess Cash Flow Amount shall be increased (so long as any required repayments of Loans and/or reductions of Commitments are made as required by Section 4.02(f)) by an amount equal to that portion of Excess Cash Flow in excess of $30,000,000 for the relevant Excess Cash Payment Period which is permitted to be retained by

the Borrower pursuant to the provisions of Section 4.02(f), (v) on the date the Borrower makes any repurchases of its outstanding capital stock which involves a utilization of Retained Excess Cash Flow Amount as then in effect in accordance with the provisions of Section 9.03(iii), the Retained Excess Cash Flow Amount shall be reduced by the aggregate amount of repurchases so justified, (w) on the date the Borrower pays any Dividends which involve a utilization of the Retained Excess Cash Flow Amount as then in effect in accordance with the provisions of Section 9.03(iv), the Retained Excess Cash Flow Amount shall be reduced by the aggregate amount of Dividends so justified, (x) on the date the Borrower or any of its Subsidiaries makes any Investments which involve a utilization of the Retained Excess Cash Flow Amount as then in effect in accordance with the provisions of Section 9.05(x), the Retained Excess Cash Flow Amount shall be reduced by the aggregate amount of Investments so justified, (y) on the date the Borrower makes any repurchases of outstanding 9.15% Senior Subordinated Notes and/or outstanding 9-7/8% Subordinated Notes which involve a utilization of the Retained Excess Cash Flow Amount as then in effect in accordance with the provisions of Section 9.11(i), the Retained Excess Cash Flow Amount shall be reduced by the aggregate amount of repurchases so justified and (z) on the date the Borrower makes any repayments or repurchases of Incremental Third Party Debt which involve a utilization of the Retained Excess Cash Flow Amount as then in effect in accordance with the provisions of Section 9.11(i), the Retained Excess Cash Flow Amount shall be reduced by the aggregate amount of such repurchases so justified.

"Revolving Loan" shall have the meaning provided in Section 1.01(f).

"Revolving Loan Commitment" shall mean, for each Lender, the amount set forth opposite such Lender's name in Schedule I directly below the column entitled "Revolving Loan Commitment," as same may be (x) reduced from time to time pursuant to Sections 3.02, 3.03 and/or 10 or (y) adjusted from time to time as a result of assignments to or from such Lender pursuant to Section 1.13 or 13.04(b).

"Revolving Loan Commitment Commission" shall have the meaning provided in Section 3.01(c).

"Revolving Maturity Date" shall mean July 24, 2007.

"Revolving Note" shall have the meaning provided in Section 1.05(a).

"RL Lender" shall mean, at any time, each Lender with a Revolving Loan Commitment or with outstanding Revolving Loans.

"RL Percentage" of any Lender at any time shall mean a fraction (expressed as a percentage) the numerator of which is the Revolving Loan Commitment of such Lender at such time and the denominator of which is the Total Revolving Loan Commitment at such time, provided that if the RL Percentage of any Lender is to be determined after the Total Revolving Loan Commitment has been terminated, then the RL Percentages of the Lenders shall be determined immediately prior (and without giving effect) to such termination.

"S&P" shall mean Standard & Poor's Ratings Services.

"Scheduled A-1 Term Loan Repayment" shall have the meaning provided in Section 4.02(b)(i).

"Scheduled A-2 Term Loan Repayment" shall have the meaning provided in Section 4.02(b)(ii).

"Scheduled A-3 Term Loan Repayment" shall have the meaning provided in Section 4.02(b)(iii).

"Scheduled B Term Loan Repayment" shall have the meaning provided in Section 4.02(b)(iv).

"Scheduled Incremental Term Loan Repayment" shall have the meaning provided in Section 4.02(b)(v).

"Scheduled Repayments" shall mean Scheduled A-1 Term Loan Repayments, Scheduled A-2 Term Loan Repayments, Scheduled A-3 Term Loan Repayments, Scheduled B Term Loan Repayments and Scheduled Incremental Term Loan Repayments.

"SEC" shall have the meaning provided in Section 8.01(g).

"Section 4.04(b)(ii) Certificate" shall have the meaning provided in Section 4.04(b).

"Secured Creditors" shall have the meaning provided in the respective Security Documents.

"Securities Act" shall mean the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

"Security Agreement" shall have the meaning provided in Section 5.08.

"Security Agreement Collateral" shall mean all "Collateral" as defined in the Security Agreement.

"Security Documents" shall mean the Pledge Agreement, the Security Agreement and each Additional Security Document.

"Shareholders' Agreements" shall have the meaning provided in Section 5.05.

"Standby Letter of Credit" shall have the meaning provided in Section 2.01(a).

"Stated Amount" of each Letter of Credit shall mean, at any time, the maximum amount available to be drawn thereunder (in each case determined without regard to whether any conditions to drawing could then be met).

"Subsidiaries Guaranty" shall have the meaning provided in Section 5.09.

"Subsidiary" shall mean, as to any Person, (i) any corporation more than 50% of whose stock of any class or classes having by the terms thereof ordinary voting power to elect a majority of the directors of such corporation (irrespective of whether or not at the time stock of any class or classes of such corporation shall have or might have voting power by reason of the happening of any contingency) is at the time owned by such Person and/or one or more Subsidiaries of such Person and (ii) any partnership, limited liability company, association, joint venture or other entity in which such Person and/or one or more Subsidiaries of such Person has more than a 50% equity interest at the time. Notwithstanding the foregoing (and except for purposes of the definition of Unrestricted Subsidiary contained herein) an Unrestricted Subsidiary shall be deemed not to be a Subsidiary of the Borrower or any of its other Subsidiaries for purposes of this Agreement.

"Subsidiary Guarantor" shall mean each Subsidiary of the Borrower designated as a "Subsidiary Guarantor" on Schedule V hereto or which executes a guarantee after the Effective Date pursuant to Section 9.15.

"Swingline Expiry Date" shall mean the date which is five Business Days prior to the Revolving Maturity Date.

"Swingline Lender" shall mean IBJ and its successors and assigns.

"Swingline Loan" shall have the meaning provided in Section 1.01(g).

"Swingline Note" shall have the meaning provided in Section 1.05(a).

"Syndication Date" shall mean that date upon which the Lead Arranger determines in its sole discretion (and notifies the Borrower) that the primary

syndication (and resultant addition of Persons as Lenders pursuant to Section 13.04(b)) has been completed.

"Tax Benefit" shall have the meaning provided in Section 4.04(c).

"Tax Sharing Agreements" shall have the meaning provided in Section 5.05.

"Taxes" shall have the meaning provided in Section 4.04(a).

"Term Loan" shall mean each A-1 Term Loan, A-2 Term Loan, A-3 Term Loan, B Term Loan and Incremental Term Loan.

"Test Period" shall mean each period of four consecutive fiscal quarters of the Borrower last ended prior to such date for which financial statements have been delivered (or should have been delivered on or before such date) to the Administrative Agent pursuant to Section 8.01(a) or (b), as the case may be, in each case taken as one accounting period.

"Total A-1 Term Loan Commitment" shall mean, at any time, the sum of the A-1 Term Loan Commitments of each of the Lenders.

"Total A-2 Term Loan Commitment" shall mean, at any time, the sum of the A-2 Term Loan Commitments of each of the Lenders.

"Total A-3 Term Loan Commitment" shall mean, at any time, the sum of the A-3 Term Loan Commitments of each of the Lenders.

"Total B Term Loan Commitment" shall mean, at any time, the sum of the B Term Loan Commitments of each of the Lenders.

"Total Commitments" shall mean, at any time, the sum of the Commitments of each of the Lenders.

"Total Revolving Loan Commitment" shall mean, at any time, the sum of the Revolving Loan Commitments of each of the Lenders.

"Total Unutilized Revolving Loan Commitment" shall mean, at any time, an amount equal to the remainder of (x) the Total Revolving Loan Commitment then in effect less (y) the sum of the aggregate principal amount of Revolving Loans and Swingline Loans then outstanding plus the then aggregate amount of Letter of Credit Outstandings.

"Trade Letter of Credit" shall have the meaning provided in Section 2.01(a).

"Tranche" shall mean the respective facility and commitments utilized in making Loans hereunder, i.e., (i) on the Initial Borrowing Date, A-1 Term Loans, A-2 Term Loans, A-3 Term Loans, B Term Loans, Revolving Loans and Swingline Loans and (ii) from and after the Syndication Date, with respect to any Incremental Term Loans, such facility designated by the Borrower in the respective Incremental Term Loan Commitment Agreement or Agreements pursuant to which such Incremental Term Loans are made.

"Type" shall mean the type of Loan determined with regard to the interest option applicable thereto, i.e., whether a Base Rate Loan or a Eurodollar Loan.

"UCC" shall mean the Uniform Commercial Code as from time to time in effect in the relevant jurisdiction.

"Unfunded Current Liability" of any Plan shall mean the amount, if any, by which the actuarial present value of the accumulated plan benefits under the Plan as of the close of its most recent plan year, determined in accordance with actuarial assumptions at such time consistent with Statement of Financial Accounting Standards No. 87, exceeds the market value of the assets allocable thereto.

"United States" and "U.S." shall each mean the United States of America.

"Unpaid Drawing" shall have the meaning provided for in Section

2.05(a).

"Unrestricted Subsidiary" shall mean any Subsidiary of the Borrower that, at the time of determination, shall be an Unrestricted Subsidiary (as designated by the Borrower, as provided

below) provided that such Subsidiary does not and shall not engage, to any substantial extent, in any line or lines of business activity other than a Related Business. The Borrower may designate any Person acquired after the Effective Date to be an Unrestricted Subsidiary so long as (a) no Default or Event of Default is existing or will occur as a consequence thereof, and (b) such Subsidiary does not own any equity interests in, or hold any Lien on any property of, the Borrower or any other Subsidiary (excluding other Unrestricted Subsidiaries). Any such designation shall also be deemed to constitute an investment pursuant to Sections 9.05(ix) or (x), as the case may be, in an amount equal to the Borrower's and its Subsidiaries' percentage ownership interest of such Unrestricted Subsidiary of the sum of the net assets (with assets other than cash and Cash Equivalents valued at fair market value) of such Subsidiary at the time of the designation (which investment must be permitted to be made in accordance with the requirements of Sections 9.05(ix) or (x), as the case may be). The Borrower may designate any Unrestricted Subsidiary to be a Subsidiary, provided that no Default or Event of Default is existing or will occur as a consequence thereof and the provisions of Section 9.15 are complied with for such Subsidiary at the time of such designation. Each such designation shall be evidenced by filing with the Administrative Agent a certified copy of the resolution giving effect to such designation and an officers' certificate of an Authorized Officer of the Borrower certifying that such designation complied with the foregoing conditions.

"Unutilized Revolving Loan Commitment" with respect to any Lender at any time shall mean such Lender's Revolving Loan Commitment at such time, if any, less the sum of (i) the aggregate outstanding principal amount of Revolving Loans made by such Lender and (ii) such Lender's RL Percentage of the Letter of Credit Outstandings.

"Weighted Average Life to Maturity" shall mean, when applied to any Indebtedness at any date, the number of years obtained by dividing (i) the then outstanding principal amount of such Indebtedness into (ii) the total of the product obtained by multiplying (x) the amount of each then remaining installment or other required scheduled payments of principal, including payment at final maturity, in respect thereof, by (y) the number of years (calculated to the nearest one-twelfth) that will elapse between such date and the making of such payment.

"Wholly-Owned Foreign Subsidiary" shall mean each Wholly-Owned Subsidiary of a Person that is a Foreign Subsidiary.

"Wholly-Owned Subsidiary" shall mean, as to any Person, (i) any corporation 100% of whose capital stock (other than director's qualifying shares) is at the time owned by such Person and/or one or more Wholly-Owned Subsidiaries of such Person and (ii) any partnership, limited liability company, association, joint venture or other entity in which such Person and/or one or more Wholly-Owned Subsidiaries of such Person has a 100% equity interest at such time.

SECTION 12. The Administrative Agents.

12.01 Appointment. The Lenders hereby designate IBJ as Administrative Agent (for purposes of this Section 12, the term "Administrative Agent" shall include IBJ in its capacity as Collateral Agent pursuant to the Security Documents) to act as specified herein and in the other Credit Documents. The Lenders hereby designate MSSF as Lead Arranger to act as

specified herein and in the other Credit Documents. The Lenders hereby designate Bear Stearns Corporate Lending Inc. and Fleet National Bank to act as Co-Syndication Agents as specified herein and in the other Credit Documents. Each Lender hereby irrevocably authorizes, and each holder of any Note by the acceptance of such Note shall be deemed irrevocably to authorize, each Agent to take such action on its behalf under the provisions of this Agreement, the other

Credit Documents and any other instruments and agreements referred to herein or therein and to exercise such powers and to perform such duties hereunder and thereunder as are specifically delegated to or required of such Agent by the terms hereof and thereof and such other powers as are reasonably incidental thereto. Each Agent may perform any of its duties hereunder by or through its respective officers, directors, agents, employees or affiliates.

12.02 Nature of Duties. No Agent shall have any duties or responsibilities except those expressly set forth in this Agreement and in the other Credit Documents. No Agent nor any of its respective officers, directors, agents, employees or affiliates shall be liable for any action taken or omitted by it or them hereunder or under any other Credit Document or in connection herewith or therewith, unless caused by its or their gross negligence or willful misconduct. The duties of each Agent shall be mechanical and administrative in nature; no Agent shall have by reason of this Agreement or any other Credit Document a fiduciary relationship in respect of any Lender or the holder of any Note; and nothing in this Agreement or any other Credit Document, expressed or implied, is intended to or shall be so construed as to impose upon any Agent any obligations in respect of this Agreement or any other Credit Document except as expressly set forth herein or therein.

12.03 Lack of Reliance on the Agents. Independently and without reliance upon any Agent, each Lender and the holder of each Note, to the extent it deems appropriate, has made and shall continue to make (i) its own independent investigation of the financial condition and affairs of the Borrower and each of its Subsidiaries in connection with the making and the continuance of the Loans and the taking or not taking of any action in connection herewith and (ii) its own appraisal of the creditworthiness of the Borrower and each of its Subsidiaries and, except as expressly provided in this Agreement, no Agent shall have any duty or responsibility, either initially or on a continuing basis, to provide any Lender or the holder of any Note with any credit or other information with respect thereto, whether coming into its possession before the making of the Loans or at any time or times thereafter. No Agent shall be responsible to any Lender or the holder of any Note for any recitals, statements, information, representations or warranties herein or in any document, certificate or other writing delivered in connection herewith or for the execution, effectiveness, genuineness, validity, enforceability, perfection, collectability, priority or sufficiency of this Agreement or any other Credit Document or the financial condition of the Borrower or any of its Subsidiaries or be required to make any inquiry concerning either the performance or observance of any of the terms, provisions or conditions of this Agreement or any other Credit Document, or the financial condition of the Borrower or any of its Subsidiaries or the existence or possible existence of any Default or Event of Default.

12.04 Certain Rights of the Agents. If any Agent shall request instructions from the Required Lenders with respect to any act or action (including failure to act) in connection with this Agreement or any other Credit Document, such Agent shall be entitled to refrain from such act or taking such action unless and until such Agent shall have received instructions from

the Required Lenders; and such Agent shall not incur liability to any Person by reason of so refraining. Without limiting the foregoing, no Lender or the holder of any Note shall have any right of action whatsoever against such Agent as a result of such Agent acting or refraining from acting hereunder or under any other Credit Document in accordance with the instructions of the Required Lenders.

12.05 Reliance. Each Agent shall be entitled to rely, and shall be fully protected in relying, upon any note, writing, resolution, notice, statement, certificate, telex, teletype or telecopier message, cablegram, radiogram, order or other document or telephone message signed, sent or made by any Person that such Agent believed to be the proper Person, and, with respect to all legal matters pertaining to this Agreement and any other Credit Document and its duties hereunder and thereunder, upon advice of counsel selected by such Agent.

12.06 Indemnification. To the extent any Agent is not reimbursed and indemnified by the Borrower, the Lenders will reimburse and indemnify such Agent, in proportion to their respective "percentages" as used in determining the Required Lenders (determined as if there were no Defaulting Lenders), for and against any and all liabilities, obligations, losses, damages,

penalties, claims, actions, judgments, costs, expenses or disbursements of whatsoever kind or nature which may be imposed on, asserted against or incurred by such Agent in performing its duties hereunder or under any other Credit Document, in any way relating to or arising out of this Agreement or any other Credit Document; provided that to the extent that such Agent is reimbursed by the Borrower for amounts paid by the Lenders pursuant to this Section 12.06, such Agent shall reimburse the Lenders for such amounts; provided further that no Lender shall be liable for any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements resulting from such Agent's gross negligence or willful misconduct.

12.07 The Agents in Their Individual Capacities. With respect to its obligation to make Loans, or issue or participate in Letters of Credit, under this Agreement, each Agent shall have the rights and powers specified herein for a "Lender" and may exercise the same rights and powers as though it were not performing the duties specified herein; and the term "Lenders," "Required Lenders," Majority Lenders", "holders of Notes" or any similar terms shall, unless the context clearly otherwise indicates, include each Agent in its individual capacity. Each Agent may accept deposits from, lend money to, and generally engage in any kind of banking, investment banking, trust or other business with, or provide debt financing, equity capital or other services (including financial advisory services) to, any Credit Party or any Affiliate of any Credit Party (or any Person engaged in a similar business with any Credit Party or any Affiliate thereof) as if they were not performing the duties specified herein, and may accept fees and other consideration from the Borrower or any other Credit Party or any Affiliate of any Credit Party for services in connection with this Agreement and otherwise without having to account for the same to the Lenders.

12.08 Holders. The Administrative Agent may deem and treat the payee of any Note as the owner thereof for all purposes hereof unless and until a written notice of the assignment, transfer or endorsement thereof, as the case may be, shall have been filed with the Administrative Agent. Any request, authority or consent of any Person who, at the time of

making such request or giving such authority or consent, is the holder of any Note shall be conclusive and binding on any subsequent holder, transferee, assignee or indorsee, as the case may be, of such Note or of any Note or Notes issued in exchange therefor.

12.09 Resignation by the Agents. (a) The Administrative Agent may resign from the performance of all their respective functions and duties hereunder and/or under the other Credit Documents at any time by giving 15 Business Days' prior written notice to the Lenders and the Borrower (provided that no such notice shall be required to be given to the Borrower if a Default or an Event of Default of the type described in Section 10.05 exists with respect to the Borrower). Such resignation, in the case of the Administrative Agent, shall take effect upon the appointment of a successor Administrative Agent pursuant to clauses (b) and (c) below or as otherwise provided below.

(b) Upon any such notice of resignation, the Required Lenders shall appoint a successor Administrative Agent hereunder or thereunder with the consent of the Borrower (which consent shall not be unreasonably withheld or delayed but shall not be required at any time when a Default or an Event of Default exists).

(c) If a successor Administrative Agent shall not have been so appointed within such 15 Business Day period, the Administrative Agent with the consent of the Borrower (which consent shall not be unreasonably withheld or delayed but shall not be required at any time when a Default or an Event of Default exists), shall then appoint a successor Administrative Agent who shall serve as Administrative Agent hereunder or thereunder until such time, if any, as the Required Lenders appoint a successor Administrative Agent as provided above.

(d) If no successor Administrative Agent has been appointed pursuant to clause (b) or (c) above by the 30th Business Day after the date such notice of resignation was given by the Administrative Agent, Administrative Agent's resignation shall become effective and the Required Lenders shall thereafter perform all the duties of the Administrative Agent hereunder and/or under any other Credit Document until such time, if any, as the Required Lenders

appoint a successor Administrative Agent as provided above.

(e) The Lead Arranger and each Co-Syndication Agent may, upon fifteen Business Days' notice to the Borrower, the Administrative Agent and the Lenders, resign at any time (effective upon the fifteenth Business Day after the giving of such notice).

SECTION 13. Miscellaneous.

13.01 Payment of Expenses, etc. The Borrower agrees that it shall: (i) whether or not the transactions contemplated herein are consummated, pay all reasonable out-of-pocket costs and expenses of the Agents (including, without limitation, the reasonable fees and disbursements of White & Case LLP), in connection with the preparation, execution, delivery and performance of this Agreement and the other Credit Documents and the documents and instruments referred to herein and therein, any amendment, waiver or consent relating hereto or thereto, of the Agents in connection with its syndication efforts with respect to this Agreement and, upon the occurrence and during the continuance of an Event of Default, the reasonable costs

and expenses of each of the Agents and each of the Lenders in connection with the enforcement of this Agreement and the other Credit Documents and the documents and instruments referred to herein and therein (including, without limitation, the reasonable fees and disbursements of counsel for the Agents and, following an Event of Default, for each of the Lenders), provided that the Borrower's obligation to reimburse the Agents for the reasonable fees and disbursements of White & Case LLP incurred in connection with the preparation, execution and delivery of this Agreement shall be subject to the letter dated June 1, 2001 from MSSF to the Borrower; (ii) pay and hold each of the Lenders harmless from and against any and all present and future stamp, excise and other similar documentary taxes with respect to the foregoing matters and save each of the Lenders harmless from and against any and all liabilities with respect to or resulting from any delay or omission (other than to the extent attributable to such Lender) to pay such taxes; and (iii) indemnify each Agent and each Lender, and each of their respective officers, directors, employees, representatives and agents from and hold each of them harmless against any and all liabilities, obligations (including removal or remedial actions), losses, damages, penalties, claims, actions, judgments, suits, costs, expenses and disbursements (including reasonable attorneys' and consultants' fees and disbursements) incurred by, imposed on or assessed against any of them as a result of, or arising out of, or in any way related to, or by reason of, (a) any investigation, litigation or other proceeding (whether or not any Agent or any Lender is a party thereto) related to the entering into and/or performance of this Agreement or any other Credit Document or the use of any Letter of Credit or the proceeds of any Loans hereunder or the consummation of any transactions contemplated herein or in any other Credit Document or the exercise of any of their rights or remedies provided herein or in the other Credit Documents, or (b) the actual or alleged presence of Hazardous Materials in the air, surface water or groundwater or on the surface or subsurface of any Real Property owned or at any time operated by any Credit Party or any of its Subsidiaries, the Release, generation, storage, transportation, handling or disposal of Hazardous Materials at any location, whether or not owned or operated by any Credit Party or any of its Subsidiaries, the non-compliance of any Real Property with foreign, federal, state and local laws, regulations, and ordinances (including applicable permits thereunder) applicable to any Real Property, or any Environmental Claim asserted against any Credit Party, any of its Subsidiaries or any Real Property owned or at any time operated by any Credit Party or any of its Subsidiaries, including, in each case, without limitation, the reasonable fees and disbursements of counsel and other consultants incurred in connection with any such investigation, litigation or other proceeding (but excluding any losses, liabilities, claims, damages or expenses to the extent incurred by reason of the gross negligence or willful misconduct of the Person to be indemnified). To the extent that the undertaking to indemnify, pay or hold harmless any Agent or any Lender set forth in the preceding sentence may be unenforceable because it is violative of any law or public policy, the Borrower shall make the maximum contribution to the payment and satisfaction of each of the indemnified liabilities which is permissible under applicable law.

13.02 Right of Setoff. In addition to any rights now or hereafter granted under applicable law or otherwise, and not by way of limitation of any such rights, upon the occurrence and during the continuance of an Event of Default, each Lender is hereby authorized at any time or from time

to time, without presentment, demand, protest or other notice of any kind to the Borrower or to any other Person, any such notice being hereby expressly waived, to set off and to

appropriate and apply any and all deposits (general or special) and any other Indebtedness at any time held or owing by such Lender (including, without limitation, by branches and agencies of such Lender wherever located) to or for the credit or the account of any Credit Party against and on account of the Obligations and liabilities of such Credit Party to such Lender under this Agreement or under any of the other Credit Documents, including, without limitation, all interests in Obligations purchased by such Lender pursuant to Section 13.06(b), and all other claims of any nature or description arising out of or connected with this Agreement or any other Credit Document, irrespective of whether or not such Lender shall have made any demand hereunder and although said Obligations, liabilities or claims, or any of them, shall be contingent or unmatured.

13.03 Notices. Except as otherwise expressly provided herein, all notices and other communications provided for hereunder shall be in writing (including telegraphic, telex, telecopier or cable communication) and mailed, telegraphed, telexed, telecopied, cabled or delivered: if to any Credit Party, at the address specified opposite its signature below or in the other relevant Credit Documents; if to any Lender, at its address specified on Schedule II; and if to the Administrative Agent, at its Notice Office; or, as to any Credit Party or the Administrative Agent, at such other address as shall be designated by such party in a written notice to the other parties hereto and, as to each Lender, at such other address as shall be designated by such Lender in a written notice to the Borrower and the Administrative Agent. All such notices and communications shall, when mailed, telegraphed, telexed, telecopied, or cabled or sent by overnight courier, be effective when deposited in the mails, delivered to the telegraph company, cable company or overnight courier, as the case may be, or sent by telex or telecopier, except that notices and communications to the Administrative Agent or any Credit Party shall not be effective until received by the Administrative Agent or such Credit Party.

13.04 Benefit of Agreement. (a) This Agreement shall be binding upon and inure to the benefit of and be enforceable by the respective successors and assigns of the parties hereto; provided, however, the Borrower may not assign or transfer any of its rights, obligations or interest hereunder or under any other Credit Document without the prior written consent of the Lenders and, provided further, that, although any Lender may transfer, assign or grant participations in its rights hereunder, such Lender shall remain a "Lender" for all purposes hereunder (and may not transfer or assign all or any portion of its Commitments hereunder except as provided in Section 13.04(b)) and the transferee, assignee or participant, as the case may be, shall not constitute a "Lender" hereunder and, provided further, that no Lender shall transfer or grant any participation under which the participant shall have rights to approve any amendment to or waiver of this Agreement or any other Credit Document except to the extent such amendment or waiver would (i) extend the final scheduled maturity of any Loan, Note or Letter of Credit (unless such Letter of Credit is not extended beyond the Revolving Maturity Date) in which such participant is participating, or reduce the rate or extend the time of payment of interest or Fees thereon (except in connection with a waiver of applicability of any post-default increase in interest rates) or reduce the principal amount thereof, or increase the amount of the participant's participation over the amount thereof then in effect (it being understood that a waiver of any Default or Event of Default or of a mandatory reduction in the Total Commitments shall not constitute a change in the terms of such participation, and that an increase in any Commitment or Loan shall be permitted without the consent of any participant if the participant's

participation is not increased as a result thereof), (ii) consent to the assignment or transfer by the Borrower of any of its rights and obligations under this Agreement or (iii) release all or substantially all of the Collateral under all of the Security Documents (except as expressly provided in the Credit Documents) supporting the Loans hereunder in which such participant is participating. In the case of any such participation, the participant shall not have any rights under this Agreement or any of the other Credit Documents (the participant's rights against such Lender in respect of such participation to be

those set forth in the agreement executed by such Lender in favor of the participant relating thereto) and all amounts payable by the Borrower hereunder shall be determined as if such Lender had not sold such participation.

(b) Notwithstanding the foregoing, any Lender (or any Lender together with one or more other Lenders) may (x) assign all or a portion of its Revolving Loan Commitment (and related outstanding Obligations hereunder) and/or its outstanding Term Loans (or, if not theretofore terminated, Term Loan Commitment) to (i) one or more Lenders, (ii) any Related Fund that is an Eligible Transferee or (iii) its parent company, or any Affiliate of such Lender which is an Eligible Transferee and which is at least 50% owned by such Lender or its parent company or (y) assign all, or if less than all, a portion equal to at least $1,000,000 in the aggregate for the assigning Lender or assigning Lenders, of such Revolving Loan Commitment (and related outstanding Obligations hereunder) and/or its outstanding Term Loans (or, if not theretofore terminated, Term Loan Commitment) to one or more Eligible Transferees (treating any fund that invests in commercial loans and any other fund that invests in commercial loans and is managed by the same investment advisor of such fund or by an Affiliate of such investment advisor as a single assignee), each of which assignees shall become a party to this Agreement as a Lender by execution of an Assignment and Assumption Agreement, provided that (i) at such time Schedule I shall be deemed modified to reflect the Commitments (and/or outstanding Loans, as the case may be) of such new Lender and of the existing Lenders, (ii) upon surrender of the old Notes (or, upon such assigning Lender's indemnifying the Borrower for any lost Note pursuant to a customary indemnification agreement), new Notes will be issued, at the Borrower's expense, to such new Lender and to the assigning Lender upon the request of such new Lender or assigning Lender, such new Notes to be in conformity with the requirements of Section 1.05 (with appropriate modifications) to the extent needed to reflect the revised Commitments (and/or outstanding Loans, as the case may be), (iii) the consent (which shall not be unreasonably withheld or delayed) of the Lead Arranger shall be required in connection with any such assignment pursuant to clause (y) above and (iv) so long as no Default or Event of Default exists, the consent of the Borrower shall be required in connection with any assignment to an Eligible Transferee pursuant to clause (y) above (which consent shall not be unreasonably withheld or delayed), and, provided further, that such transfer or assignment will not be effective until recorded by the Administrative Agent on the Register pursuant to Section 13.16. To the extent of any assignment pursuant to this Section 13.04(b), the assigning Lender shall be relieved of its obligations hereunder with respect to its assigned Commitments. At the time of each assignment pursuant to this Section 13.04(b) to a Person which is not already a Lender hereunder and which is not a United States person (as such term is defined in Section 7701(a)(30) of the Code) for Federal income tax purposes, the respective assignee Lender shall provide to the Borrower and the Administrative Agent the appropriate Internal Revenue Service Forms (and, if applicable a Section 4.04(b)(ii) Certificate) described in Section 4.04(b). To the extent that an

assignment of all or any portion of a Lender's Commitments and related outstanding Obligations pursuant to Section 1.13 or this Section 13.04(b) would, at the time of such assignment, result in increased costs under Section 1.10, 1.11, 2.06 or 4.04 from those being charged by the respective assigning Lender prior to such assignment, then the Borrower shall not be obligated to pay or reimburse such increased costs (although the Borrower shall be obligated to pay any other increased costs of the type described above resulting from changes after the date of the respective assignment).

(c) Notwithstanding any other provision set forth in this Agreement, any Lender may, without the consent of the Borrower or the Administrative Agent, pledge its Loans and Notes hereunder to a Federal Reserve Bank in support of borrowings made by such Lender from such Federal Reserve Bank or to any trustee for, or any other representative of, holders of obligations owed or securities issued, by such Lender, as security for such obligations or securities; provided that any foreclosure or similar action by such trustee or representative shall be subject to the provisions of this Section 13.04 concerning assignments. No pledge pursuant to this clause (c) shall release the transferor Lender from its obligations hereunder.

13.05 No Waiver; Remedies Cumulative. No failure or delay on the part of any Agent or any Lender or any holder of any Note in exercising any right, power or privilege hereunder or under any other Credit Document and no course of dealing between any Borrower or any other Credit Party and any Agent

or any Lender or the holder of any Note shall operate as a waiver thereof; nor shall any single or partial exercise of any right, power or privilege hereunder or under any other Credit Document preclude any other or further exercise thereof or the exercise of any other right, power or privilege hereunder or thereunder. The rights, powers and remedies herein or in any other Credit Document expressly provided are cumulative and not exclusive of any rights, powers or remedies which any Agent or any Lender or the holder of any Note would otherwise have. No notice to or demand on any Credit Party in any case shall entitle any Credit Party to any other or further notice or demand in similar or other circumstances or constitute a waiver of the rights of any Agent or any Lender or the holder of any Note to any other or further action in any circumstances without notice or demand.

13.06 Payments Pro Rata. (a) Except as otherwise provided in this Agreement, the Administrative Agent agrees that promptly after its receipt of each payment from or on behalf of the Borrower in respect of any Obligations hereunder, it shall distribute such payment to the Lenders (other than any Lender that has consented in writing to waive its pro rata share of any such payment) pro rata based upon their respective shares, if any, of the Obligations with respect to which such payment was received.

(b) Each of the Lenders agrees that, if it should receive any amount hereunder (whether by voluntary payment, by realization upon security, by the exercise of the right of setoff or banker's lien, by counterclaim or cross action, by the enforcement of any right under the Credit Documents, or otherwise), which is applicable to the payment of the principal of, or interest on, the Loans, Unpaid Drawings, Commitment Commission or Letter of Credit Fees, of a sum which with respect to the related sum or sums received by other Lenders is in a greater proportion than the total of such Obligation then owed and due to such Lender bears to the total of such Obligation then owed and due to all of the Lenders immediately prior to such receipt,

then such Lender receiving such excess payment shall purchase for cash without recourse or warranty from the other Lenders an interest in the Obligations of the respective Credit Party to such Lenders in such amount as shall result in a proportional participation by all the Lenders in such amount; provided that if all or any portion of such excess amount is thereafter recovered from such Lender, such purchase shall be rescinded and the purchase price restored to the extent of such recovery, but without interest.

13.07 Calculations; Computations. (a) The financial statements to be furnished to the Lenders pursuant hereto shall be made and prepared in accordance with generally accepted accounting principles in the United States consistently applied throughout the periods involved (except as set forth in the notes thereto or as otherwise disclosed in writing by the Borrower to the Lenders) ("GAAP"); provided that, (i) except as otherwise specifically provided herein, all computations of Excess Cash Flow and all computations determining compliance with Sections 9.08 through 9.10, inclusive, shall utilize accounting principles and policies in conformity with those used to prepare the annual financial statements first delivered to the Lenders pursuant to Section 7.05(a) and (ii) for purposes of calculating financial terms, all covenants and related definitions, all such calculations based on the operations of the Borrower and its Subsidiaries on a consolidated basis shall be made without giving effect to the operations of any Unrestricted Subsidiaries.

(b) All computations of interest, Commitment Commission, and other Fees hereunder shall be made (i) in the case of Base Rate Loans maintained at the Prime Lending Rate, on the actual number of days elapsed over a year of 365 or 366 days, as applicable and (ii) in all other cases, on the actual number of days over a year of 360 days (in each case including the first day but excluding the last day).

13.08 GOVERNING LAW; SUBMISSION TO JURISDICTION; VENUE; WAIVER OF JURY TRIAL. (a) THIS AGREEMENT AND THE OTHER CREDIT DOCUMENTS AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER AND THEREUNDER SHALL BE CONSTRUED IN ACCORDANCE WITH AND BE GOVERNED BY THE LAW OF THE STATE OF NEW YORK. ANY LEGAL ACTION OR PROCEEDING WITH RESPECT TO THIS AGREEMENT OR ANY OTHER CREDIT DOCUMENT MAY BE BROUGHT IN THE COURTS OF THE STATE OF NEW YORK OR OF THE UNITED STATES FOR THE SOUTHERN DISTRICT OF NEW YORK, AND, BY EXECUTION AND DELIVERY OF THIS AGREEMENT, THE BORROWER HEREBY IRREVOCABLY ACCEPTS FOR ITSELF AND IN RESPECT OF ITS PROPERTY, GENERALLY AND UNCONDITIONALLY, THE NON-EXCLUSIVE JURISDICTION OF THE AFORESAID COURTS. THE BORROWER HEREBY FURTHER IRREVOCABLY WAIVES ANY CLAIM

THAT ANY SUCH COURTS LACK JURISDICTION OVER THE BORROWER, AND AGREES NOT TO PLEAD OR CLAIM, IN ANY LEGAL ACTION OR PROCEEDING WITH RESPECT TO THIS AGREEMENT OR ANY OTHER CREDIT DOCUMENT BROUGHT IN ANY OF THE AFORESAID COURTS, THAT ANY SUCH COURT LACKS JURISDICTION OVER THE BORROWER. THE BORROWER FURTHER IRREVOCABLY CONSENTS TO THE SERVICE OF PROCESS OUT OF ANY OF THE AFOREMENTIONED COURTS IN ANY SUCH ACTION OR PROCEEDING BY THE MAILING OF COPIES THEREOF BY REGISTERED OR CERTIFIED MAIL, POSTAGE

PREPAID, TO THE BORROWER AT ITS ADDRESS SET FORTH OPPOSITE ITS SIGNATURE BELOW, SUCH SERVICE TO BECOME EFFECTIVE 30 DAYS AFTER SUCH MAILING. THE BORROWER HEREBY IRREVOCABLY WAIVES ANY OBJECTION TO SUCH SERVICE OF PROCESS AND FURTHER IRREVOCABLY WAIVES AND AGREES NOT TO PLEAD OR CLAIM IN ANY ACTION OR PROCEEDING COMMENCED HEREUNDER OR UNDER ANY OTHER CREDIT DOCUMENT THAT SERVICE OF PROCESS WAS IN ANY WAY INVALID OR INEFFECTIVE. NOTHING HEREIN SHALL AFFECT THE RIGHT OF ANY AGENT, ANY LENDER OR THE HOLDER OF ANY NOTE TO SERVE PROCESS IN ANY OTHER MANNER PERMITTED BY LAW OR TO COMMENCE LEGAL PROCEEDINGS OR OTHERWISE PROCEED AGAINST THE BORROWER IN ANY OTHER JURISDICTION.

(b) THE BORROWER HEREBY IRREVOCABLY WAIVES ANY OBJECTION WHICH IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF VENUE OF ANY OF THE AFORESAID ACTIONS OR PROCEEDINGS ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT OR ANY OTHER CREDIT DOCUMENT BROUGHT IN THE COURTS REFERRED TO IN CLAUSE (a) ABOVE AND HEREBY FURTHER IRREVOCABLY WAIVES AND AGREES NOT TO PLEAD OR CLAIM IN ANY SUCH COURT THAT ANY SUCH ACTION OR PROCEEDING BROUGHT IN ANY SUCH COURT HAS BEEN BROUGHT IN AN INCONVENIENT FORUM.

(c) EACH OF THE PARTIES TO THIS AGREEMENT HEREBY IRREVOCABLY WAIVES ALL RIGHT TO A TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM ARISING OUT OF OR RELATING TO THIS AGREEMENT, THE OTHER CREDIT DOCUMENTS OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY.

13.09 Counterparts. This Agreement may be executed in any number of counterparts and by the different parties hereto on separate counterparts, each of which when so executed and delivered shall be an original, but all of which shall together constitute one and the same instrument. A set of counterparts executed by all the parties hereto shall be lodged with the Borrower and the Administrative Agent.

13.10 Effectiveness. This Agreement shall become effective on the date (the "Effective Date") on which the Borrower, each Agent and each of the Lenders shall have signed a counterpart hereof (whether the same or different counterparts) and shall have delivered the same to the Administrative Agent at the Notice Office or, in the case of the Lenders, shall have given to the Administrative Agent telephonic (confirmed in writing), written or telex notice (actually received) at such office that the same has been signed and mailed to it. The Administrative Agent will give the Borrower and each Lender prompt written notice of the occurrence of the Effective Date.

13.11 Headings Descriptive. The headings of the several sections and subsections of this Agreement are inserted for convenience only and shall not in any way affect the meaning or construction of any provision of this Agreement.

13.12 Amendment or Waiver; etc. (a) Neither this Agreement nor any other Credit Document nor any terms hereof or thereof may be changed, waived, discharged or terminated unless such change, waiver, discharge or termination is in writing signed by the respective Credit Parties party thereto and the Required Lenders, provided that no such change, waiver, discharge or termination shall, without the consent of each Lender (other than a Defaulting Lender) (with Obligations being directly affected in the case of following clause (i)), (i) extend the final scheduled maturity of any Loan or Note, extend the date for any Scheduled Repayment or extend the stated expiration date of any Letter of Credit beyond the A Maturity Date, or reduce the rate or extend the time of payment of interest or Fees thereon, or reduce the principal amount thereof (except to the extent repaid in cash), (ii) release all or substantially all of the Collateral (in each case, except as expressly provided in the Credit Documents) under all the Security Documents or release all or substantially all of the Subsidiary Guarantors under the Subsidiaries Guaranty (except as expressly provided in the Subsidiaries Guaranty), (iii) amend, modify or waive

any provision of this Section 13.12, (iv) reduce the percentage specified in the definition of Required Lenders (it being understood that, with the consent of the Required Lenders, additional extensions of credit pursuant to this Agreement may be included in the determination of the Required Lenders on substantially the same basis as the extensions of Loans and Commitments are included on the Effective Date) or (v) consent to the assignment or transfer by the Borrower of any of its rights and obligations under this Agreement; provided further, that no such change, waiver, discharge or termination shall (1) increase the Commitment of any Lender over the amount thereof then in effect without the consent of such Lender (it being understood that waivers or modifications of conditions precedent, covenants, Defaults or Events of Default or of a mandatory reduction in the Total Commitments shall not constitute an increase of the Commitment of any Lender, and that an increase in the available portion of any Commitment of any Lender shall not constitute an increase in the Commitment of such Lender), (2) without the consent of each Issuing Lender, amend, modify or waive any provision of Section 2 or alter any such Issuing Lender's rights or obligations with respect to Letters of Credit, (3) without the consent of each Agent affected thereby, amend, modify or waive any provision of Section 12 as same applies to such Agent or any other provision as same relates to the rights or obligations of such Agent, (4) without the consent of the Collateral Agent, amend, modify or waive any provision relating to the rights or obligations of the Collateral Agent or (5) except in cases where additional extensions of term loans and/or revolving loans are being afforded substantially the same treatment afforded to the Term Loans and Revolving Loans pursuant to this Agreement as originally in effect, without the consent of the Majority Lenders of each Tranche which is being allocated a lesser prepayment, repayment or commitment reduction as a result of the actions described below (or without the consent of the Majority Lenders of each Tranche in the case of an amendment to the definition of Majority Lenders), amend the definition of Majority Lenders or alter the required application of any prepayments or repayments (or commitment reduction), as between the various Tranches, pursuant to Section 4.01(a) or 4.02 (although the Required Lenders may waive, in whole or in part, any such prepayment, repayment or commitment reduction, so long as the application, as amongst the various Tranches, of any such prepayment, repayment or commitment reduction which is still required to be made is not altered).

(b) If, in connection with any proposed change, waiver, discharge or termination with respect to any of the provisions of this Agreement as contemplated by clauses (i) through (v), inclusive, of the first proviso to Section 13.12(a), the consent of the Required Lenders is obtained but the consent of one or more of such other Lenders whose consent is required is not obtained, then the Borrower shall have the right, so long as all non-consenting Lenders whose individual consent is required are treated as described in either clause (A) or (B) below, to either (A) replace each such non-consenting Lender or Lenders with one or more Replacement Lenders pursuant to Section 1.13 so long as at the time of such replacement, each such Replacement Lender consents to the proposed change, waiver, discharge or termination or (B) terminate such non-consenting Lender's Commitments in accordance with Sections 3.02(c) and/or 4.01(b), provided that, unless the Commitments terminated, and Loans repaid, pursuant to preceding clause (B) are immediately replaced in full at such time through the addition of new Lenders or the increase of the Commitments and/or outstanding Loans of existing Lenders (who in each case must specifically consent thereto), then in the case of any action pursuant to preceding clause (B) the Required Lenders (determined before giving effect to the proposed action) shall specifically consent thereto, provided further, that in any event the Borrower shall not have the right to replace a Lender, terminate any of its Commitments or repay its Loans solely as a result of the exercise of such Lender's rights (and the withholding of any required consent by such Lender) pursuant to the second proviso to Section 13.12(a).

13.13 Survival. All indemnities set forth herein including, without limitation, in Sections 1.10, 1.11, 2.06, 4.04, 13.01 and 13.06 shall survive the execution, delivery and termination of this Agreement and the Notes and the making and repayment of the Obligations.

13.14 Domicile of Loans. Each Lender may transfer and carry its Loans at, to or for the account of any office, Subsidiary or Affiliate of such Lender. Notwithstanding anything to the contrary contained herein, to the extent that a transfer of Loans pursuant to this Section 13.14 would, at the time of such transfer, result in increased costs under Section 1.10, 1.11, 2.06 or 4.04 from those being charged by the respective Lender prior to such transfer, then the Borrower shall not be obligated to pay such increased costs

(although the Borrower shall be obligated to pay any other increased costs of the type described above resulting from changes after the date of the respective transfer).

13.15 Confidentiality. (a) Subject to the provisions of clause (b) of this Section 13.15, each Lender agrees that it will use its reasonable efforts not to disclose without the prior written consent of the Borrower (other than to its directors, employees, auditors, advisors or counsel or to another Lender if the Lender or such Lender's holding or parent company in its sole discretion determines that any such party should have access to such information, provided such Persons shall be subject to the provisions of this Section 13.15 to the same extent as such Lender) any information with respect to any Credit Party or any of its Subsidiaries which is now or in the future furnished pursuant to this Agreement or any other Credit Document and which is designated by any Credit Party to the Lenders in writing as confidential, provided that any Lender may disclose any such information (a) as has become generally available to the public other than by virtue of a breach of this Section 13.15(a), (b) as may be required or appropriate in any report, statement or testimony submitted to any municipal, state or Federal regulatory body having or claiming to have jurisdiction over such Lender or to the Federal Reserve Board, the Federal

Deposit Insurance Corporation or the NAIC or similar organizations (whether in the United States or elsewhere) or their successors, (c) as may be required or appropriate in respect to any summons or subpoena or in connection with any litigation, (d) in order to comply with any law, order, regulation or ruling applicable to such Lender, (e) to any Agent or the Collateral Agent, (f) to any prospective or actual transferee or participant in connection with any contemplated transfer or participation of any of the Notes or Commitments or any interest therein by such Lender, provided, that such prospective transferee agrees in writing with such Lender for the benefit of the Borrower to be subject to the provisions of this Section 13.15(a) and (g) to any direct or indirect contractual counterparty in any swap, hedge or similar agreement (or to any such contractual counterparty's professional advisor, so long as such contractual counterparty (or such professional advisor) agrees to be bound by the provisions of this Section 13.15(a).

(b) The Borrower hereby acknowledges and agrees that each Lender may share with any of its affiliates any information related to Credit Parties or any of their respective Subsidiaries (including, without limitation, any nonpublic customer information regarding the creditworthiness of the Credit Parties and their respective Subsidiaries, provided such Persons shall be subject to the provisions of this Section 13.15 to the same extent as such Lender), it being understood that for purposes of this Section 13.15(b) the term "affiliate" shall mean any direct or indirect holding company of a Lender as well as any direct or indirect Subsidiary of such holding company.

13.16 Register. The Borrower hereby designates the Administrative Agent to serve as the Borrower's agent, solely for purposes of this Section 13.16, to maintain a register (the "Register") on which it will record the Commitments from time to time of each of the Lenders, the Loans made by each of the Lenders and each repayment in respect of the principal amount of the Loans of each Lender. Failure to make any such recordation, or any error in such recordation shall not affect the Borrower's obligations in respect of such Loans. With respect to any Lender, the transfer of the Commitments of such Lender and the rights to the principal of, and interest on, any Loan made pursuant to such Commitments shall not be effective until such transfer is recorded on the Register maintained by the Administrative Agent with respect to ownership of such Commitments and Loans and prior to such recordation all amounts owing to the transferor with respect to such Commitments and Loans shall remain owing to the transferor. Upon receipt of a properly executed and delivered Assignment and Assumption Agreement pursuant to Section 13.04(b), the Administrative Agent shall record on the Register the assignment or transfer of all or part of any Commitments and Loans set forth in such Assignment and Assumption Agreement. Coincident with the delivery of such an Assignment and Assumption Agreement to the Administrative Agent for acceptance and registration of assignment or transfer of all or part of a Loan, or as soon thereafter as practicable, the assigning or transferor Lender shall surrender the Note evidencing such Loan, and thereupon one or more new Notes in the same aggregate principal amount shall be issued to the assigning or transferor Lender and/or the new Lender. The Borrower agrees to indemnify the Administrative Agent from and against any and all losses, claims, damages and liabilities of whatsoever

nature which may be imposed on, asserted against or incurred by the Administrative Agent in performing its duties under this Section 13.16.

13.17 Limitation on Increased Costs. Notwithstanding anything to the contrary contained in Section 1.10, 1.11, 2.06 or 4.04, unless a Lender gives notice to the Borrower that it is obligated to pay an amount under any such Section within 180 days after the later of (x) the date such Lender incurs the respective increased costs, Taxes, loss, expense or liability, or reduction in amounts received or receivable or reduction in return on capital or (y) the date such Lender has actual knowledge of its incurrence of the respective increased costs, Taxes, loss, expense or liability, or reductions in amounts received or receivable or reduction in return on capital, then such Lender shall only be entitled to be compensated for such amount by the Borrower pursuant to said Section 1.10, 1.11, 2.06 or 4.04, as the case may be, to the extent the costs, Taxes, loss, expense or liability, or reduction in amounts received or receivable or reduction in return on capital are incurred or suffered on or after the date which occurs 180 days prior to such Lender giving notice to the Borrower that it is obligated to pay the respective amounts pursuant to said Section 1.10, 1.11, 2.06 or 4.04, as the case may be. This Section 13.17 shall have no applicability to any Section of this Agreement or any other Credit Document other than said Sections 1.10, 1.11, 2.06 and 4.04.

* * *

IN WITNESS WHEREOF, the parties hereto have caused their duly authorized officers to execute and deliver this Agreement as of the date first above written.

Address:
---

450 East Las Olas Boulevard
Suite 1100
Ft. Lauderdale, FL 33301
Telephone No.: (954) 713-1600
Telecopier No.: (954) 713-1650
Attention: Gregory R. Moxley

EXTENDED STAY AMERICA, INC.

By: /s/ Gregory R. Moxley

Name: Gregory R. Moxley
Title: Chief Financial Office

MORGAN STANLEY SENIOR FUNDING, INC.,
Individually and as Lead Arranger

By: /s/ Todd Vannucci

Name: Todd Vannucci
Title: Principal

BEAR STEARNS CORPORATE LENDING INC.,
Individually and as a Co-Syndication Agent

By: /s/ Lawrence B. Alletto

Name: Lawrence B. Alletto
Title: Authorized Signatory

FLEET NATIONAL BANK,
Individually and as a Co-Syndication
Agent

By: /s/ James B. McLaughlin

Name: James B. McLaughlin
Title: Director

THE INDUSTRIAL BANK OF JAPAN, LIMITED,
Individually and as Administrative
Agent

By: /s/ Takuya Honjo

Name: Takuya Honjo
Title: Deputy General Manager

FIRST UNION NATIONAL BANK

By: /s/ David S. Sampson

Name: David S. Sampson
Title:

MERRILL LYNCH CAPITAL CORPORATION

By: /s/ Christopher K. Straub

Name: Christopher K. Straub
Title:

RZB FINANCE LLC

By: /s/ Astrid Wilke

Name: Astrid Wilke
Title: Vice President

By: /s/ Pearl Geffers

Name: Pearl Geffers
Title: First Vice President

CHEVY CHASE BANK, FSB

By: /s/ Dory Halatt
Name: Dory Halatt
Title: Vice President

MANUFACTURERS AND TRADERS TRUST COMPANY

By: /s/ Kevin B. Quinn
Name: Kevin B. Quinn
Title: Vice President

CHANG HWA COMMERCIAL BANK, LTD.,
NEW YORK BRANCH

By: /s/ Ming-Hsien Lin
Name: Ming-Hsien Lin
Title: Vice President and
General Manager

ALLIED IRISH BANKS, P.L.C.

By: /s/ John Farrace
Name: John Farrace
Title: Senior Vice President

TRANSAMERICA BUSINESS CAPITAL
CORPORATION

By: /s/ Steve Goetschius

Name: Steve Goetschius
Title: Senior Vice President

BANK OF AMERICA, N.A.

By: /s/ Ansel McDowell

Name: Ansel McDowell
Title: Principal

CREDIT INDUSTRIEL ET COMMERCIAL

By: /s/ Marcus Edward /s/ Anthony Rock

Name: Marcus Edward and
Anthony Rock
Title: Vice Presidents

GOLDMAN SACHS CREDIT PARTNERS L.P.

By: /s/ Robert Wagner

Name: Robert Wagner
Title: Authorized Signatory

LAND BANK OF TAIWAN LOS ANGELES BRANCH

By: /s/ Mayer Chen

Name: Mayer Chen
Title: Senior Vice President and
General Manager

Exhibit B-1

A-1 TERM NOTE

$ _____ New York, New York

[Date]

FOR VALUE RECEIVED, EXTENDED STAY AMERICA, INC. (the "Borrower"), a Delaware corporation, hereby promises to pay to _____ or its registered assigns (the "Lender"), in lawful money of the United States of America in immediately available funds, at the office of The Industrial Bank of Japan, Limited (the "Administrative Agent") located at 1251 Avenue of the Americas, New York, New York 10020-1104 on the A Maturity Date (as defined in the Agreement referred to below) the principal sum of _____ DOLLARS ($_____) or, if less, the then unpaid principal amount of all A-1 Term Loans (as defined in the Agreement) made by the Lender pursuant to the Agreement.

The Borrower promises to pay interest on the unpaid principal amount hereof in like money at said office from the date hereof until paid at the rates and at the times provided in Section 1.08 of the Agreement.

This Note is one of the A-1 Term Notes referred to in the Credit Agreement, dated as of July 24, 2001, among the Borrower, the Lenders from time to time party thereto, Morgan Stanley Senior Funding, Inc., as Sole Lead Arranger and Sole Book Runner, Bear Stearns Corporate Lending Inc. and Fleet National Bank, as Co-Syndication Agents, and The Industrial Bank of Japan, Limited, as Administrative Agent (as amended, modified, extended, renewed, replaced, restated or supplemented from time to time, the "Agreement") and is entitled to the benefits thereof and of the other Credit Documents (as defined in the Agreement). This Note is secured by the Security Documents (as defined in the Agreement) and is entitled to the benefits of the Subsidiaries Guaranty (as defined in the Agreement). This Note is subject to voluntary prepayment and mandatory repayment prior to the A Maturity Date, in whole or in part, as provided in the Agreement.

In case an Event of Default (as defined in the Agreement) shall occur and be continuing, the principal of and accrued interest on this Note may be declared to be due and payable in the manner and with the effect provided in the Agreement.

The Borrower hereby waives presentment, demand, protest or notice of any kind in connection with this Note.

This Note is registered on the books of the Borrower maintained by the Administrative Agent, as agent for the Borrower, and is transferrable only in accordance with the provisions of the Agreement.

THIS NOTE SHALL BE CONSTRUED IN ACCORDANCE WITH AND BE GOVERNED BY THE LAW OF THE STATE OF NEW YORK.

EXTENDED STAY AMERICA, INC.

By: _____
Name:
Title:

A-2 TERM NOTE

$ _____ New York, New York

[Date]

FOR VALUE RECEIVED, EXTENDED STAY AMERICA, INC. (the "Borrower"), a Delaware corporation, hereby promises to pay to _____ or its registered assigns (the "Lender"), in lawful money of the United States of America in immediately available funds, at the office of The Industrial Bank of Japan, Limited (the "Administrative Agent") located at 1251 Avenue of the Americas, New York, New York 10020-1104 on the A Maturity Date (as defined in the Agreement referred to below) the principal sum of _____ DOLLARS ($_____) or, if less, the then unpaid principal amount of all A-2 Term Loans (as defined in the Agreement) made by the Lender pursuant to the Agreement.

The Borrower promises to pay interest on the unpaid principal amount hereof in like money at said office from the date hereof until paid at the rates and at the times provided in Section 1.08 of the Agreement.

This Note is one of the A-2 Term Notes referred to in the Credit Agreement, dated as of July 24, 2001, among the Borrower, the Lenders from time to time party thereto, Morgan Stanley Senior Funding, Inc., as Sole Lead Arranger and Sole Book Runner, Bear Stearns Corporate Lending Inc. and Fleet National Bank, as Co-Syndication Agents, and The Industrial Bank of Japan, Limited, as Administrative Agent (as amended, modified, extended, renewed, replaced, restated or supplemented from time to time, the "Agreement") and is entitled to the benefits thereof and of the other Credit Documents (as defined in the Agreement). This Note is secured by the Security Documents (as defined in the Agreement) and is entitled to the benefits of the Subsidiaries Guaranty (as defined in the Agreement). This Note is subject to voluntary prepayment and mandatory repayment prior to the A Maturity Date, in whole or in part, as provided in the Agreement.

In case an Event of Default (as defined in the Agreement) shall occur and be continuing, the principal of and accrued interest on this Note may be declared to be due and payable in the manner and with the effect provided in the Agreement.

The Borrower hereby waives presentment, demand, protest or notice of any kind in connection with this Note.

This Note is registered on the books of the Borrower maintained by the Administrative Agent, as agent for the Borrower, and is transferrable only in accordance with the provisions of the Agreement.

THIS NOTE SHALL BE CONSTRUED IN ACCORDANCE WITH AND BE GOVERNED BY THE LAW OF THE STATE OF NEW YORK.

EXTENDED STAY AMERICA, INC.

By: _____
Name:
Title:

A-3 TERM NOTE

$ _____ New York, New York

[Date]

FOR VALUE RECEIVED, EXTENDED STAY AMERICA, INC. (the "Borrower"), a Delaware corporation, hereby promises to pay to _____ or its registered assigns (the "Lender"), in lawful money of the United States of America in immediately available funds, at the office of The Industrial Bank of Japan, Limited (the "Administrative Agent") located at 1251 Avenue of the Americas, New York, New York 10020-1104 on the A Maturity Date (as defined in the Agreement referred to below) the principal sum of _____ DOLLARS ($_____) or, if less, the then unpaid principal amount of all A-3 Term Loans (as defined in the Agreement) made by the Lender pursuant to the Agreement.

The Borrower promises to pay interest on the unpaid principal amount hereof in like money at said office from the date hereof until paid at the rates and at the times provided in Section 1.08 of the Agreement.

This Note is one of the A-3 Term Notes referred to in the Credit Agreement, dated as of July 24, 2001, among the Borrower, the Lenders from time to time party thereto, Morgan Stanley Senior Funding, Inc., as Sole Lead Arranger and Sole Book Runner, Bear Stearns Corporate Lending Inc. and Fleet National Bank, as Co-Syndication Agents, and The Industrial Bank of Japan, Limited, as Administrative Agent (as amended, modified, extended, renewed, replaced, restated or supplemented from time to time, the "Agreement") and is entitled to the benefits thereof and of the other Credit Documents (as defined in the Agreement). This Note is secured by the Security Documents (as defined in the Agreement) and is entitled to the benefits of the Subsidiaries Guaranty (as defined in the Agreement). This Note is subject to voluntary prepayment and mandatory repayment prior to the A Maturity Date, in whole or in part, as provided in the Agreement.

In case an Event of Default (as defined in the Agreement) shall occur and be continuing, the principal of and accrued interest on this Note may be declared to be due and payable in the manner and with the effect provided in the Agreement.

The Borrower hereby waives presentment, demand, protest or notice of any kind in connection with this Note.

This Note is registered on the books of the Borrower maintained by the Administrative Agent, as agent for the Borrower, and is transferrable only in accordance with the provisions of the Agreement.

THIS NOTE SHALL BE CONSTRUED IN ACCORDANCE WITH AND BE GOVERNED BY THE LAW OF THE STATE OF NEW YORK.

EXTENDED STAY AMERICA, INC.

By: _____
Name:
Title:

B TERM NOTE

$ _____ New York, New York

[Date]

FOR VALUE RECEIVED, EXTENDED STAY AMERICA, INC. (the "Borrower"), a Delaware corporation, hereby promises to pay to _____ or its registered assigns (the "Lender"), in lawful money of the United States of America in immediately available funds, at the office of The Industrial Bank of Japan, Limited (the "Administrative Agent") located at 1251 Avenue of the Americas, New York, New York 10020-1104 on the B Maturity Date (as defined in the Agreement referred to below) the principal sum of _____ DOLLARS ($_____) or, if less, the then unpaid principal amount of all B Term Loans (as defined in the Agreement) made by the Lender pursuant to the Agreement.

The Borrower promises to pay interest on the unpaid principal amount hereof in like money at said office from the date hereof until paid at the rates and at the times provided in Section 1.08 of the Agreement.

This Note is one of the B Term Notes referred to in the Credit Agreement, dated as of July 24, 2001, among the Borrower, the Lenders from time to time party thereto, Morgan Stanley Senior Funding, Inc., as Sole Lead Arranger and Sole Book Runner, Bear Stearns Corporate Lending Inc. and Fleet National Bank, as Co-Syndication Agents, and The Industrial Bank of Japan, Limited, as Administrative Agent (as amended, modified, extended, renewed, replaced, restated or supplemented from time to time, the "Agreement") and is entitled to the benefits thereof and of the other Credit Documents (as defined in the Agreement). This Note is secured by the Security Documents (as defined in the Agreement) and is entitled to the benefits of the Subsidiaries Guaranty (as defined in the Agreement). This Note is subject to voluntary prepayment and mandatory repayment prior to the B Maturity Date, in whole or in part, as provided in the Agreement.

In case an Event of Default (as defined in the Agreement) shall occur and be continuing, the principal of and accrued interest on this Note may be declared to be due and payable in the manner and with the effect provided in the Agreement.

The Borrower hereby waives presentment, demand, protest or notice of any kind in connection with this Note.

This Note is registered on the books of the Borrower maintained by the Administrative Agent, as agent for the Borrower, and is transferrable only in accordance with the provisions of the Agreement.

THIS NOTE SHALL BE CONSTRUED IN ACCORDANCE WITH AND BE GOVERNED BY THE LAW OF THE STATE OF NEW YORK.

EXTENDED STAY AMERICA, INC.

By: _____
Name:
Title:

REVOLVING NOTE

$ _____ New York, New York

[Date]

FOR VALUE RECEIVED, EXTENDED STAY AMERICA, INC. (the "Borrower"), a Delaware corporation, hereby promises to pay to _____ or its registered assigns (the "Lender"), in lawful money of the United States of America in immediately available funds, at the office of The Industrial Bank of Japan, Limited (the "Administrative Agent") located at 1251 Avenue of the Americas, New York, New York 10020-1104 on the Revolving Maturity Date (as defined in the Agreement referred to below) the principal sum of _____ DOLLARS ($_____) or, if less, the then unpaid principal amount of all Revolving Loans (as defined in the Agreement) made by the Lender pursuant to the Agreement.

The Borrower promises to pay interest on the unpaid principal amount hereof in like money at said office from the date hereof until paid at the rates and at the times provided in Section 1.08 of the Agreement.

This Note is one of the Revolving Notes referred to in the Credit Agreement, dated as of July 24, 2001, among the Borrower, the Lenders from time to time party thereto, Morgan Stanley Senior Funding, Inc., as Sole Lead Arranger and Sole Book Runner, Bear Stearns Corporate Lending Inc. and Fleet National Bank, as Co-Syndication Agents, and The Industrial Bank of Japan, Limited, as Administrative Agent (as amended, modified, extended, renewed, replaced, restated or supplemented from time to time, the "Agreement") and is entitled to the benefits thereof and of the other Credit Documents (as defined in the Agreement). This Note is secured by the Security Documents (as defined in the Agreement) and is entitled to the benefits of the Subsidiaries Guaranty (as defined in the Agreement). This Note is subject to voluntary prepayment and mandatory repayment prior to the Revolving Maturity Date, in whole or in part, as provided in the Agreement.

In case an Event of Default (as defined in the Agreement) shall occur and be continuing, the principal of and accrued interest on this Note may be declared to be due and payable in the manner and with the effect provided in the Agreement.

The Borrower hereby waives presentment, demand, protest or notice of any kind in connection with this Note.

This Note is registered on the books of the Borrower maintained by the Administrative Agent, as agent for the Borrower, and is transferable only in accordance with the provisions of the Agreement.

THIS NOTE SHALL BE CONSTRUED IN ACCORDANCE WITH AND BE GOVERNED BY THE LAW OF THE STATE OF NEW YORK.

EXTENDED STAY AMERICA, INC.

By: _____
Name:

Title:

EXHIBIT B-6

SWINGLINE NOTE

$20,000,000 New York, New York
[Initial Borrowing Date]

FOR VALUE RECEIVED, EXTENDED STAY AMERICA, INC. (the "Borrower"), a Delaware corporation, hereby promises to pay to The Industrial Bank of Japan, Limited or its registered assigns (the "Lender"), in lawful money of the United States of America in immediately available funds, at the office of The Industrial Bank of Japan, Limited (the "Administrative Agent") located at 1251 Avenue of the Americas, New York, New York 10020-1104 on the Swingline Expiry Date (as defined in the Agreement referred to below) the principal sum of TWENTY MILLION DOLLARS ($20,000,000) or, if less, the then unpaid principal amount of all Swingline Loans (as defined in the Agreement) made by the Lender pursuant to the Agreement.

The Borrower promises to pay interest on the unpaid principal amount hereof in like money at said office from the date hereof until paid at the rates and at the times provided in Section 1.08 of the Agreement.

This Note is the Swingline Note referred to in the Credit Agreement, dated as of July 24, 2001, among the Borrower, the Lenders from time to time party thereto, Morgan Stanley Senior Funding, Inc., as Sole Lead Arranger and Sole Book Runner, Bear Stearns Corporate Lending Inc. and Fleet National Bank, as Co-Syndication Agents, and The Industrial Bank of Japan, Limited, as Administrative Agent (as amended, modified, extended, renewed, replaced, restated or supplemented from time to time, the "Agreement") and is entitled to the benefits thereof and of the other Credit Documents (as defined in the Agreement). This Note is secured by the Security Documents (as defined in the Agreement) and is entitled to the benefits of the Subsidiaries Guaranty (as defined in the Agreement). This Note is subject to voluntary prepayment and mandatory repayment prior to the Swingline Expiry Date, in whole or in part, as provided in the Agreement.

In case an Event of Default (as defined in the Agreement) shall occur and be continuing, the principal of and accrued interest on this Note may be declared to be due and payable in the manner and with the effect provided in the Agreement.

The Borrower hereby waives presentment, demand, protest or notice of any kind in connection with this Note.

This Note is registered on the books of the Borrower maintained by the Administrative Agent, as agent for the Borrower, and is transferrable only in accordance with the provisions of the Agreement.

THIS NOTE SHALL BE CONSTRUED IN ACCORDANCE WITH AND BE GOVERNED BY THE LAW OF THE STATE OF NEW YORK.

EXTENDED STAY AMERICA, INC.

By:

Name:
Title:

EXHIBIT C

INCREMENTAL TERM LOAN COMMITMENT AGREEMENT

[Names(s) of Lenders(s)]

[Date]

Extended Stay America, Inc.
450 East Las Olas Boulevard
Suite 1100
Ft. Lauderdale, FL 33301

re Incremental Term Loan Commitments

Ladies and Gentlemen:

Reference is hereby made to the Credit Agreement, dated as of July 24, 2001 (as amended, modified or supplemented from time to time, the "Credit Agreement"), among Extended Stay America, Inc. (the "Borrower" or "you"), the lenders from time to time party thereto (the "Lenders") Morgan Stanley Senior Funding, Inc., as Sole Lead Arranger and Sole Book Runner (the "Lead Arranger") Bean Stearns Corporate Lending Inc. and Fleet National Bank, N.A., as Co-Syndication Agents and The Industrial Bank of Japan, Limited, as Administrative Agent (the "Administrative Agent"). Unless otherwise defined herein, capitalized terms used herein shall have the respective meanings set forth in the Credit Agreement.

Each Lender (each an "Incremental Term Loan Lender") party to this letter agreement (this "Agreement") hereby severally agrees to provide the Incremental Term Loan Commitments set forth opposite its name on Annex I attached hereto (for each such Incremental Term Loan Lender, its "Incremental Term Loan Commitment"). Each Incremental Term Loan Commitment provided pursuant to this Agreement shall be subject to the terms and conditions set forth in the Credit Agreement, including Section 1.14 thereof.

Each Incremental Term Loan Lender, the Borrower and the Lead Arranger acknowledge and agree that the Incremental Term Loan Commitments provided pursuant to this Agreement shall constitute Incremental Term Loan Commitments of the respective Tranche specified in Annex I attached hereto and, upon the incurrence of Incremental Term Loans pursuant to such Incremental Term Loan Commitments, shall constitute Incremental Term Loans under such specified Tranche for all purposes of the Credit Agreement and the other Credit Documents.

Each Incremental Term Loan Lender and the Borrower further agree that, with respect to the Incremental Term Loan Commitments provided by such Incremental Term Loan

Lender pursuant to this Agreement, such Incremental Term Loan Lender shall receive an upfront fee equal to that amount set forth opposite its name on Annex I attached hereto, which upfront fee shall be due and payable to such Incremental Term Loan Lender as set forth in such Annex I.

Each Incremental Term Loan Lender party to this Agreement (i)

confirms that it has received a copy of the Credit Agreement and the other Credit Documents, together with copies of the financial statements referred to therein and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Agreement and, to the extent applicable, to become a Lender under the Credit Agreement, (ii) agrees that it will, independently and without reliance upon the Administrative Agent or any other Lender and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Credit Agreement, (iii) appoints and authorizes the Administrative Agent and the Collateral Agent to take such action as agent on its behalf and to exercise such powers under the Credit Agreement and the other Credit Documents as are delegated to the Administrative Agent and the Collateral Agent, as the case may be, by the terms thereof, together with such powers as are reasonably incidental thereto, (iv) agrees that it will perform in accordance with their terms all of the obligations which by the terms of the Credit Agreement are required to be performed by it as a Lender, and (v) in the case of each lending institution organized under the laws of a jurisdiction outside the United States, attaches the applicable forms described in Section 4.04(b) of the Credit Agreement certifying as to its entitlement to a complete exemption from United States withholding taxes with respect to all payments to be made under the Credit Agreement and the other Credit Documents. Upon the execution of a counterpart of this Agreement by such Incremental Term Loan Lenders, the Administrative Agent and the Borrower, the delivery to the Administrative Agent of a fully executed copy (including by way of counterparts and by facsimile) hereof and, to the extent due pursuant to the terms hereof, the payment of any fees required in connection herewith, each Incremental Term Loan Lender party hereto (i) shall be obligated to make the Incremental Term Loans provided to be made by it as provided in this Agreement on the terms, and subject to the conditions, set forth in the Credit Agreement and (ii) to the extent provided in this Agreement, shall have the rights and obligations of a Lender thereunder and under the other Credit Documents.

The Borrower acknowledges and agrees that (i) it shall be liable for all Obligations with respect to the Incremental Term Loan Commitments provided hereby including, without limitation, any loans made pursuant thereto and (ii) all such Obligations (including any such loans) shall be entitled to the benefits of the Security Documents.

Each Subsidiary Guarantor acknowledges and agrees that all Obligations with respect to the Incremental Term Loan Commitments provided hereby and any loans made pursuant thereto shall (i) be fully guaranteed pursuant to the Subsidiaries Guaranty in accordance with the terms and provisions thereof and (ii) be entitled to the benefits of the Security Documents.

The Obligations to be incurred pursuant to the Incremental Term Loan Commitments provided hereunder are permitted by, and constitute "Senior Indebtedness" (or any similar term) under, the 9.15% Senior Subordinated Note Documents, the 9-7/8% Senior

Subordinated Note Documents, and attached hereto as Annex II are calculations showing that such Obligations are permitted by the terms of the aforementioned documentation.

Attached hereto as Annex III is an opinion of _____, counsel to the Borrower, delivered as required pursuant to Section 1.14(b)(iv) of the Credit Agreement.

You may accept this Agreement by signing the enclosed copies in the space provided below, and returning one copy of same to us before the close of business on _____ __, _____. If you do not so accept this Agreement by such time, our Incremental Term Loan Commitments set forth in this Agreement shall be deemed cancelled.

After the execution and delivery to the Administrative Agent of a fully executed copy of this Agreement (including by way of counterparts and by facsimile) by the parties hereto, this Agreement may only be changed,

modified or varied by written instrument in accordance with the requirements for the modification of Credit Documents pursuant to Section 13.12 of the Credit Agreement.

THIS AGREEMENT SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAW OF THE STATE OF NEW YORK.

Very truly yours,

[NAMES OF LENDERS]

By

Name:
Title:

Agreed and Accepted
this ___ day of _____, ____:

EXTENDED STAY AMERICA, INC.

By:

Name:
Title:

THE INDUSTRIAL BANK OF JAPAN, LIMITED,
as Administrative Agent

By:

Name:
Title:

[OTHER LENDERS]

TERMS AND CONDITIONS FOR INCREMENTAL TERM LOAN COMMITMENT AGREEMENT

1. Agreement Effective Date: _____.

2. Incremental Term Loan Commitment Amounts (as of the Agreement Effective Date):

Name of Lender	Amount of Incremental Term Loan Commitment
Total(1)	_____

3. Designation of Tranche:

4. Maturity Date.(2)

5. Dates for Incremental Term Loan Scheduled Repayments(3):

6. Up-Front Fee; Other Fees(4):

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1 Must be at least $50,000,000.

2 Insert maturity date for the Incremental Term Loans to be incurred pursuant to the Incremental Term Loan Commitments provided hereunder, provided that in no event shall the maturity date be earlier than the B Maturity Date.

3 Set forth the dates for Incremental Term Loan Scheduled Repayments and the principal amount (expressed as a dollar amount or as a percentage of the aggregate amount of Incremental Term Loans to be incurred pursuant to the Incremental Term Loan Commitments provided hereunder), provided that in no event shall the Weighted Average Life to Maturity of the Incremental Term Loans to be incurred pursuant to the Incremental Term Loan Commitments provided hereunder be less than the Weighted Average Life to Maturity applicable to the B Term Loans. To the extent the Incremental Term Loan Commitments provided hereunder are being provided under the B Term Loan Tranche, the principal amount of each Incremental Term Loan Scheduled Repayment shall comply with the provisions contained in clause (ii) of the proviso appearing in Section 4.02(b)(v) of the Credit Agreement.

7. Interest Rates:

(...continued)

4 Insert up-front fees and any other fees as may be agreed to by the Borrower, the Administrative Agent and the Incremental Term Loan Lenders with respect to the Incremental Term Loan Commitments.

EXHIBIT H

PLEDGE AGREEMENT

PLEDGE AGREEMENT (as amended, modified or supplemented from time to time, this "Agreement"), dated as of July 24, 2001, made by each of the undersigned pledgors (each a "Pledgor" and, together with any other entity that becomes a pledgor hereunder pursuant to Section 25 hereof, the "Pledgors") to The Industrial Bank of Japan, Limited, as Collateral Agent (together with any successor Collateral Agent, the "Pledgee"), for the benefit of the Secured Creditors (as defined below). Except as otherwise defined herein, all capitalized terms used herein and defined in the Credit Agreement (as defined below) shall be used herein as therein defined.

W I T N E S S E T H :
- - - - - - - - - -

WHEREAS, Extended Stay America, Inc. (the "Borrower"), the lenders from time to time party thereto (the "Lenders"), Morgan Stanley Senior Funding, Inc., as Sole Lead Arranger and Sole Book Runner, Bear Stearns Corporate Lending Inc. and Fleet National Bank, as Co-Syndication Agents, and The Industrial Bank of Japan, Limited, as Administrative Agent (together with any successor Administrative Agent, the "Administrative Agent"), have entered into a Credit Agreement dated as of July 24, 2001 (as amended, modified or supplemented from time to time, the "Credit Agreement"), providing for the making of Loans to, and the issuance of Letters of Credit for the account of, the Borrower as contemplated therein (the Lenders, each Issuing Lender, the Administrative Agent and the Pledgee are herein called the "Lender Creditors") ;

WHEREAS, one or more Pledgors may at any time and from time to time after the date hereof enter into, or guaranty the obligations of one or more other Pledgors or any of their respective Subsidiaries under, one or more Interest Rate Protection Agreements or Other Hedging Agreements with one or more Lender Creditors or any affiliate thereof (each such Lender Creditor or affiliate, even if the respective Lender Creditor subsequently ceases to be a Lender under the Credit Agreement for any reason, together with such Lender Creditor's or affiliate's successors and assigns, if any, collectively, the "Other Creditors" and, together with the Lender Creditors, are herein called the "Secured Creditors");

WHEREAS, it is a condition precedent to the making of Loans to, and the issuance of Letters of Credit for the account of, the Borrower under the Credit Agreement that each Pledgor shall have executed and delivered to the Pledgee this Agreement; and

WHEREAS, each Pledgor desires to enter into this Agreement in order to satisfy the condition described in the preceding paragraph;

NOW, THEREFORE, in consideration of the foregoing and other benefits accruing to each Pledgor, the receipt and sufficiency of which are hereby acknowledged, each Pledgor hereby makes the following representations and warranties to the Pledgee for the benefit of the

Secured Creditors and hereby covenants and agrees with the Pledgee for the benefit of the Secured Creditors as follows:

1. SECURITY FOR OBLIGATIONS. This Agreement is made by each Pledgor for the benefit of the Secured Creditors to secure:

(i) the full and prompt payment when due (whether at the stated maturity, by acceleration or otherwise) of all obligations, liabilities and indebtedness (including, without limitation, principal, premium, interest, reimbursement obligations, fees and indemnities (including, without limitation, all interest that accrues after the commencement of any case, proceeding or other action relating to the bankruptcy, insolvency, reorganization or similar proceeding of any Pledgor at the rate provided for in the respective documentation, whether or not a claim for post-petition interest is allowed in any such proceeding)) of such Pledgor to the Lender Creditors, whether now existing or hereafter incurred under, arising out of, or in connection

with, the Credit Agreement and the other Credit Documents to which such Pledgor is a party (including, in the case of each Pledgor that is a Subsidiary Guarantor, all such obligations, liabilities and indebtedness of such Pledgor under the Subsidiaries Guaranty) and the due performance and compliance by such Pledgor with all of the terms, conditions and agreements contained in the Credit Agreement and in such other Credit Documents (all such obligations, liabilities and indebtedness under this clause (i), except to the extent consisting of obligations, liabilities or indebtedness with respect to Interest Rate Protection Agreements or Other Hedging Agreements, being herein collectively called the "Credit Document Obligations");

(ii) the full and prompt payment when due (whether at the stated maturity, by acceleration or otherwise) of all obligations, liabilities and indebtedness (including, without limitation, all interest that accrues after the commencement of any case, proceeding or other action relating to the bankruptcy, insolvency, reorganization or similar proceeding of any Pledgor at the rate provided for in the respective documentation, whether or not a claim for post-petition interest is allowed in any such proceeding) owing by such Pledgor to the Other Creditors under, or with respect to, any Interest Rate Protection Agreement or Other Hedging Agreement (including, in the case of each Pledgor that is a Subsidiary Guarantor, all such obligations, liabilities and indebtedness of such Pledgor under the Subsidiaries Guaranty), whether such Interest Rate Protection Agreement or Other Hedging Agreement is now in existence or hereafter arising, and the due performance and compliance by such Pledgor with all of the terms, conditions and agreements contained therein (all such obligations, liabilities and indebtedness described in this clause (ii) being herein collectively called the "Other Obligations");

(iii) any and all sums advanced by the Pledgee in order to preserve the Collateral (as hereinafter defined) or preserve its security interest in the Collateral;

(iv) in the event of any proceeding for the collection or enforcement of any indebtedness, obligations or liabilities of such Pledgor referred to in clauses (i) and (ii)

above, after an Event of Default shall have occurred and be continuing, the reasonable expenses of retaking, holding, preparing for sale or lease, selling or otherwise disposing of or realizing on the Collateral, or of any exercise by the Pledgee of its rights hereunder, together with reasonable attorneys' fees and court costs; and

(v) all amounts paid by any Secured Creditor as to which such Secured Creditor has the right to reimbursement under Section 11 of this Agreement;

all such obligations, liabilities, sums and expenses set forth in clauses (i) through (v) of this Section 1 being herein collectively called the "Obligations," it being acknowledged and agreed that the "Obligations" shall include extensions of credit of the types described above, whether outstanding on the date of this Agreement or extended from time to time after the date of this Agreement.

2. DEFINITIONS. (a) Reference to singular terms shall include the plural and vice versa.

(b) The following capitalized terms used herein shall have the definitions specified below:

"Administrative Agent" has the meaning set forth in the Recitals hereto.

"Adverse Claim" has the meaning given such term in Section 8-102(a)(1) of the UCC.

"Agreement" has the meaning set forth in the first paragraph hereof.

"Borrower" has the meaning set forth in the Recitals hereto.

"Certificated Security" has the meaning given such term in Section 8-102(a)(4) of the UCC.

"Clearing Corporation" has the meaning given such term in Section 8-102(a)(5) of the UCC.

"Collateral" has the meaning set forth in Section 3.1 hereof.

"Collateral Accounts" means any and all accounts established and maintained by the Pledgee in the name of any Pledgor to which Collateral may be credited.

"Credit Agreement" has the meaning set forth in the Recitals hereto.

"Credit Document Obligations" has the meaning set forth in Section 1(i) hereof.

"Domestic Corporation" has the meaning set forth in the definition of "Stock."

"Domestic Subsidiary" means, as to any Person, each Subsidiary of such Person that is incorporated under the laws of the United States, any State thereof or the District of Columbia.

"Event of Default" means any Event of Default under, and as defined in, the Credit Agreement and shall in any event include, without limitation, any payment default on any of the Obligations after the expiration of any applicable grace period.

"Financial Asset" has the meaning given such term in Section 8-102(a)(9) of the UCC.

"Foreign Corporation" has the meaning set forth in the definition of "Stock."

"Indemnitees" has the meaning set forth in Section 11 hereof.

"Instrument" has the meaning given such term in Section 9-102(a)(47) of the UCC.

"Investment Property" has the meaning given such term in Section 9-102(a)(49) of the UCC.

"Lender Creditors" has the meaning set forth in the Recitals hereto.

"Lenders" has the meaning set forth in the Recitals hereto.

"Limited Liability Company Assets" means all assets, whether tangible or intangible and whether real, personal or mixed (including, without limitation, all limited liability company capital and interest in other limited liability companies), at any time owned or represented by any Limited Liability Company Interest.

"Limited Liability Company Interests" means the entire limited liability company membership interest at any time owned by any Pledgor in any limited liability company.

"Non-Voting Stock" means all capital stock which is not Voting Stock.

"Notes" means all promissory notes from time to time issued to, or held by, each Pledgor.

"Obligations" has the meaning set forth in Section 1 hereof.

"Other Creditors" has the meaning set forth in the Recitals hereto.

"Other Obligations" has the meaning set forth in Section 1(ii) hereof.

"Partnership Assets" means all assets, whether tangible or intangible and whether real, personal or mixed (including, without limitation, all partnership capital and interest in other partnerships), at any time owned or represented by any Partnership Interest.

"Partnership Interest" means the entire general partnership interest or limited partnership interest at any time owned by any Pledgor in any general partnership or limited partnership.

"Person" means any individual, partnership, joint venture, firm, corporation, association, limited liability company, trust or other enterprise or any government or political subdivision or any agency, department or instrumentality thereof.

"Pledged Notes" has the meaning set forth in Section 3.5 hereof.

"Pledgee" has the meaning set forth in the first paragraph hereof.

"Pledgor" has the meaning set forth in the first paragraph hereof.

"Proceeds" has the meaning given such term in Section 9-102(a)(64) of the UCC.

"Required Secured Creditors" has the meaning provided in the Security Agreement.

"Secured Creditors" has the meaning set forth in the Recitals hereto.

"Secured Debt Agreements" means and includes this Agreement, the other Credit Documents and the Interest Rate Protection Agreements and Other Hedging Agreements entered into with any Other Creditors.

"Securities Account" has the meaning given such term in Section 8-501(a) of the UCC.

"Securities Act" means the Securities Act of 1933, as amended, as in effect from time to time.

"Security" and "Securities" has the meaning given such term in Section 8-102(a)(15) of the UCC and shall in any event also include all Stock and all Notes.

"Security Entitlement" has the meaning given such term in Section 8-102(a)(17) of the UCC.

"Stock" means (x) with respect to corporations incorporated under the laws of the United States or any State thereof or the District of Columbia (each a "Domestic Corporation"), all of the issued and outstanding shares of capital stock of any corporation at any time owned by any Pledgor of any Domestic Corporation and (y) with respect to corporations not Domestic Corporations (each a "Foreign Corporation"), all of the issued and outstanding shares of capital stock at any time owned by any Pledgor of any Foreign Corporation.

"Subsidiary" means, as to any Person, (i) any corporation more than 50% of whose stock of any class or classes having by the terms thereof ordinary voting power to elect a majority of the directors of such corporation (irrespective of whether or not at the time stock of

any class or classes of such corporation shall have or might have voting power by reason of the happening of any contingency) is at the time owned by such Person and/or one or more Subsidiaries of such Person and (ii) any partnership, limited liability company, association, joint venture or other entity in which such Person and/or one or more Subsidiaries of such Person has more than a 50% equity interest at the time.

"Termination Date" has the meaning set forth in Section 20 hereof.

"UCC" means the Uniform Commercial Code as in effect in the State of New York from time to time; provided that all references herein to specific sections or subsections of the UCC are references to such sections or subsections, as the case may be, of the Uniform Commercial Code as in effect in the State of New York on the date hereof.

"Uncertificated Security" has the meaning given such term in Section 8-102(a)(18) of the UCC.

"Voting Stock" means all classes of capital stock of any Foreign Corporation entitled to vote.

3. PLEDGE OF SECURITIES, ETC.

3.1 Pledge. To secure the Obligations now or hereafter owed or to be performed by such Pledgor, each Pledgor does hereby grant, pledge and assign to the Pledgee for the benefit of the Secured Creditors, and does hereby create a continuing security interest in favor of the Pledgee for the benefit of the Secured Creditors in, all of the right, title and interest in and to the following, whether now existing or hereafter from time to time acquired (collectively, the "Collateral"):

(a) each of the Collateral Accounts, including any and all assets of whatever type or kind deposited by such Pledgor in such Collateral Account, whether now owned or hereafter acquired, existing or arising, including, without limitation, all Financial Assets, Investment Property, moneys, checks, drafts, Instruments, Securities or interests therein of any type or nature deposited or required by the Credit Agreement or any other Secured Debt Agreement to be deposited in such Collateral Account, and all investments and all certificates and other Instruments (including depository receipts, if any) from time to time representing or evidencing the same, and all dividends, interest, distributions, cash and other property from time to time received, receivable or otherwise distributed in respect of or in exchange for any or all of the foregoing;

(b) all Securities owned by such Pledgor from time to time and all options and warrants owned by such Pledgor from time to time to purchase Securities;

(c) all Limited Liability Company Interests owned by such Pledgor from time to time and all of its right, title and interest in each limited liability company to which each such interest relates, whether now existing or hereafter acquired, including, without

limitation, to the fullest extent permitted under the terms and provisions of the documents and agreements governing such Limited Liability Company Interests and applicable law:

(A) all the capital thereof and its interest in all profits, losses, Limited Liability Company Assets and other distributions to which such Pledgor shall at any time be entitled in respect of such Limited Liability Company Interests;

(B) all other payments due or to become due to such Pledgor in respect of Limited Liability Company Interests, whether under any limited liability company agreement or otherwise, whether as contractual obligations, damages, insurance proceeds or otherwise;

(C) all of its claims, rights, powers, privileges, authority, options, security interests, liens and remedies, if any, under any limited liability company agreement or operating agreement, or at law or otherwise in respect of such Limited Liability Company Interests;

(D) all present and future claims, if any, of such Pledgor against any such limited liability company for moneys loaned or advanced, for services rendered or otherwise;

(E) all of such Pledgor's rights under any limited liability company agreement or operating agreement or at law to exercise and enforce every right, power, remedy, authority, option and privilege of such Pledgor relating to such Limited Liability Company Interests, including any power to terminate, cancel or modify any limited liability company agreement or operating agreement, to execute any instruments and to take any and all other action on behalf of and in the name of any of such Pledgor in respect of such Limited Liability Company Interests and any such limited liability company, to make determinations, to exercise any election (including, but not limited to, election of remedies) or option or to give or receive any notice, consent, amendment, waiver or approval, together with full power and authority to demand, receive, enforce, collect or receipt for any of the foregoing or for any Limited Liability Company Asset, to enforce or execute any checks, or other instruments or orders, to file any claims and to take any action in connection with any of the foregoing; and

(F) all other property hereafter delivered in substitution for or in addition to any of the foregoing, all certificates and instruments representing or evidencing such other property and all cash, securities, interest, dividends, rights and other property at any time and from time to time received, receivable or otherwise distributed in respect of or in exchange for any or all thereof;

(d) all Partnership Interests owned by such Pledgor from time to time and all of its right, title and interest in each partnership to which each such interest relates, whether now existing or hereafter acquired, including, without limitation, to the fullest

extent permitted under the terms and provisions of the documents and agreements governing such Partnership Interests and applicable law:

(A) all the capital thereof and its interest in all profits, losses, Partnership Assets and other distributions to which such Pledgor shall at any time be entitled in respect of such Partnership Interests;

(B) all other payments due or to become due to such Pledgor in respect of Partnership Interests, whether under any partnership agreement or otherwise, whether as contractual obligations, damages, insurance proceeds or otherwise;

(C) all of its claims, rights, powers, privileges, authority, options, security interests, liens and remedies, if any, under any partnership agreement or operating agreement, or at law or otherwise in respect of such Partnership Interests;

(D) all present and future claims, if any, of such Pledgor against any such partnership for moneys loaned or advanced, for services rendered or otherwise;

(E) all of such Pledgor's rights under any partnership agreement or operating agreement or at law to exercise and enforce every right, power, remedy, authority, option and privilege of such Pledgor relating to such Partnership Interests, including any power to terminate, cancel or modify any partnership agreement or operating agreement, to execute any instruments and to take any and all other action on behalf of and in the name of any of such Pledgor in respect of such Partnership Interests and any such partnership, to make determinations, to exercise any election (including, but not limited to, election of remedies) or option or to give or receive any notice, consent, amendment, waiver or approval, together with full power and authority to demand, receive, enforce, collect or receipt for any of the foregoing or for any Partnership Asset, to enforce or execute any checks, or other instruments or orders, to file any claims and to take any action in connection with any of the foregoing; and

(F) all other property hereafter delivered in substitution for or in addition to any of the foregoing, all certificates and instruments representing or evidencing such other property and all cash, securities, interest, dividends, rights and other property at any time and from time to time received, receivable or otherwise distributed in respect of or in exchange for any or all thereof;

(e) all Security Entitlements owned by such Pledgor from time to time in any and all of the foregoing;

(f) all Financial Assets and Investment Property owned by such Pledgor from time to time; and

(g) all Proceeds of any and all of the foregoing.

Notwithstanding anything to the contrary contained in this Section 3.1, (x) except as otherwise provided in Section 8.12 of the Credit Agreement, no Pledgor (to the extent that it is the Borrower or a Domestic Subsidiary of the Borrower) shall be required at any time to pledge hereunder more than 65% of the Voting Stock of any Foreign Corporation and (y) each Pledgor shall be required to pledge hereunder 100% of any Non-Voting Stock at any time and from time to time acquired by such Pledgor of any Foreign Corporation.

3.2. Procedures. (a) To the extent that any Pledgor at any time or from time to time owns, acquires or obtains any right, title or interest in any Collateral, such Collateral shall automatically (and without the taking of any action by the respective Pledgor) be pledged pursuant to Section 3.1 of this Agreement and, in addition thereto, such Pledgor shall (to the extent provided below) take the following actions as set forth below (as promptly as practicable and, in any event, within 10 days after it obtains such Collateral)

for the benefit of the Pledgee and the Secured Creditors:

(i) with respect to a Certificated Security (other than a Certificated Security credited on the books of a Clearing Corporation), the respective Pledgor shall deliver such Certificated Security to the Pledgee, indorsed to the Pledgee or indorsed in blank;

(ii) with respect to an Uncertificated Security (other than an Uncertificated Security credited on the books of a Clearing Corporation), the respective Pledgor shall cause the issuer of such Uncertificated Security (or, in the case of an issuer that is not a Subsidiary of such Pledgor, will use reasonable efforts to cause such issuer) to duly authorize and execute, and deliver to the Pledgee, an agreement for the benefit of the Pledgee and the other Secured Creditors substantially in the form of Annex H hereto (appropriately completed to the reasonable satisfaction of the Pledgee and with such modifications, if any, as shall be reasonably satisfactory to the Pledgee) pursuant to which such issuer agrees to comply with any and all instructions originated by the Pledgee without further consent by the registered owner and not to comply with instructions regarding such Uncertificated Security originated by any other Person other than a court of competent jurisdiction;

(iii) with respect to a Certificated Security, Uncertificated Security, Partnership Interest or Limited Liability Company Interest credited on the books of a Clearing Corporation (including a Federal Reserve Bank, Participants Trust Company or The Depository Trust Company), the respective Pledgor shall promptly notify the Pledgee thereof and shall promptly take all actions required (i) to comply with the applicable rules of such Clearing Corporation and (ii) to perfect the security interest of the Pledgee under applicable law (including, in any event, under Sections 9-312(a) and (b), 9-106 and 8-106(d) of the UCC). The Pledgor further agrees to take such actions as the Pledgee deems reasonably necessary or desirable to effect the foregoing;

(iv) with respect to a Partnership Interest or a Limited Liability Company Interest (other than a Partnership Interest or Limited Liability Interest credited on the books of a

Clearing Corporation), (1) if such Partnership Interest or Limited Liability Company Interest is represented by a certificate and is a Security for purposes of the UCC, the procedure set forth in Section 3.2(a)(i) hereof, and (2) if such Partnership Interest or Limited Liability Company Interest is not represented by a certificate or is not a Security for purposes of the UCC, the procedure set forth in Section 3.2(a)(ii) hereof;

(v) with respect to any Note, delivery of such Note to the Pledgee, indorsed to the Pledgee or indorsed in blank; and

(vi) with respect to cash proceeds from any of the Collateral described in Section 3.1 hereof, (i) establishment by the Pledgee of a cash account in the name of such Pledgor over which the Pledgee shall have exclusive and absolute control and dominion (and no withdrawals or transfers may be made therefrom by any Person except with the prior written consent of the Pledgee) and (ii) deposit of such cash in such cash account.

(b) In addition to the actions required to be taken pursuant to Section 3.2(a) hereof, each Pledgor shall take the following additional actions with respect to the Securities and Collateral:

(i) with respect to all Collateral of such Pledgor whereby or with respect to which the Pledgee may obtain "control" thereof within the meaning of Section 8-106 of the UCC (or under any provision of the UCC as same may be amended or supplemented from time to time, or under the laws of any relevant State other than the State of New York), the respective Pledgor shall take all actions as may be reasonably

requested from time to time by the Pledgee so that "control" of such Collateral is obtained and at all times held by the Pledgee; and

(ii) each Pledgor shall from time to time cause appropriate financing statements (on Form UCC-1 or other appropriate form) under the Uniform Commercial Code as in effect in the various relevant States, covering all Collateral hereunder (with the form of such financing statements to be satisfactory to the Pledgee), to be filed in the relevant filing offices so that at all times the Pledgee has a security interest in all Investment Property and other Collateral which is perfected by the filing of such financing statements (in each case to the maximum extent perfection by filing may be obtained under the laws of the relevant States, including, without limitation, Section 9-312(a) of the UCC).

3.3. Subsequently Acquired Collateral. If any Pledgor shall acquire (by purchase, stock dividend or similar distribution or otherwise) any additional Collateral at any time or from time to time after the date hereof, such Collateral shall automatically (and without any further action being required to be taken) be subject to the pledge and security interests created pursuant to Section 3.1 hereof and, furthermore, the respective Pledgor will promptly thereafter take (or cause to be taken) all action with respect to such Collateral in accordance with the procedures set forth in Section 3.2 hereof, and will promptly thereafter deliver to the Pledgee (i) a certificate executed by a principal executive officer of such Pledgor describing such Collateral and certifying that the same has been duly pledged in favor of the Pledgee (for the benefit of the Secured Creditors) hereunder and (ii) supplements to Annexes A through G hereto as are

reasonably necessary to cause such annexes to be complete and accurate at such time. Without limiting the foregoing, each Pledgor shall be required to pledge hereunder any shares of stock at any time and from time to time after the date hereof acquired by such Pledgor of any Foreign Corporation, provided that (x) except as provided in Section 8.12 of the Credit Agreement, no Pledgor (to the extent that it is the Borrower or a Domestic Subsidiary of the Borrower) shall be required at any time to pledge hereunder more than 65% of the Voting Stock of any Foreign Corporation and (y) each Pledgor shall be required to pledge hereunder 100% of any Non-Voting Stock at any time and from time to time acquired by such Pledgor of any Foreign Corporation.

3.4. Transfer Taxes. Each pledge of Collateral under Section 3.1 or Section 3.3 hereof shall be accompanied by any transfer tax stamps required in connection with the pledge of such Collateral.

3.5. Definition of Pledged Notes. All Notes at any time pledged or required to be pledged hereunder are hereinafter called the "Pledged Notes".

3.6. Certain Representations and Warranties Regarding the Collateral. Each Pledgor represents and warrants that on the date hereof: (i) the jurisdiction of organization of such Pledgor, and such Pledgor's organizational identification number, is listed on Annex A hereto; (ii) each Subsidiary of such Pledgor, and the direct ownership thereof, is listed in Annex B hereto; (iii) the Stock (and any warrants or options to purchase Stock) held by such Pledgor consists of the number and type of shares of the stock (or warrants or options to purchase any stock) of the corporations as described in Annex C hereto; (iv) such Stock constitutes that percentage of the issued and outstanding capital stock of the issuing corporation as is set forth in Annex C hereto; (v) the Notes held by such Pledgor consist of the promissory notes described in Annex D hereto where such Pledgor is listed as the lender; (vi) the Limited Liability Company Interests held by such Pledgor consist of the number and type of interests of the Persons described in Annex E hereto; (vii) each such Limited Liability Company Interest constitutes that percentage of the issued and outstanding equity interest of the issuing Person as set forth in Annex E hereto; (viii) the Partnership Interests held by such Pledgor consist of the number and type of interests of the Persons described in Annex F hereto; (ix) each such Partnership Interest constitutes that percentage or portion of

the entire partnership interest of the Partnership as set forth in Annex F hereto; (x) the Pledgor has complied with the respective procedure set forth in Section 3.2(a) hereof with respect to each item of Collateral described in Annexes C through F hereto; and (xi) on the date hereof, such Pledgor owns no other Securities, Limited Liability Company Interests or Partnership Interests.

4. APPOINTMENT OF SUB-AGENTS; ENDORSEMENTS, ETC. If and to the extent necessary to enable the Pledgee to perfect its security interest in any of the Collateral or to exercise any of its remedies hereunder, the Pledgee shall have the right to appoint one or more sub-agents for the purpose of retaining physical possession of the Collateral, which may be held (in the discretion of the Pledgee) in the name of the relevant Pledgor, endorsed or assigned in blank or in favor of the Pledgee or any nominee or nominees of the Pledgee or a sub-agent appointed by the Pledgee.

5. VOTING, ETC., WHILE NO EVENT OF DEFAULT. Unless and until there shall have occurred and be continuing an Event of Default, each Pledgor shall be entitled to exercise any and all voting and other consensual rights pertaining to the Collateral owned by it, and to give consents, waivers or ratifications in respect thereof; provided that, in each case, no vote shall be cast or any consent, waiver or ratification given or any action taken or omitted to be taken which would violate or be inconsistent with any of the terms of any Secured Debt Agreement, or which could reasonably be expected to have the effect of impairing the value of the Collateral or any part thereof or the position or interests of the Pledgee or any other Secured Creditor in the Collateral unless expressly permitted by the terms of the Secured Debt Agreements. All such rights of each Pledgor to vote and to give consents, waivers and ratifications shall cease in case an Event of Default has occurred and is continuing, and Section 7 hereof shall become applicable.

6. DIVIDENDS AND OTHER DISTRIBUTIONS. Unless and until there shall have occurred and be continuing an Event of Default, all cash dividends, cash distributions, cash Proceeds and other cash amounts payable in respect of the Collateral shall be paid to the respective Pledgor. The Pledgee shall be entitled to receive directly, and to retain as part of the Collateral:

(i) all other or additional stock, notes, limited liability company interests, partnership interests, instruments or other securities or property (other than cash) paid or distributed by way of dividend or otherwise in respect of the Collateral;

(ii) all other or additional stock, notes, limited liability company interests, partnership interests, instruments or other securities paid or distributed in respect of the Collateral by way of stock-split, spin-off, split-up, reclassification, combination of shares or similar rearrangement; and

(iii) all other or additional stock, notes, limited liability company interests, partnership interests, instruments or other securities or property which may be paid in respect of the Collateral by reason of any consolidation, merger, exchange of stock, conveyance of assets, liquidation or similar corporate or other reorganization.

All dividends, distributions or other payments which are received by any Pledgor contrary to the provisions of this Section 6 and Section 7 hereof shall be received in trust for the benefit of the Pledgee, shall be segregated from other property or funds of such Pledgor and shall be forthwith paid over to the Pledgee as Collateral in the same form as so received (with any necessary endorsement).

7. REMEDIES IN CASE OF AN EVENT OF DEFAULT. If there shall have occurred and be continuing an Event of Default, then and in every such case, the Pledgee shall be entitled to exercise all of the rights, powers and remedies (whether vested in it by this Agreement, any other Secured Debt Agreement or by law) for the protection and enforcement of its rights in respect of the Collateral, and the Pledgee shall be entitled to exercise all the rights and remedies of a secured party under the Uniform Commercial Code as in effect

in any relevant

jurisdiction and also shall be entitled, without limitation, to exercise the following rights, which each Pledgor hereby agrees to be commercially reasonable:

(i) to receive all amounts payable in respect of the Collateral otherwise payable under Section 6 hereof to the respective Pledgor;

(ii) to transfer all or any part of the Collateral into the Pledgee's name or the name of its nominee or nominees;

(iii) to accelerate any Pledged Note which may be accelerated in accordance with its terms, and take any other lawful action to collect upon any Pledged Note (including, without limitation, to make any demand for payment thereon);

(iv) to vote all or any part of the Collateral (whether or not transferred into the name of the Pledgee) and give all consents, waivers and ratifications in respect of the Collateral and otherwise act with respect thereto as though it were the outright owner thereof (each Pledgor hereby irrevocably constituting and appointing the Pledgee the proxy and attorney-in-fact of such Pledgor, with full power of substitution to do so);

(v) at any time and from time to time to sell, assign and deliver, or grant options to purchase, all or any part of the Collateral, or any interest therein, at any public or private sale, without demand of performance, advertisement or notice of intention to sell or of the time or place of sale or adjournment thereof or to redeem or otherwise (all of which are hereby waived by each Pledgor), for cash, on credit or for other property, for immediate or future delivery without any assumption of credit risk, and for such price or prices and on such terms as the Pledgee in its absolute discretion may determine, provided that at least 10 days' written notice of the time and place of any such sale shall be given to the respective Pledgor. The Pledgee shall not be obligated to make any such sale of Collateral regardless of whether any such notice of sale has theretofore been given. Each Pledgor hereby waives and releases to the fullest extent permitted by law any right or equity of redemption with respect to the Collateral, whether before or after sale hereunder, and all rights, if any, of marshalling the Collateral and any other security for the Obligations or otherwise. At any such sale, unless prohibited by applicable law, the Pledgee on behalf of the Secured Creditors may bid for and purchase all or any part of the Collateral so sold free from any such right or equity of redemption. Neither the Pledgee nor any other Secured Creditor shall be liable for failure to collect or realize upon any or all of the Collateral or for any delay in so doing nor shall any of them be under any obligation to take any action whatsoever with regard thereto; and

(vi) to set-off any and all Collateral against any and all Obligations, and to withdraw any and all cash or other Collateral from any and all Collateral Accounts and to apply such cash and other Collateral to the payment of any and all Obligations.

8. REMEDIES, ETC., CUMULATIVE. Each and every right, power and remedy of the Pledgee provided for in this Agreement or in any other Secured Debt Agreement, or now or hereafter existing at law or in equity or by statute shall be cumulative and concurrent and shall

be in addition to every other such right, power or remedy. The exercise or beginning of the exercise by the Pledgee or any other Secured Creditor of any one or more of the rights, powers or remedies provided for in this Agreement or any other Secured Debt Agreement or now or hereafter existing at law or in equity or by statute or otherwise shall not preclude the simultaneous or later exercise by the Pledgee or any other Secured Creditor of all such other rights, powers or remedies, and no failure or delay on the part of the Pledgee or any other Secured Creditor to exercise any such right, power or remedy shall operate as a waiver thereof. No notice to or demand on any Pledgor in any case shall entitle it to any other or further notice or demand in similar or other circumstances or constitute a waiver of any of the rights of the Pledgee or any other Secured Creditor to any other or further action in any circumstances without notice or demand. The Secured Creditors agree that this Agreement may be enforced only by the action of the Pledgee, in each case acting upon the instructions of the Required Secured Creditors as provided in the Security Agreement, and that no other Secured Creditor shall have any right individually to seek to enforce or to enforce this Agreement or to realize upon the security to be granted hereby, it being understood and agreed that such rights and remedies may be exercised by the Pledgee for the benefit of the Secured Creditors upon the terms of this Agreement and the Security Agreement.

9. APPLICATION OF PROCEEDS. (a) All monies collected by the Pledgee upon any sale or other disposition of the Collateral pursuant to the terms of this Agreement, together with all other monies received by the Pledgee hereunder, shall be applied in the manner provided in the Security Agreement.

(b) It is understood and agreed that the Pledgors shall remain jointly and severally liable to the extent of any deficiency between the amount of the proceeds of the Collateral hereunder and the aggregate amount of the Obligations.

10. PURCHASERS OF COLLATERAL. Upon any sale of the Collateral by the Pledgee hereunder (whether by virtue of the power of sale herein granted, pursuant to judicial process or otherwise), the receipt of the Pledgee or the officer making the sale shall be a sufficient discharge to the purchaser or purchasers of the Collateral so sold, and such purchaser or purchasers shall not be obligated to see to the application of any part of the purchase money paid over to the Pledgee or such officer or be answerable in any way for the misapplication or nonapplication thereof.

11. INDEMNITY. Each Pledgor jointly and severally agrees (i) to indemnify and hold harmless the Pledgee and each other Secured Creditor and their respective successors, assigns, employees, agents and affiliates (individually an "Indemnitee," and collectively the "Indemnitees") from and against any and all claims, demands, losses, judgments and liabilities (including liabilities for penalties) of whatsoever kind or nature, and (ii) to reimburse each Indemnitee for all reasonable costs and expenses, including reasonable attorneys' fees, in each case growing out of or resulting from this Agreement or the exercise by any Indemnitee of any right or remedy granted to it hereunder or under any other Secured Debt Agreement (but excluding any claims, demands, losses, judgments and liabilities or expenses to the extent incurred by reason of gross negligence or willful misconduct of such Indemnitee (as determined by a court of competent jurisdiction in a final and non-appealable decision)). In no event shall

the Pledgee be liable, in the absence of gross negligence or willful misconduct on its part, for any matter or thing in connection with this Agreement other than to account for monies actually received by it in accordance with the terms hereof. If and to the extent that the obligations of any Pledgor under this Section 11 are unenforceable for any reason, such Pledgor hereby agrees to make the maximum contribution to the payment and satisfaction of such obligations which is permissible under applicable law.

12. PLEDGEE NOT A PARTNER OR LIMITED LIABILITY COMPANY MEMBER.

(a) Nothing herein shall be construed to make the Pledgee or any other Secured Creditor liable as a member of any limited liability company or as a partner of any partnership and neither the Pledgee nor any other Secured Creditor by virtue of this Agreement or otherwise (except as referred to in the following sentence) shall have any of the duties, obligations or liabilities of a member of any limited liability company or partnership. The parties hereto expressly agree that, unless the Pledgee shall become the absolute owner of Collateral consisting of a Limited Liability Company Interest or Partnership Interest pursuant hereto, this Agreement shall not be construed as creating a partnership or joint venture among the Pledgee, any other Secured Creditor, any Pledgor and/or any other Person.

(b) Except as provided in the last sentence of paragraph (a) of this Section 12, the Pledgee, by accepting this Agreement, did not intend to become a member of any limited liability company or a partner of any partnership or otherwise be deemed to be a co-venturer with respect to any Pledgor, any limited liability company, partnership and/or any other Person either before or after an Event of Default shall have occurred. The Pledgee shall have only those powers set forth herein and the Secured Creditors shall assume none of the duties, obligations or liabilities of a member of any limited liability company or as a partner of any partnership or any Pledgor except as provided in the last sentence of paragraph (a) of this Section 12.

(c) The Pledgee and the other Secured Creditors shall not be obligated to perform or discharge any obligation of any Pledgor as a result of the pledge hereby effected.

(d) The acceptance by the Pledgee of this Agreement, with all the rights, powers, privileges and authority so created, shall not at any time or in any event obligate the Pledgee or any other Secured Creditor to appear in or defend any action or proceeding relating to the Collateral to which it is not a party, or to take any action hereunder or thereunder, or to expend any money or incur any expenses or perform or discharge any obligation, duty or liability under the Collateral.

13. FURTHER ASSURANCES; POWER-OF-ATTORNEY. (a) Each Pledgor agrees that it will join with the Pledgee in executing and, at such Pledgor's own expense, file and refile under the Uniform Commercial Code or other applicable law such financing statements, continuation statements and other documents in such offices as the Pledgee may deem reasonably necessary and wherever required by law in order to perfect and preserve the Pledgee's security interest in the Collateral and hereby authorizes the Pledgee to file financing statements and amendments thereto relative to all or any part of the Collateral without the signature of such Pledgor where permitted by law, and agrees to do such further acts and things and to execute and deliver to the Pledgee such additional conveyances, assignments, agreements and instruments as

the Pledgee may reasonably require or deem necessary to carry into effect the purposes of this Agreement or to further assure and confirm unto the Pledgee its rights, powers and remedies hereunder.

(b) Each Pledgor hereby appoints the Pledgee such Pledgor's attorney-in-fact, with full authority in the place and stead of such Pledgor and in the name of such Pledgor or otherwise, to act from time to time solely after the occurrence and during the continuance of an Event of Default in the Pledgee's reasonable discretion to take any action and to execute any instrument which the Pledgee may deem reasonably necessary or advisable to accomplish the purposes of this Agreement.

14. THE PLEDGEE AS AGENT. The Pledgee will hold in accordance with this Agreement all items of the Collateral at any time received under this Agreement. It is expressly understood and agreed by each Secured Creditor that by accepting the benefits of this Agreement each such Secured Creditor acknowledges and agrees that the obligations of the Pledgee as holder of the Collateral and interests therein and with respect to the disposition thereof, and otherwise under this Agreement, are only those expressly set forth in this Agreement and in Section 12 of the Credit Agreement. The Pledgee shall act

hereunder on the terms and conditions set forth herein and in Section 12 of the Credit Agreement.

15. TRANSFER BY THE PLEDGORS. No Pledgor will sell or otherwise dispose of, grant any option with respect to, or mortgage, pledge or otherwise encumber any of the Collateral or any interest therein (except as may be permitted in accordance with the terms of the Secured Debt Agreements).

16. REPRESENTATIONS, WARRANTIES AND COVENANTS OF THE PLEDGORS. (a) Each Pledgor represents, warrants and covenants that:

(i) it is the legal, beneficial and record owner of, and has good and marketable title to, all Collateral consisting of one or more Securities, Partnership Interests and Limited Liability Company Interests and that it has sufficient interest in all Collateral in which a security interest is purported to be created hereunder for such security interest to attach (subject, in each case, to no pledge, lien, mortgage, hypothecation, security interest, charge, option, Adverse Claim or other encumbrance whatsoever, except the liens and security interests created by this Agreement);

(ii) it has full power, authority and legal right to pledge all the Collateral pledged by it pursuant to this Agreement;

(iii) this Agreement has been duly authorized, executed and delivered by such Pledgor and constitutes a legal, valid and binding obligation of such Pledgor enforceable against such Pledgor in accordance with its terms, except to the extent that the enforceability hereof may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws generally affecting creditors' rights and by equitable principles (regardless of whether enforcement is sought in equity or at law);

(iv) except to the extent already obtained or made, no consent of any other party (including, without limitation, any stockholder, partner, member or creditor of such Pledgor or any of its Subsidiaries) and no consent, license, permit, approval or authorization of, exemption by, notice or report to, or registration, filing or declaration with, any governmental authority is required to be obtained by such Pledgor in connection with (a) the execution, delivery or performance of this Agreement, (b) the validity or enforceability of this Agreement, (c) the perfection or enforceability of the Pledgee's security interest in the Collateral or (d) except for compliance with or as may be required by applicable securities laws, the exercise by the Pledgee of any of its rights or remedies provided herein;

(v) the execution, delivery and performance of this Agreement will not violate any provision of any applicable law or regulation or of any order, judgment, writ, award or decree of any court, arbitrator or governmental authority, domestic or foreign, applicable to such Pledgor, or of the certificate or articles of incorporation, certificate of formation, operating agreement, limited liability company agreement, partnership agreement or by-laws of such Pledgor, as applicable, or of any securities issued by such Pledgor or any of its Subsidiaries, or of any mortgage, deed of trust, indenture, lease, loan agreement, credit agreement or other material contract, agreement or instrument or undertaking to which such Pledgor or any of its Subsidiaries is a party or which purports to be binding upon such Pledgor or any of its Subsidiaries or upon any of their respective assets and will not result in the creation or imposition of (or the obligation to create or impose) any lien or encumbrance on any of the assets of such Pledgor or any of its Subsidiaries except as contemplated by this Agreement;

(vi) all of the Collateral (consisting of Securities, Limited Liability Company Interests or Partnership Interests) has been duly and validly issued and acquired, is fully paid and non-assessable and is subject to no options to purchase or similar rights;

(vii) each of the Pledged Notes constitutes, or when executed by the obligor thereof will constitute, the legal, valid and binding obligation of such obligor, enforceable in accordance with its terms, except to the extent that the enforceability thereof may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws generally affecting creditors' rights and by equitable principles (regardless of whether enforcement is sought in equity or at law);

(viii) the pledge and collateral assignment to, and possession by, the Pledgee of the Collateral consisting of Certificated Securities and Pledged Notes pursuant to this Agreement creates a valid and perfected first priority security interest in such Certificated Securities and Pledged Notes, and the proceeds thereof, subject to no prior Lien or encumbrance or to any agreement purporting to grant to any third party a Lien or encumbrance on the property or assets of such Pledgor which would include the Securities and the Pledgee is entitled to all the rights, priorities and benefits afforded by the UCC or other relevant law as enacted in any relevant jurisdiction to perfect security interests in respect of such Collateral; and

(ix) "control" (as defined in Section 8-106 of the UCC) has been obtained by the Pledgee over all Collateral consisting of Securities (including Notes which are Securities) with respect to which such "control" may be obtained pursuant to Section 8-106 of the UCC.

(b) Each Pledgor covenants and agrees that it will defend the Pledgee's right, title and security interest in and to the Securities and the proceeds thereof against the claims and demands of all persons whomsoever; and each Pledgor covenants and agrees that it will have like title to and right to pledge any other property at any time hereafter pledged to the Pledgee as Collateral hereunder and will likewise defend the right thereto and security interest therein of the Pledgee and the other Secured Creditors.

17. JURISDICTION OF ORGANIZATION; CHIEF EXECUTIVE OFFICE; RECORDS. The jurisdiction of organization of each Pledgor is specified in Annex A hereto. The chief executive office of each Pledgor is located at the address specified in Annex G hereto. Each Pledgor will not change the jurisdiction of its organization or move its chief executive office except to such new jurisdiction or location as such Pledgor may establish in accordance with the last sentence of this Section 17. The originals of all documents in the possession of such Pledgor evidencing all Collateral, including but not limited to all Limited Liability Company Interests and Partnership Interests, and the only original books of account and records of such Pledgor relating thereto are, and will continue to be, kept at such chief executive office as specified in Annex G hereto, or at such new locations as such Pledgor may establish in accordance with the last sentence of this Section 17. All Limited Liability Company Interests and Partnership Interests are, and will continue to be, maintained at, and controlled and directed (including, without limitation, for general accounting purposes) from, such chief executive office as specified in Annex G hereto, or such new locations as such Pledgor may establish in accordance with the last sentence of this Section 17. No Pledgor shall establish a new jurisdiction of organization or a new location for such chief executive offices until (i) it shall have given to the Pledgee not less than 15 days' prior written notice of its intention so to do, clearly describing such new jurisdiction of organization or new location, as the case may be, and providing such other information in connection therewith as the Pledgee may reasonably request, and (ii) with respect to such new jurisdiction of organization or new location, as the case may be, it shall have taken all action, satisfactory to the Pledgee, to maintain the security interest of the Collateral Agent in the Collateral intended to be granted hereby at all times fully perfected and in full force and effect. Promptly after establishing a new jurisdiction of organization or new location for such chief executive offices in accordance with the immediately preceding sentence, the respective Pledgor shall deliver to the Pledgee a supplement to Annex A hereto or Annex G hereto, as the case may be, so as to cause such Annex A or G, as the case may be, to be complete and accurate.

18. PLEDGORS' OBLIGATIONS ABSOLUTE, ETC. The obligations of each Pledgor under this Agreement shall be absolute and unconditional and shall remain in full force and effect without regard to, and shall not be released, suspended, discharged, terminated or otherwise affected by, any circumstance or occurrence whatsoever, including, without limitation: (i) any renewal, extension, amendment or modification of or addition or supplement to or

deletion from any Secured Debt Agreement or any other instrument or agreement referred to therein, or any assignment or transfer of any thereof; (ii) any waiver, consent, extension, indulgence or other action or inaction under or in respect of any such agreement or instrument including, without limitation, this Agreement; (iii) any furnishing of any additional security to the Pledgee or its assignee or any acceptance thereof or any release of any security by the Pledgee or its assignee; (iv) any limitation on any party's liability or obligations under any such instrument or agreement or any invalidity or unenforceability, in whole or in part, of any such instrument or agreement or any term thereof; or (v) any bankruptcy, insolvency, reorganization, composition, adjustment, dissolution, liquidation or other like proceeding relating to any Pledgor or any Subsidiary of any Pledgor, or any action taken with respect to this Agreement by any trustee or receiver, or by any court, in any such proceeding, whether or not such Pledgor shall have notice or knowledge of any of the foregoing.

19. REGISTRATION, ETC. (a) If there shall have occurred and be continuing an Event of Default then, and in every such case, upon receipt by any Pledgor from the Pledgee of a written request or requests that such Pledgor cause any registration, qualification or compliance under any Federal or state securities law or laws to be effected with respect to all or any part of the Securities, Limited Liability Company Interests or Partnership Interests of, or owned by, such Pledgor, such Pledgor as soon as practicable and at its expense will cause such registration to be effected (and be kept effective) and will cause such qualification and compliance to be declared effected (and be kept effective) as may be so requested and as would permit or facilitate the sale and distribution of such Collateral, including, without limitation, registration under the Securities Act, as then in effect (or any similar statute then in effect), appropriate qualifications under applicable blue sky or other state securities laws and appropriate compliance with any other government requirements, provided, that the Pledgee shall furnish to such Pledgor such information regarding the Pledgee as such Pledgor may reasonably request in writing and as shall be required in connection with any such registration, qualification or compliance. The respective Pledgor will cause the Pledgee to be kept advised in writing as to the progress of each such registration, qualification or compliance and as to the completion thereof, will furnish to the Pledgee such number of prospectuses, offering circulars or other documents incident thereto as the Pledgee from time to time may reasonably request, and will indemnify the Pledgee, each other Secured Creditor and all others participating in the distribution of such Collateral against all claims, losses, damages and liabilities caused by any untrue statement (or alleged untrue statement) of a material fact contained therein (or in any related registration statement, notification or the like) or by any omission (or alleged omission) to state therein (or in any related registration statement, notification or the like) a material fact required to be stated therein or necessary to make the statements therein not misleading, except insofar as the same may have been caused by an untrue statement or omission based upon information furnished in writing to such Pledgor by the Pledgee or such other Secured Creditor expressly for use therein.

(b) If at any time when the Pledgee shall determine to exercise its right to sell all or any part of the Collateral consisting of Securities, Limited Liability Company Interests or Partnership Interests pursuant to Section 7 hereof, and the Collateral or the part thereof to be sold shall not, for any reason whatsoever, be effectively registered under the Securities Act, as then in effect, the Pledgee may, in its sole and absolute discretion, sell such Collateral, as the case may

be, or part thereof by private sale in such manner and under such circumstances as the Pledgee may deem necessary or advisable in order that such sale may legally be effected without such registration. Without limiting the generality of the foregoing, in any such event the Pledgee, in its sole and absolute discretion (i) may proceed to make such private sale notwithstanding that a registration statement for the purpose of registering such Collateral or part thereof shall have been filed under such Securities Act, (ii) may approach and negotiate with a single possible purchaser to effect such sale, and (iii) may restrict such sale to a purchaser who will represent and agree that such purchaser is purchasing for its own account, for investment, and not with a view to the distribution or sale of such Collateral or part thereof. In the event of any such sale, the Pledgee shall incur no responsibility or liability for selling all or any part of the Collateral at a price which the Pledgee, in its sole and absolute discretion, in good faith deems reasonable under the circumstances, notwithstanding the possibility that a substantially higher price might be realized if the sale were deferred until after registration as aforesaid.

20. TERMINATION; RELEASE. (a) After the Termination Date, this Agreement and the security interest created hereby shall terminate (provided that all indemnities set forth herein including, without limitation, in Section 11 hereof shall survive any such termination), and the Pledgee, at the request and expense of any Pledgor, will execute and deliver to such Pledgor a proper instrument or instruments acknowledging the satisfaction and termination of this Agreement, and will duly assign, transfer and deliver to such Pledgor (without recourse and without any representation or warranty) such of the Collateral as has not theretofore been sold or otherwise applied or released pursuant to this Agreement, together with any monies at the time held by the Pledgee or any of its sub-agents hereunder. As used in this Agreement, "Termination Date" shall mean the date upon which the Total Commitments under the Credit Agreement have been terminated and all Interest Rate Protection Agreements and Other Hedging Agreements entered into with any Other Creditors have been terminated, no Note under the Credit Agreement is outstanding and all Loans thereunder have been repaid in full, all Letters of Credit issued under the Credit Agreement have been terminated and all Obligations then due and payable have been paid in full and no further Incremental Term Loan Commitments may be requested or provided pursuant to Section 1.14 of the Credit Agreement.

(b) In the event that any part of the Collateral is sold in connection with a sale permitted by the Secured Debt Agreements (other than a sale to any Pledgor or any Subsidiary thereof) or is otherwise released with the consent of the Required Secured Creditors and the proceeds of such sale or sales or from such release are applied in accordance with the provisions of the Credit Agreement, to the extent required to be so applied, the Pledgee, at the request and expense of the respective Pledgor, will duly assign, transfer and deliver to such Pledgor (without recourse and without any representation or warranty) such of the Collateral (and releases therefor) as is then being (or has been) so sold or released and has not theretofore been released pursuant to this Agreement.

(c) At any time that a Pledgor desires that the Pledgee assign, transfer and deliver Collateral (and releases therefor) as provided in Section 20(a) or (b) hereof, it shall deliver to the Pledgee a certificate signed by a principal executive officer of such Pledgor stating that the release of the respective Collateral is permitted pursuant to such Section 20(a) or (b).

(d) The Pledgee shall have no liability whatsoever to any other Secured Creditor as the result of any release of Collateral by it in accordance with this Section 20.

21. NOTICES, ETC. All notices and communications hereunder shall be in writing and sent or delivered by mail, telegraph, telex,

telecopy, cable or overnight courier service and all such notices and communications shall, when mailed, telegraphed, telexed, telecopied, or cabled or sent by overnight courier, be effective when deposited in the mails, delivered to the telegraph company, cable company or overnight courier, as the case may be, or sent by telex or telecopier, except that notices and communications to the Pledgee or any Pledgor shall not be effective until received by the Pledgee or such Pledgor, as the case may be. All such notices and other communications shall be addressed as follows:

(a) if to any Pledgor, c/o:

Extended Stay America, Inc.
450 East Las Olas Boulevard
Suite 1100
Ft. Lauderdale, FL 33301
Telephone No.: (954) 713-1600
Telecopier No.: (954) 713-1650
Attention: Gregory R. Moxley

(b) if to the Pledgee, at:

600 East Las Colinas Blvd.
Suite 1300, 13th Floor
Irving, TX 75309
Attention: Kevin Miles or
Monica Stevens
Telephone No.: (972) 401-8533
Telecopier No.: (972) 401-8557

(c) if to any Lender Creditor, at such address as such Lender Creditor shall have specified in the Credit Agreement;

(d) if to any Other Creditor at such address as such Other Creditor shall have specified in writing to the Borrower and the Pledgee;

or at such other address or addressed to such other individual as shall have been furnished in writing by any Person described above to the party required to give notice hereunder.

22. WAIVER; AMENDMENT. None of the terms and conditions of this Agreement may be changed, waived, modified or varied in any manner whatsoever except in accordance with the Security Agreement.

23. MISCELLANEOUS. This Agreement shall be binding upon the parties hereto and their respective successors and assigns and shall inure to the benefit of and be enforceable by each of the parties hereto and its successors and assigns, provided that no Pledgor may assign any of its rights or obligations under this Agreement except in accordance with the terms of the Secured Debt Agreements. THIS AGREEMENT SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH AND GOVERNED BY THE INTERNAL LAWS OF THE STATE OF NEW YORK. EACH PARTY TO THIS AGREEMENT IRREVOCABLY WAIVES ALL RIGHT TO A TRIAL BY JURY IN ANY ACTION PROCEEDING OR COUNTERCLAIM ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY. The headings in this Agreement are for purposes of reference only and shall not limit or define the meaning hereof. This Agreement may be executed in any number of counterparts, each of which shall be an original, but all of which shall constitute one instrument. In the event that any provision of this Agreement shall prove to be invalid or unenforceable, such provision shall be deemed to be severable from the other provisions of this Agreement which shall remain binding on all parties hereto.

24. RECOURSE. This Agreement is made with full recourse to the Pledgors and pursuant to and upon all the representations, warranties, covenants and agreements on the part of the Pledgors contained herein and in the other Secured Debt Agreements and otherwise in writing in connection herewith or

therewith.

25. ADDITIONAL PLEDGORS. It is understood and agreed that any Subsidiary of the Borrower that is required to execute a counterpart of this Agreement after the date hereof pursuant to the Credit Agreement shall become a Pledgor hereunder by executing a counterpart hereof and delivering the same to the Pledgee.

* * * *

IN WITNESS WHEREOF, each Pledgor and the Pledgee have caused this Agreement to be executed by their duly elected officers duly authorized as of the date first above written.

Extended Stay America, Inc.
ESA 0123, Inc.
ESA 0124, Inc.
ESA 0155, Inc.
ESA Arizona, Inc.
ESA Arkansas, Inc.
ESA 0311, Inc.
ESA 0885, Inc.
ESA 0901, Inc.
ESA 0994, Inc.
ESA 7502, Inc.
ESA 7508, Inc.
ESA 7513, Inc.
ESA COL, Inc.
ESA Connecticut, Inc.
ESA International, Inc.
ESA Management, Inc.
ESA Services, Inc.
Extended Stay CA, Inc.
Studio Plus Hotels, Inc.
ESA 0174, Inc.
ESA 0302, Inc.
ESA 0303, Inc.
ESA 0328, Inc.
ESA 0381, Inc.
ESA 0789, Inc.
ESA 0869, Inc.
ESA 0884, Inc.
ESA 1510, Inc.
ESA 1546, Inc.
ESA Florida, Inc.
ESA 0102, Inc.
ESA 0373, Inc.
ESA 0382, Inc.
ESA 0788, Inc.
ESA 0990, Inc.
ESA 0991, Inc.
ESA 0992, Inc.
ESA 0993, Inc.
ESA 0996, Inc.
ESA 1501, Inc.

ESA 1502, Inc.
ESA 1550, Inc.
ESA Georgia, Inc.

ESA Idaho, Inc.
ESA 0153, Inc.
ESA 0510, Inc.
ESA 0525, Inc.
ESA 0530, Inc.
ESA 0532, Inc.
ESA 0541, Inc.
ESA 0640, Inc.
ESA 0660, Inc.
ESA 0677, Inc.
ESA 0752, Inc.
ESA 0753, Inc.
ESA 4012, Inc.
ESA 4016, Inc.
ESA 4019, Inc.
ESA 4023, Inc.
ESA Illinois, Inc.
ESA Indiana, Inc.
ESA Iowa, Inc.
ESA Kansas, Inc.
ESA Kentucky, Inc.
ESA Louisiana, Inc.
ESA Maine, Inc.
ESA Maryland, Inc.
Extended Stay MA, Inc.
ESA 0527, Inc.
ESA 0552, Inc.
ESA 0600, Inc.
ESA 0670, Inc.
ESA 0675, Inc.
ESA 0680, Inc.
ESA 0780, Inc.
ESA 4013, Inc.
ESA Michigan, Inc.
ESA 0733, Inc.
ESA 0734, Inc.
ESA 0737, Inc.
ESA 0745, Inc.
ESA 3504, Inc.
ESA Minnesota, Inc.
ESA Mississippi, Inc.
ESA Missouri, Inc.

ESA 0858, Inc.
ESA 0859, Inc.
ESA 0860, Inc.
ESA 0861, Inc.
ESA Nevada, Inc.
ESA West, Inc.
ESA New Hampshire, Inc.
ESA 0454, Inc.
ESA 0455, Inc.
ESA 0479, Inc.
ESA 0646, Inc.
ESA 2509, Inc.
ESA 2522, Inc.
ESA 2653, Inc.
ESA New Jersey, Inc.
ESA New Mexico, Inc.
ESA New York, Inc.
ESA 0106, Inc.
ESA 0127, Inc.
ESA 0161, Inc.
ESA 0186, Inc.
ESA 0201, Inc.
ESA 0206, Inc.

ESA 0231, Inc.
ESA 0232, Inc.
ESA 0280, Inc.
ESA 0370, Inc.
ESA 0371, Inc.
ESA 0417, Inc.
ESA 1500, Inc.
ESA 1514, Inc.
ESA 1591, Inc.
ESA 1594, Inc.
ESA 1596, Inc.
ESA 1634, Inc.
ESA Ohio, Inc.
ESA Oklahoma, Inc.
ESA Oregon, Inc.
Extended Stay 0453, Inc.
Extended Stay 0463, Inc.
Extended Stay 0507, Inc.
Extended Stay 0547, Inc.
Extended Stay 2506, Inc.
Extended Stay 2511, Inc.
Extended Stay 2565, Inc.

Extended Stay 2667, Inc.
ESA Rhode Island, Inc.
ESA South Carolina, Inc.
ESA 0121, Inc.
ESA 0125, Inc.
ESA 0163, Inc.
ESA 0305, Inc.
ESA 0315, Inc.
ESA 0450, Inc.
ESA Tennessee, Inc.
ESA Tejas, Inc.
ESA Utah, Inc.
ESA Virginia, Inc.
Studio Plus Properties, Inc.
ESA Washington, Inc.
ESA Wisconsin, Inc.

By:

Name:
Title:
On behalf of each Pledgor listed above

Accepted and Agreed to:

THE INDUSTRIAL BANK OF JAPAN, LIMITED,
as Collateral Agent and Pledgee

By:

Name:
Title:

EXHIBIT I

SECURITY AGREEMENT

among

EXTENDED STAY AMERICA, INC.,

CERTAIN SUBSIDIARIES OF
EXTENDED STAY AMERICA, INC.

and

THE INDUSTRIAL BANK OF JAPAN, LIMITED,
as COLLATERAL AGENT

Dated as of July 24, 2001

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EXHIBIT I

SECURITY AGREEMENT

SECURITY AGREEMENT, dated as of July 24, 2001, made by each of the undersigned assignors (each an "Assignor" and, together with any other entity that becomes an assignor hereunder pursuant to Section 10.12 hereof, the "Assignors") in favor of The Industrial Bank of Japan, Limited, as Collateral Agent (together with any successor Collateral Agent, the "Collateral Agent"), for the benefit of the Secured Creditors (as defined below). Except as otherwise defined herein, all capitalized terms used herein and defined in the Credit Agreement (as defined below) shall be used herein as therein defined.

W I T N E S S E T H:

WHEREAS, Extended Stay America, Inc. (the "Borrower"), the lenders from time to time party thereto (the "Lenders"), Morgan Stanley Senior Funding, Inc., as Sole Lead Arranger and Sole Book Runner, Bear Stearns Corporate Lending Inc. and Fleet National Bank, as Co-Syndication Agents, and The Industrial Bank of Japan, Limited, as Administrative Agent (together with any successor Administrative Agent, the "Administrative Agent"), have entered into a Credit Agreement, dated as of July 24, 2001 (as amended, modified or supplemented from time to time, the "Credit Agreement"), providing for the making of Loans to, and the issuance of Letters of Credit for the account of, the Borrower as contemplated therein (the Lenders, each Issuing Lender, the Administrative Agent and the Collateral Agent are herein called the "Lenders Creditors");

WHEREAS, the Borrower may at any time and from time to time enter into one or more Interest Rate Protection Agreements or Other Hedging Agreements with one or more Lenders or any affiliate thereof (each such Lender or affiliate, even if the respective Lender subsequently ceases to be a Lender under the Credit Agreement for any reason, together with such Lender's or affiliate's successors and assigns, if any, collectively, the "Other Creditors" and, together with the Lender Creditors, the "Secured Creditors");

WHEREAS, pursuant to the Subsidiaries Guaranty, each Subsidiary Guarantor has jointly and severally guaranteed to the Secured Creditors the payment when due of all Guaranteed Obligations as described herein;

WHEREAS, it is a condition precedent to the making of Loans to, and the issuance of Letters of Credit for the account of, the Borrower under the Credit Agreement that each Assignor shall have executed and delivered to the Collateral Agent this Agreement; and

WHEREAS, each Assignor will obtain benefits from the incurrence of Loans by, and the issuance of Letters of Credit for the account of, the Borrower under the Credit Agreement and the entering into by the Borrower of Interest Rate Protection Agreements and Other Hedging Agreements and, accordingly, each Assignor desires to enter into this Agreement in order to satisfy the condition described in the preceding paragraph;

NOW, THEREFORE, in consideration of the benefits accruing to each Assignor, the receipt and sufficiency of which are hereby acknowledged, each Assignor hereby makes the following representations and warranties to the Collateral Agent for the benefit of the Secured Creditors and hereby covenants and agrees with the Collateral Agent for the benefit of the Secured Creditors as follows:

ARTICLE I

SECURITY INTERESTS

1.1. Grant of Security Interests. (a) As security for the prompt and complete payment and performance when due of all of its Obligations, each Assignor does hereby assign and transfer unto the Collateral Agent, and does hereby pledge and grant to the Collateral Agent for the benefit of the Secured Creditors, a continuing security interest in all of the right, title and interest of such Assignor in, to and under all personal and fixture property of such Assignor of every kind and nature, whether now existing or hereafter from time to time acquired, including, without limitation, in, to and under all of the following, whether now existing or hereafter from time to time acquired: (i) each and every Receivable, (ii) all Contracts, together with all Contract Rights arising thereunder, (iii) all Inventory, (iv) all Equipment, (v) all Marks, together with the registrations and right to all renewals thereof, and the goodwill of the business of such Assignor symbolized by the Marks, (vi) all Patents and Copyrights, (vii) all computer programs of such Assignor and all intellectual property rights therein and all other proprietary information of such Assignor, including, but not limited to, Trade Secret Rights, (viii) all software and all software licensing rights, all writings, plans, specifications and schematics, all engineering drawings, customer lists, goodwill and licenses, and all other recorded data of any kind or nature, regardless of the medium of recording, (ix) all other Goods, General Intangibles, Investment Property, Permits, Chattel Paper (whether tangible or electronic), Documents and Instruments, (x) all Letter of Credit Rights (whether or not the respective letter of credit is evidenced by a writing), (xi) all commercial tort claims, (xii) all cash, (xiii) the Cash Collateral Account and all monies, securities, instruments and other investments deposited or required to be deposited in the Cash Collateral Account, (xiv) all other bank, demand, deposit, time savings, cash management, passbook, certificates of deposit and similar accounts maintained by such Assignor and all monies, securities, instruments and other investments deposited or required to be deposited in any of the foregoing accounts, (xv) all Supporting Obligations, and (xvi) all Proceeds and products of any and all of the foregoing (all of the above, collectively, the "Collateral").

(b) The security interest of the Collateral Agent under this Agreement extends to all Collateral which any Assignor may acquire at any time during the term of this Agreement.

1.2. Power of Attorney. Each Assignor hereby constitutes and appoints the Collateral Agent its true and lawful attorney, irrevocably, with full power after the occurrence of and during the continuance of an Event of Default (in the name of such Assignor or otherwise) to act, require, demand, receive, compound and give acquaintance for any and all moneys and claims for moneys due or to become due to such Assignor under or arising out of the Collateral, to endorse any checks or other instruments or orders in connection therewith and to file any

claims or take any action or institute any proceedings which the Collateral Agent may deem to be necessary or advisable to protect the interests of the Secured Creditors, which appointment as attorney is coupled with an interest.

ARTICLE II

GENERAL REPRESENTATIONS, WARRANTIES AND COVENANTS

Each Assignor represents, warrants and covenants, which representations, warranties and covenants shall survive execution and delivery of this Agreement, as follows:

2.1. Necessary Filings. All filings, registrations, recordings and other actions necessary or appropriate to create, preserve and perfect the security interest granted by such Assignor to the Collateral Agent hereby in respect of the Collateral have been accomplished and the security interest granted to the Collateral Agent pursuant to this Agreement in and to the Collateral creates a valid, and together with all such filings, registrations, recordings and other actions, a perfected security interest therein prior to the rights of all other Persons therein and subject to no other Liens (other than Permitted Liens) and is entitled to all the rights, priorities and benefits afforded by the Uniform Commercial Code or other relevant law as enacted in any relevant jurisdiction to perfected security interests, in each case to the extent that the Collateral consists of the type of property in which a security interest may be perfected by possession or control (within the meaning of the UCC as in effect on the date hereof in the State of New York), by filing a financing statement under the Uniform Commercial Code as enacted in any relevant jurisdiction and by a filing of a Grant of Security Interest in the respective form attached hereto in the United States Patent and Trademark Office or in the United States Copyright Office; it being understood that no actions described in Section 3.9 hereof in respect of Collateral of the type described in clause (xiv) of Section 1.1(a) hereof shall be required to have been accomplished (and no representation or warranty with respect to same shall be required to be made pursuant to this Section 2.1) at any time prior to the Collateral Agent's request that such actions be taken in accordance with the provisions of such Section 3.9.

2.2. No Liens. Such Assignor is, and as to Collateral acquired by it from time to time after the date hereof such Assignor will be, the owner of all Collateral free from any Lien, security interest, encumbrance or other right, title or interest of any Person (other than Permitted Liens), and such Assignor shall defend the Collateral against all claims and demands of all Persons at any time claiming the same or any interest therein adverse to the Collateral Agent.

2.3. Other Financing Statements. As of the date hereof, there is no financing statement (or similar statement or instrument of registration under the law of any jurisdiction) covering or purporting to cover any interest of any kind in the Collateral (other than financing statements filed in respect of Permitted Liens), and so long as the Termination Date has not occurred, such Assignor will not execute or authorize to be filed in any public office any financing statement (or similar statement or instrument of registration under the law of any jurisdiction) or statements relating to the Collateral, except financing statements filed or to be

filed in respect of and covering the security interests granted hereby by such Assignor or in connection with Permitted Liens.

2.4. Chief Executive Office, Record Locations. The chief executive office of such Assignor is located at the address indicated on Annex A hereto for such Assignor. Such Assignor will not move its chief executive office except to such new location as such Assignor may establish in accordance with the last sentence of this Section 2.4. The originals of all documents evidencing all Receivables and Contract Rights of such Assignor and the only original books

of account and records of such Assignor relating thereto are, and will continue to be, kept at such chief executive office, at one or more of the other locations set forth on Annex A hereto or at such new locations as such Assignor may establish in accordance with the last sentence of this Section 2.4. All Receivables and Contract Rights of such Assignor are, and will continue to be, maintained at, and controlled and directed (including, without limitation, for general accounting purposes) from, the office locations described above or such new location established in accordance with the last sentence of this Section 2.4. No Assignor shall establish new locations for such offices until (i) it shall have given to the Collateral Agent not less than 15 days' prior written notice of its intention to do so, clearly describing such new location and providing such other information in connection therewith as the Collateral Agent may reasonably request, and (ii) with respect to such new location, it shall have taken all action reasonably satisfactory to the Collateral Agent to maintain the security interest of the Collateral Agent in the Collateral intended to be granted hereby at all times fully perfected and in full force and effect.

2.5. Location of Inventory and Equipment. All Inventory and Equipment held on the date hereof by each Assignor is located at one of the locations shown on Annex B hereto for such Assignor. To the extent that any Assignor desires to establish a new location for Inventory and Equipment that is located in Alabama, Connecticut, Florida or Mississippi, such Assignor only may do so if (i) it shall have given to the Collateral Agent not less than 15 days' prior written notice of its intention so to do, clearly describing such new location and providing such other information in connection therewith as the Collateral Agent may reasonably request, and (ii) with respect to such new location, it shall have taken all action reasonably satisfactory to the Collateral Agent to maintain the security interest of the Collateral Agent in the Collateral intended to be granted hereby at all times fully perfected and in full force and effect; provided, however, (x) from and after October 1, 2001, the provisions of this sentence shall not be applicable if such new location is located in Connecticut and (y) from and after January 1, 2002, the provisions of this sentence shall not be applicable if such new location is located in Alabama, Florida or Mississippi.

2.6. Legal Names; Organizational Identification Number; Trade Names; Change of Name; etc. The legal name of each Assignor, and the organizational identification number (if any) of each Assignor, is listed on Annex C hereto for such Assignor. No Assignor has or operates in any jurisdiction under, or in the preceding five years has had or has operated in any jurisdiction under, any trade names, fictitious names or other names except its legal name and such other trade or fictitious names as are listed on Annex C hereto for such Assignor. No Assignor shall change its legal name, organizational identification number (if any) or assume or operate in any jurisdiction under any trade, fictitious or other name except its legal name, organizational identification number and those trade names in each case listed on Annex C hereto

for such Assignor and those that may be established in accordance with the immediately succeeding sentence of this Section 2.6. No Assignor shall change its legal name or organizational identification number or assume or operate in any jurisdiction under any new trade, fictitious or other name until (i) it shall have given to the Collateral Agent not less than 15 days' prior written notice of its intention so to do, clearly describing such new name and the jurisdictions in which such new name shall be used and providing such other information in connection therewith as the Collateral Agent may reasonably request, and (ii) with respect to such new name, it shall have taken all action reasonably requested by the Collateral Agent to maintain the security interest of the Collateral Agent in the Collateral intended to be granted hereby at all times fully perfected and in full force and effect. In addition, to the extent that any Assignor does not have an organizational identification number on the date hereof and later obtains one, such Assignor shall promptly thereafter notify the Collateral Agent of such organizational identification number and shall take all actions reasonably satisfactory to the Collateral Agent to the extent necessary to maintain the security interest of the Collateral Agent in the Collateral intended to be granted hereby fully perfected and in full force

and effect.

2.7. Jurisdiction and Type of Organization. The jurisdiction of organization of each Assignor, and the type of organization of each Assignor, is listed on Annex D hereto for such Assignor. No Assignor shall change its jurisdiction of organization or its type of organization until (i) it shall have given to the Collateral Agent not less than 15 days' prior written notice of intention so to do, clearly describing such new jurisdiction of organization and/or type of organization and providing such other information in connection therewith as the Collateral Agent may reasonably request and (ii) with respect to such new jurisdiction of organization and/or type of organization, it shall have taken all actions reasonably requested by the Collateral Agent to maintain the security interest of the Collateral Agent in the Collateral intended to be granted hereby at all times fully perfected and in full force and effect.

2.8. Collateral in the Possession of a Bailee. If any Inventory or other Goods are at any time in the possession of a bailee, the respective Assignor shall promptly notify the Collateral Agent thereof and, if requested by the Collateral Agent, shall promptly obtain an acknowledgment from such bailee, in form and substance reasonably satisfactory to the Collateral Agent, that the bailee holds such Collateral for the benefit of the Collateral Agent and shall act upon the instructions of the Collateral Agent, without the further consent of the respective Assignor. The Collateral Agent agrees with the Assignors that the Collateral Agent shall not give any such instructions unless an Event of Default has occurred and is continuing or would occur after taking into account any action by the respective Assignor with respect to any such bailee.

ARTICLE III

SPECIAL PROVISIONS CONCERNING RECEIVABLES; CONTRACT RIGHTS; INSTRUMENTS; CHATTEL PAPER AND CERTAIN OTHER COLLATERAL

3.1. Additional Representations and Warranties. As of the time when each of its Receivables arises, each Assignor shall be deemed to have represented and warranted that each

such Receivable, and all records, papers and documents relating thereto (if any) are genuine and what they purport to be, and that all papers and documents (if any) relating thereto (i) will, to the knowledge of such Assignor, represent the genuine, legal, valid and binding obligation of the account debtor evidencing indebtedness unpaid and owed by the respective account debtor arising out of the performance of labor or services or the sale or lease and delivery of the merchandise listed therein, or both, (ii) will be the only original writings evidencing and embodying such obligation of the account debtor named therein (other than copies created for general accounting purposes), (iii) will, to the knowledge of such Assignor, evidence true and valid obligations, enforceable in accordance with their respective terms, and (iv) will be in compliance and will conform in all material respects with all applicable federal, state and local laws and applicable laws of any relevant foreign jurisdiction.

3.2. Maintenance of Records. Each Assignor will keep and maintain at its own cost and expense accurate records of its Receivables and Contracts, including, but not limited to, originals of all documentation (including each Contract) with respect thereto, records of all payments received, all credits granted thereon, all merchandise returned and all other dealings therewith, and such Assignor will make the same available on such Assignor's premises to the Collateral Agent for inspection, at such Assignor's own cost and expense, at any and all reasonable times upon prior notice to such Assignor and otherwise in accordance with the Credit Agreement. Upon the occurrence and during the continuance of an Event of Default and at the request of the Collateral Agent, such Assignor shall, at its own cost and expense, deliver all tangible evidence of its Receivables and Contract Rights (including, without limitation, all documents evidencing the Receivables and all Contracts) and such books and records to the Collateral Agent or to its representatives (copies of which evidence and books and records may be retained by such

Assignor). Upon the occurrence and during the continuance of an Event of Default and if the Collateral Agent so directs, such Assignor shall legend, in form and manner satisfactory to the Collateral Agent, the Receivables and the Contracts, as well as books, records and documents (if any) of such Assignor evidencing or pertaining to such Receivables and Contracts with an appropriate reference to the fact that such Receivables and Contracts have been assigned to the Collateral Agent and that the Collateral Agent has a security interest therein.

3.3. Direction to Account Debtors; Contracting Parties; etc. Upon the occurrence and during the continuance of an Event of Default, if the Collateral Agent so directs any Assignor, such Assignor agrees (x) to cause all payments on account of the Receivables and Contracts to be made directly to the Cash Collateral Account, (y) that the Collateral Agent may, at its option, directly notify the obligors with respect to any Receivables and/or under any Contracts to make payments with respect thereto as provided in the preceding clause (x), and (z) that the Collateral Agent may enforce collection of any such Receivables and Contracts and may adjust, settle or compromise the amount of payment thereof, in the same manner and to the same extent as such Assignor. Without notice to or assent by any Assignor, the Collateral Agent may, upon the occurrence and during the continuance of an Event of Default, apply any or all amounts then in, or thereafter deposited in, the Cash Collateral Account toward the payment of the Obligations in the manner provided in Section 7.4 of this Agreement. The reasonable costs and expenses of collection (including reasonable attorneys' fees), whether incurred by an Assignor or the Collateral Agent, shall be borne by the relevant Assignor. The Collateral Agent shall deliver a copy of each notice referred to in the preceding clause (y) to the relevant Assignor, provided

that (x) the failure by the Collateral Agent to so notify such Assignor shall not affect the effectiveness of such notice or the other rights of the Collateral Agent created by this Section 3.3 and (y) no such notice shall be required if an Event of Default of the type described in Section 10.05 of the Credit Agreement has occurred and is continuing.

3.4. Modification of Terms; etc. Except in accordance with such Assignor's ordinary course of business and consistent with reasonable business judgment, no Assignor shall rescind or cancel any indebtedness evidenced by any Receivable or under any Contract, or modify any term thereof or make any adjustment with respect thereto, or extend or renew the same, or compromise or settle any material dispute, claim, suit or legal proceeding relating thereto, or sell any Receivable or Contract, or interest therein, without the prior written consent of the Collateral Agent. No Assignor will do anything to impair the rights of the Collateral Agent in the Receivables or Contracts.

3.5. Collection. Each Assignor shall endeavor in accordance with reasonable business practices to cause to be collected from the account debtor named in each of its Receivables or obligor under any Contract, as and when due (including, without limitation, amounts which are delinquent, such amounts to be collected in accordance with generally accepted lawful collection procedures) any and all amounts owing under or on account of such Receivable or Contract, and apply forthwith upon receipt thereof all such amounts as are so collected to the outstanding balance of such Receivable or under such Contract. Except as otherwise directed by the Collateral Agent after the occurrence and during the continuation of an Event of Default, any Assignor may allow in the ordinary course of business as adjustments to amounts owing under its Receivables and Contracts (i) an extension or renewal of the time or times of payment, or settlement for less than the total unpaid balance, which such Assignor finds appropriate in accordance with reasonable business judgment and (ii) a refund or credit due as a result of returned or damaged merchandise or improperly performed services or for other reasons which such Assignor finds appropriate in accordance with reasonable business judgment. The reasonable costs and expenses (including, without limitation, reasonable attorneys' fees) of collection, whether incurred by an Assignor or the Collateral Agent, shall be borne by the relevant Assignor.

3.6. Instruments. If any Assignor owns or acquires any

Instrument constituting Collateral (other than checks and other payment instruments received and collected in the ordinary course of business), such Assignor will within 10 Business Days notify the Collateral Agent thereof, and upon request by the Collateral Agent will promptly deliver such Instrument to the Collateral Agent appropriately endorsed to the order of the Collateral Agent as further security hereunder.

3.7. Assignors Remain Liable Under Receivables. Anything herein to the contrary notwithstanding, the Assignors shall remain liable under each of the Receivables to observe and perform all of the conditions and obligations to be observed and performed by it thereunder, all in accordance with the terms of any agreement giving rise to such Receivables. Neither the Collateral Agent nor any other Secured Creditor shall have any obligation or liability under any Receivable (or any agreement giving rise thereto) by reason of or arising out of this Agreement or the receipt by the Collateral Agent or any other Secured Creditor of any payment

relating to such Receivable pursuant hereto, nor shall the Collateral Agent or any other Secured Creditor be obligated in any manner to perform any of the obligations of any Assignor under or pursuant to any Receivable (or any agreement giving rise thereto), to make any payment, to make any inquiry as to the nature or the sufficiency of any payment received by them or as to the sufficiency of any performance by any party under any Receivable (or any agreement giving rise thereto), to present or file any claim, to take any action to enforce any performance or to collect the payment of any amounts which may have been assigned to them or to which they may be entitled at any time or times.

3.8. Assignors Remain Liable Under Contracts. Anything herein to the contrary notwithstanding, the Assignors shall remain liable under each of the Contracts to observe and perform all of the conditions and obligations to be observed and performed by them thereunder, all in accordance with and pursuant to the terms and provisions of each Contract. Neither the Collateral Agent nor any other Secured Creditor shall have any obligation or liability under any Contract by reason of or arising out of this Agreement or the receipt by the Collateral Agent or any other Secured Creditor of any payment relating to such contract pursuant hereto, nor shall the Collateral Agent or any other Secured Creditor be obligated in any manner to perform any of the obligations of any Assignor under or pursuant to any Contract, to make any payment, to make any inquiry as to the nature or the sufficiency of any performance by any party under any Contract, to present or file any claim, to take any action to enforce any performance or to collect the payment of any amounts which may have been assigned to them or to which they may be entitled at any time or times.

3.9. Deposit Accounts. For each deposit or similar account that any Assignor at any time opens or maintains, such Assignor shall, at the Collateral Agent's request at any time when an Event of Default then exists and is continuing, pursuant to a control agreement in form and substance reasonably satisfactory to the Collateral Agent, either (a) cause the depositary bank to agree to comply at any time with instructions from the Collateral Agent to such depositary bank directing the disposition of funds from time to time credited to such deposit account, without further consent of the respective Assignor, or (b) arrange for the Collateral Agent to become the customer of the depositary bank with respect to the deposit account, with the respective Assignor being permitted, only with the consent of the Collateral Agent, to exercise rights to withdraw funds from such deposit account. The Collateral Agent agrees with the Assignors that the Collateral Agent shall not give any such instructions or withhold any withdrawal rights from any Assignor, unless an Event of Default has occurred and is continuing, or, after giving effect to any withdrawal not otherwise permitted by the Secured Debt Agreements, would occur.

3.10. Letter-of-Credit Rights. If any Assignor is at any time a beneficiary under a letter of credit with a stated amount of $5,000,000 or more, such Assignor shall promptly notify the Collateral Agent thereof and, at the request of the Collateral Agent, such Assignor shall, pursuant to an agreement in form and substance reasonably satisfactory to the Collateral Agent, either (i) arrange for the issuer and any confirmer of such letter of credit to

consent to an assignment to the Collateral Agent of the proceeds of any drawing under such letter of credit or (ii) arrange for the Collateral Agent to become the transferee beneficiary of such letter of credit, with the Collateral Agent agreeing, in each case, that the proceeds of any drawing under the letter

of credit are to be applied as provided in the Security Agreement after the occurrence of an Event of Default.

3.11. Commercial Tort Claims. If any Assignor shall at any time hold or acquire a commercial tort claim with a value of $5,000,000 or more, such Assignor shall promptly notify the Collateral Agent thereof in a writing signed by such Assignor and describing the brief details thereof and shall grant to the Collateral Agent in such writing a security interest therein and in the proceeds thereof, all upon the terms of this Agreement, with such writing to be in form and substance reasonably satisfactory to the Collateral Agent.

ARTICLE IV

SPECIAL PROVISIONS CONCERNING TRADEMARKS

4.1. Additional Representations and Warranties. Each Assignor represents and warrants that it is the true and lawful owner of or otherwise has the right to use the registered Marks listed in Annex E hereto for such Assignor and that said listed Marks include all United States marks and applications for United States marks registered in the United States Patent and Trademark Office that such Assignor owns or uses in connection with its business as of the date hereof. Each Assignor represents and warrants that it owns, is licensed to use or otherwise has the right to use, all Marks that it uses. Each Assignor further warrants that it has no knowledge of any third party claim received by it that any aspect of such Assignor's present or contemplated business operations infringes or will infringe any trademark, service mark or trade name of any other Person other than as could not, either individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. Each Assignor represents and warrants that it is the true and lawful owner of or otherwise has the right to use all U.S. trademark registrations and applications listed in Annex E hereto and that said registrations are valid, subsisting, have not been canceled and that such Assignor is not aware of any third-party claim that any of said registrations is invalid or unenforceable, and is not aware that there is any reason that any of said registrations is invalid or unenforceable. Each Assignor hereby grants to the Collateral Agent an absolute power of attorney to sign, upon the occurrence and during the continuance of an Event of Default, any document which may be required by the United States Patent and Trademark Office in order to effect an absolute assignment of all right, title and interest in each Mark, and record the same.

4.2. Licenses and Assignments. Except as otherwise permitted by the Secured Debt Agreements, each Assignor hereby agrees not to divest itself of any right under any Mark absent prior written approval of the Collateral Agent.

4.3. Infringements. Each Assignor agrees, promptly upon learning thereof, to notify the Collateral Agent in writing of the name and address of, and to furnish such pertinent information that may be available with respect to, any party who such Assignor believes is infringing or diluting or otherwise violating any of such Assignor's rights in and to any Mark in any manner that could reasonably be expected to have a Material Adverse Effect, or with respect to any party claiming that such Assignor's use of any Mark violates in any material respect any property right of that party. Each Assignor further agrees to prosecute in accordance with

reasonable business practices any Person infringing any Mark in any manner that could reasonably be expected to have a Material Adverse Effect.

4.4. Preservation of Marks. Each Assignor agrees to use its Marks in interstate commerce during the time in which this Agreement is in effect and to take all such other actions as are reasonably necessary to preserve such Marks as trademarks or service marks under the laws of the United States (other than any such Marks which are no longer used or useful in its business or operations).

4.5. Maintenance of Registration. Each Assignor shall, at its own expense, diligently process all documents reasonably required to maintain trademark registrations, including but not limited to affidavits of use and applications for renewals of registration in the United States Patent and Trademark Office for all of its material registered Marks, and shall pay all fees and disbursements in connection therewith and shall not abandon any such filing of affidavit of use or any such application of renewal prior to the exhaustion of all administrative and judicial remedies without prior written consent of the Collateral Agent (other than with respect to registrations and applications deemed by such Assignor to be no longer prudent to pursue).

4.6. Future Registered Marks. If any Mark registration is issued hereafter to any Assignor as a result of any application now or hereafter pending before the United States Patent and Trademark Office, within 30 days of receipt of such certificate, such Assignor shall deliver to the Collateral Agent a copy of such certificate, and an assignment for security in such Mark, to the Collateral Agent and at the expense of such Assignor, confirming the assignment for security in such Mark to the Collateral Agent hereunder, the form of such security to be substantially in the form of Annex H hereto or in such other form as may be reasonably satisfactory to the Collateral Agent.

4.7. Remedies. If an Event of Default shall occur and be continuing, the Collateral Agent may, by written notice to the relevant Assignor, take any or all of the following actions: (i) declare the entire right, title and interest of such Assignor in and to each of the Marks, together with all trademark rights and rights of protection to the same, vested in the Collateral Agent for the benefit of the Secured Creditors, in which event such rights, title and interest shall immediately vest, in the Collateral Agent for the benefit of the Secured Creditors, and the Collateral Agent shall be entitled to exercise the power of attorney referred to in Section 4.1 hereof to execute, cause to be acknowledged and notarized and record said absolute assignment with the applicable agency; (ii) take and use or sell the Marks and the goodwill of such Assignor's business symbolized by the Marks and the right to carry on the business and use the assets of such Assignor in connection with which the Marks have been used; and (iii) direct such Assignor to refrain, in which event such Assignor shall refrain, from using the Marks in any manner whatsoever, directly or indirectly, and such Assignor shall execute such further documents that the Collateral Agent may reasonably request to further confirm this and to transfer ownership of the Marks and registrations and any pending trademark application in the United States Patent and Trademark Office to the Collateral Agent.

ARTICLE V

SPECIAL PROVISIONS CONCERNING
PATENTS, COPYRIGHTS AND TRADE SECRETS

5.1. Additional Representations and Warranties. Each Assignor represents and warrants that it is the true and lawful owner of all rights in (i) all United States trade secrets and proprietary information necessary to operate the business of the Assignor (the "Trade Secret Rights"), (ii) the Patents listed in Annex F hereto for such Assignor and that said Patents include all the United States patents and applications for United States patents that such Assignor owns as of the date hereof and (iii) the Copyrights listed in Annex G hereto for such Assignor and that said Copyrights constitute all the United States copyrights registered with the United States Copyright Office and

applications to United States copyrights that such Assignor owns as of the date hereof. Each Assignor further warrants that it has no knowledge of any third party claim that any aspect of such Assignor's present or contemplated business operations infringes or will infringe any patent of any other Person or such Assignor has misappropriated any trade secret or proprietary information which, either individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect. Each Assignor hereby grants to the Collateral Agent an absolute power of attorney to sign, upon the occurrence and during the continuance of any Event of Default, any document which may be required by the United States Patent and Trademark Office in order to effect an absolute assignment of all right, title and interest in each Patent, and to record the same.

5.2. Licenses and Assignments. Except as otherwise permitted by the Secured Debt Agreements, each Assignor hereby agrees not to divest itself of any right under any Patent or Copyright absent prior written approval of the Collateral Agent.

5.3. Infringements. Each Assignor agrees, promptly upon learning thereof, to furnish the Collateral Agent in writing with all pertinent information available to such Assignor with respect to any infringement, contributing infringement or active inducement to infringe in any Patent or Copyright or to any claim that the practice of any Patent or use of any Copyright violates any property right of a third party, or with respect to any misappropriation of any Trade Secret Right or any claim that practice of any Trade Secret Right violates any property right of a third party, in each case, in any manner which, either individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect. Each Assignor further agrees, absent direction of the Collateral Agent to the contrary, to diligently prosecute any Person infringing any Patent or Copyright or any Person misappropriating any Trade Secret Right, in each case to the extent that such infringement or misappropriation, either individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect.

5.4. Maintenance of Patents or Copyright. At its own expense, each Assignor shall make timely payment of all post-issuance fees required pursuant to 35 U.S.C. ss. 41 to maintain in force its rights under each Patent or Copyright, absent prior written consent of the Collateral Agent (other than any such Patents or Copyrights which are no longer used or useful in its business or operations).

5.5. Prosecution of Patent Applications. At its own expense, each Assignor shall diligently prosecute all material applications for (i) United States Patents listed in Annex F hereto and (ii) Copyrights listed on Annex G hereto, in each case for such Assignor and shall not abandon any such application prior to exhaustion of all administrative and judicial remedies (other than applications deemed by such Assignor to be no longer prudent to pursue), absent written consent of the Collateral Agent.

5.6. Other Patents and Copyrights. Within 30 days of the acquisition or issuance of a United States Patent, registration of a Copyright, or acquisition of a registered Copyright, or of filing of an application for a United States Patent or Copyright, the relevant Assignor shall deliver to the Collateral Agent a copy of said Copyright or Patent, or certificate or registration of, or application therefor, as the case may be, with an assignment for security as to such Patent or Copyright, as the case may be, to the Collateral Agent and at the expense of such Assignor, confirming the assignment for security, the form of such assignment for security to be substantially in the form of Annex I or J hereto, as appropriate, or in such other form as may be reasonably satisfactory to the Collateral Agent.

5.7. Remedies. If an Event of Default shall occur and be continuing, the Collateral Agent may, by written notice to the relevant Assignor, take any or all of the following actions: (i) declare the entire right, title, and interest of such Assignor in each of the Patents and Copyrights vested in the Collateral Agent for the benefit of the Secured Creditors, in which event such right, title, and interest shall immediately vest

in the Collateral Agent for the benefit of the Secured Creditors, in which case the Collateral Agent shall be entitled to exercise the power of attorney referred to in Section 5.1 hereof to execute, cause to be acknowledged and notarized and to record said absolute assignment with the applicable agency; (ii) take and practice or sell the Patents and Copyrights; and (iii) direct such Assignor to refrain, in which event such Assignor shall refrain, from practicing the Patents and using the Copyrights directly or indirectly, and such Assignor shall execute such further documents as the Collateral Agent may reasonably request further to confirm this and to transfer ownership of the Patents and Copyrights to the Collateral Agent for the benefit of the Secured Creditors.

ARTICLE VI

PROVISIONS CONCERNING ALL COLLATERAL

6.1. Protection of Collateral Agent's Security. Except as otherwise permitted by the Secured Debt Agreements, each Assignor will do nothing to impair the rights of the Collateral Agent in the Collateral. Each Assignor will at all times keep its Inventory and Equipment insured in favor of the Collateral Agent, at such Assignor's own expense to the extent and in the manner provided in the Secured Debt Agreements. Except to the extent otherwise permitted to be retained by such Assignor or applied by such Assignor pursuant to the terms of the Secured Debt Agreements, the Collateral Agent shall, at the time any proceeds of such insurance are distributed to the Secured Creditors, apply such proceeds in accordance with Section 7.4 hereof. Each Assignor assumes all liability and responsibility in connection with the Collateral acquired by it and the liability of such Assignor to pay the Obligations shall in no way

be affected or diminished by reason of the fact that such Collateral may be lost, destroyed, stolen, damaged or for any reason whatsoever unavailable to such Assignor.

6.2. Warehouse Receipts Non-negotiable. To the extent practicable, each Assignor agrees that if any warehouse receipt or receipt in the nature of a warehouse receipt is issued with respect to any of its Inventory, such Assignor shall request that such warehouse receipt or receipt in the nature thereof shall not be "negotiable" (as such term is used in Section 7-104 of the Uniform Commercial Code as in effect in any relevant jurisdiction or under other relevant law).

6.3. Further Actions. Each Assignor will, at its own expense and upon the reasonable request of the Collateral Agent, make, execute, endorse, acknowledge, file and/or deliver to the Collateral Agent from time to time such lists, descriptions and designations of its Collateral, warehouse receipts, receipts in the nature of warehouse receipts, bills of lading, documents of title, vouchers, invoices, schedules, confirmatory assignments, conveyances, financing statements, transfer endorsements, certificates, reports and other assurances or instruments and take such further steps relating to the Collateral and other property or rights covered by the security interest hereby granted, which the Collateral Agent deems reasonably appropriate or advisable to perfect, preserve or protect its security interest in the Collateral.

6.4. Financing Statements. Each Assignor agrees to execute and deliver to the Collateral Agent such financing statements, in form reasonably acceptable to the Collateral Agent, as the Collateral Agent may from time to time reasonably request or as are reasonably necessary or desirable in the opinion of the Collateral Agent to establish and maintain a valid, enforceable, perfected security interest in the Collateral as provided herein and the other rights and security contemplated hereby. Each Assignor will pay any applicable filing fees, recordation taxes and related expenses relating to its Collateral. Each Assignor hereby authorizes the Collateral Agent to file any such financing statements without the signature of such Assignor where permitted by law (and such authorization includes describing the Collateral as "all assets" of such Assignor).

ARTICLE VII

REMEDIES UPON OCCURRENCE OF AN EVENT OF DEFAULT

7.1. Remedies; Obtaining the Collateral Upon Default. Each Assignor agrees that, if any Event of Default shall have occurred and be continuing, then and in every such case, the Collateral Agent, in addition to any rights now or hereafter existing under applicable law and under the other provisions of this Agreement, shall have all rights as a secured creditor under any UCC, and such additional rights and remedies to which a secured creditor is entitled under the laws in effect in all relevant jurisdictions and may:

(i) personally, or by agents or attorneys, immediately take possession of the Collateral or any part thereof, from such Assignor or any other Person who then has possession of any part thereof with or without notice or process of law, and for that purpose may enter upon such Assignor's premises where any of the Collateral is located

and remove the same and use in connection with such removal any and all services, supplies, aids and other facilities of such Assignor;

(ii) instruct the obligor or obligors on any agreement, instrument or other obligation (including, without limitation, the Receivables and the Contracts) constituting the Collateral to make any payment required by the terms of such agreement, instrument or other obligation directly to the Collateral Agent and may exercise any and all remedies of such Assignor in respect of such Collateral;

(iii) instruct all depositary banks which have entered into a control agreement with the Collateral Agent to transfer all monies, securities and instruments held by such depositary bank to the Cash Collateral Account;

(iv) sell, assign or otherwise liquidate any or all of the Collateral or any part thereof in accordance with Section 7.2 hereof, or direct the relevant Assignor to sell, assign or otherwise liquidate any or all of the Collateral or any part thereof, and, in each case, take possession of the proceeds of any such sale or liquidation;

(v) take possession of the Collateral or any part thereof, by directing the relevant Assignor in writing to deliver the same to the Collateral Agent at any reasonable place or places designated by the Collateral Agent, in which event such Assignor shall at its own expense:

(x) forthwith cause the same to be moved to the place or places so designated by the Collateral Agent and there delivered to the Collateral Agent;

(y) store and keep any Collateral so delivered to the Collateral Agent at such place or places pending further action by the Collateral Agent as provided in Section 7.2 hereof; and

(z) while the Collateral shall be so stored and kept, provide such security and maintenance services as shall be reasonably necessary to protect the same and to preserve and maintain it in good condition; and

(vi) license or sublicense, whether on an exclusive or nonexclusive basis, any Marks, Patents or Copyrights included in the Collateral for such term and on such conditions and in such manner as the Collateral Agent shall in its sole judgment determine;

it being understood that each Assignor's obligation so to deliver the Collateral is of the essence of this Agreement and that, accordingly, upon application to a court of equity having jurisdiction, the Collateral Agent shall be entitled to a

decree requiring specific performance by such Assignor of said obligation. By accepting the benefits of this Agreement and each other Security Document, the Secured Creditors expressly acknowledge and agree that this Agreement and each other Security Document may be enforced only by the action of the Collateral Agent acting upon the instructions of the Required Secured Creditors and that no other Secured Creditor shall have any right individually to seek to enforce this Agreement or any other Security Document or to

realize upon the security to be granted hereby or thereby, it being understood and agreed that such rights and remedies may be exercised by the Collateral Agent for the benefit of the Secured Creditors upon the terms of this Agreement and the other Security Documents.

7.2. Remedies; Disposition of the Collateral. If any Event of Default shall have occurred and be continuing, then any Collateral repossessed by the Collateral Agent under or pursuant to Section 7.1 hereof and any other Collateral whether or not so repossessed by the Collateral Agent, may be sold, assigned, leased or otherwise disposed of under one or more contracts or as an entirety, and without the necessity of gathering at the place of sale the property to be sold, and in general in such manner, at such time or times, at such place or places and on such terms as the Collateral Agent may, in compliance with any mandatory requirements of applicable law, determine to be commercially reasonable. Any of the Collateral may be sold, leased or otherwise disposed of, in the condition in which the same existed when taken by the Collateral Agent or after any overhaul or repair at the expense of the relevant Assignor which the Collateral Agent shall determine to be commercially reasonable. Any such disposition which shall be a private sale or other private proceedings permitted by such requirements shall be made upon not less than 10 days' prior written notice to the relevant Assignor specifying the time at which such disposition is to be made and the intended sale price or other consideration therefor, and shall be subject, for the 10 days after the giving of such notice, to the right of the relevant Assignor or any nominee of such Assignor to acquire the Collateral involved at a price or for such other consideration at least equal to the intended sale price or other consideration so specified. Any such disposition which shall be a public sale permitted by such requirements shall be made upon not less than 10 days' prior written notice to the relevant Assignor specifying the time and place of such sale and, in the absence of applicable requirements of law, shall be by public auction (which may, at the Collateral Agent's option, be subject to reserve), after publication of notice of such auction (where required by applicable law) not less than 10 days prior thereto. The Collateral Agent may, without notice or publication, adjourn any public or private sale or cause the same to be adjourned from time to time by announcement at the time and place fixed for the sale, and such sale may be made at any time or place to which the sale may be so adjourned. To the extent permitted by any such requirement of law, the Collateral Agent may bid for and become the purchaser of the Collateral or any item thereof, offered for sale in accordance with this Section 7.2 without accountability to the relevant Assignor. If, under applicable law, the Collateral Agent shall be permitted to make disposition of the Collateral within a period of time which does not permit the giving of notice to the relevant Assignor as hereinabove specified, the Collateral Agent need give such Assignor only such notice of disposition as shall be reasonably practicable in view of such applicable law. Each Assignor agrees to do or cause to be done all such other acts and things as may be reasonably necessary to make such sale or sales of all or any portion of the Collateral valid and binding and in compliance with any and all applicable laws, regulations, orders, writs, injunctions, decrees or awards of any and all courts, arbitrators or governmental instrumentalities, domestic or foreign, having jurisdiction over any such sale or sales, all at such Assignor's expense.

7.3. Waiver of Claims. Except as otherwise provided in this Agreement, EACH ASSIGNOR HEREBY WAIVES, TO THE EXTENT PERMITTED BY APPLICABLE LAW, NOTICE AND JUDICIAL HEARING IN CONNECTION WITH THE COLLATERAL AGENT'S TAKING POSSESSION OR THE COLLATERAL AGENT'S DISPOSITION OF

ANY OF THE COLLATERAL, INCLUDING, WITHOUT LIMITATION, ANY AND ALL PRIOR NOTICE AND HEARING FOR ANY PREJUDGMENT REMEDY OR REMEDIES, and each Assignor hereby further waives, to the extent permitted by law:

(i) all damages occasioned by such taking of possession except any damages which are the direct result of the Collateral Agent's gross negligence or willful misconduct (as determined by a court of competent jurisdiction in a final and non-appealable decision);

(ii) all other requirements as to the time, place and terms of sale or other requirements with respect to the enforcement of the Collateral Agent's rights hereunder; and

(iii) all rights of redemption, appraisement, valuation, stay, extension or moratorium now or hereafter in force under any applicable law in order to prevent or delay the enforcement of this Agreement or the absolute sale of the Collateral or any portion thereof, and each Assignor, for itself and all who may claim under it, insofar as it or they now or hereafter lawfully may, hereby waives the benefit of all such laws.

Any sale of, or the grant of options to purchase, or any other realization upon, any Collateral shall operate to divest all right, title, interest, claim and demand, either at law or in equity, of the relevant Assignor therein and thereto, and shall be a perpetual bar both at law and in equity against such Assignor and against any and all Persons claiming or attempting to claim the Collateral so sold, optioned or realized upon, or any part thereof, from, through and under such Assignor.

7.4. Application of Proceeds. (a) All moneys collected by the Collateral Agent (or, to the extent the Pledge Agreement or any other Security Document requires proceeds of collateral under such other Security Document to be applied in accordance with the provisions of this Agreement, the Pledgee or Collateral Agent under such other Security Document) upon any sale or other disposition of the Collateral, together with all other moneys received by the Collateral Agent hereunder, shall be applied as follows.

(i) first, to the payment of all amounts owing the Collateral Agent of the type described in clauses (iii) and (iv) of the definition of "Obligations";

(ii) second, to the extent proceeds remain after the application pursuant to the preceding clause (i), an amount equal to the outstanding Primary Obligations shall be paid to the Secured Creditors as provided in Section 7.4(e) hereof, with each Secured Creditor receiving an amount equal to its outstanding Primary Obligations or, if the proceeds are insufficient to pay in full all such Primary Obligations, its Pro Rata Share of the amount remaining to be distributed;

(iii) third, to the extent proceeds remain after the application pursuant to the preceding clauses (i) and (ii), an amount equal to the outstanding Secondary Obligations shall be paid to the Secured Creditors as provided in Section 7.4(e) hereof, with each

Secured Creditor receiving an amount equal to its outstanding Secondary Obligations or, if the proceeds are insufficient to pay in full all such Secondary Obligations, its Pro Rata Share of the amount remaining to be distributed; and

(iv) fourth, to the extent proceeds remain after the

application pursuant to the preceding clauses (i) through (iii), inclusive, and following the termination of this Agreement pursuant to Section 10.8(a) hereof, to the relevant Assignor or to whomever may be lawfully entitled to receive such surplus.

(b) For purposes of this Agreement, (x) "Pro Rata Share" shall mean, when calculating a Secured Creditor's portion of any distribution or amount, that amount (expressed as a percentage) equal to a fraction the numerator of which is the then unpaid amount of such Secured Creditor's Primary Obligations or Secondary Obligations, as the case may be, and the denominator of which is the then outstanding amount of all Primary Obligations or Secondary Obligations, as the case may be, (y) "Primary Obligations" shall mean (i) in the case of the Credit Document Obligations, all principal of, premium, fees and interest on, all Loans, all Unpaid Drawings and all Fees and (ii) in the case of the Other Obligations, all amounts due under such Interest Rate Protection Agreements or Other Hedging Agreements (other than indemnities, fees (including, without limitation, attorneys' fees) and similar obligations and liabilities) and (z) "Secondary Obligations" shall mean all Obligations other than Primary Obligations.

(c) When payments to Secured Creditors are based upon their respective Pro Rata Shares, the amounts received by such Secured Creditors hereunder shall be applied (for purposes of making determinations under this Section 7.4 only) (i) first, to their Primary Obligations and (ii) second, to their Secondary Obligations. If any payment to any Secured Creditor of its Pro Rata Share of any distribution would result in overpayment to such Secured Creditor, such excess amount shall instead be distributed in respect of the unpaid Primary Obligations or Secondary Obligations, as the case may be, of the other Secured Creditors, with each Secured Creditor whose Primary Obligations or Secondary Obligations, as the case may be, have not been paid in full to receive an amount equal to such excess amount multiplied by a fraction the numerator of which is the unpaid Primary Obligations or Secondary Obligations, as the case may be, of such Secured Creditor and the denominator of which is the unpaid Primary Obligations or Secondary Obligations, as the case may be, of all Secured Creditors entitled to such distribution.

(d) Each of the Secured Creditors, by their acceptance of the benefits hereof and of the other Security Documents, agrees and acknowledges that if the Lender Creditors are to receive a distribution on account of undrawn amounts with respect to Letters of Credit issued under the Credit Agreement (which shall only occur after all outstanding Loans under the Credit Agreement and Unpaid Drawings have been paid in full), such amounts shall be paid to the Administrative Agent under the Credit Agreement and held by it, for the equal and ratable benefit of the Lender Creditors, as cash security for the repayment of Obligations owing to the Lender Creditors as such. If any amounts are held as cash security pursuant to the immediately preceding sentence, then upon the termination of all outstanding Letters of Credit under the Credit Agreement, and after the application of all such cash security to the repayment of all Obligations owing to the Lender Creditors after giving effect to the termination of all such Letters of Credit, if there remains any excess cash, such excess cash shall be returned by the

Administrative Agent to the Collateral Agent for distribution in accordance with Section 7.4(a) hereof.

(e) All payments required to be made hereunder shall be made (x) if to the Lender Creditors, to the Administrative Agent for the account of the Lender Creditors and (y) if to the Other Creditors, to the trustee, paying agent or other similar representative (each a "Representative") for the Other Creditors or, in the absence of such a Representative, directly to the Other Creditors.

(f) For purposes of applying payments received in accordance with this Section 7.4, the Collateral Agent shall be entitled to rely upon (i) the Administrative Agent and (ii) the Representative or, in the absence of such a Representative, upon the Other Creditors for a determination (which the Administrative Agent, each Representative and the Other Creditors agree (or

shall agree) to provide upon request of the Collateral Agent) of the outstanding Primary Obligations and Secondary Obligations owed to the Lender Creditors or the Other Creditors, as the case may be. Unless it has received written notice from a Lender Creditor or an Other Creditor to the contrary, the Administrative Agent and each Representative, in furnishing information pursuant to the preceding sentence, and the Collateral Agent, in acting hereunder, shall be entitled to assume that no Secondary Obligations are outstanding. Unless it has written notice from an Other Creditor to the contrary, the Collateral Agent, in acting hereunder, shall be entitled to assume that no Interest Rate Protection Agreements or Other Hedging Agreements are in existence.

(g) This Agreement is made with full recourse to each Assignor (including, without limitation, with full recourse to all assets of such Assignor) and pursuant to and upon all the warranties, representations, covenants and agreements on the part of such Assignor contained herein, in the other Secured Debt Agreements and otherwise in writing in connection herewith or therewith. It is understood that the Assignors shall remain jointly and severally liable to the extent of any deficiency between the amount of the proceeds of the Collateral and the aggregate amount of the Obligations.

7.5. Remedies Cumulative. Each and every right, power and remedy hereby specifically given to the Collateral Agent shall be in addition to every other right, power and remedy specifically given to the Collateral Agent under this Agreement, the other Secured Debt Agreements or now or hereafter existing at law, in equity or by statute and each and every right, power and remedy whether specifically herein given or otherwise existing may be exercised from time to time or simultaneously and as often and in such order as may be deemed expedient by the Collateral Agent. All such rights, powers and remedies shall be cumulative and the exercise or the beginning of the exercise of one shall not be deemed a waiver of the right to exercise any other or others. No delay or omission of the Collateral Agent in the exercise of any such right, power or remedy and no renewal or extension of any of the Obligations shall impair any such right, power or remedy or shall be construed to be a waiver of any Default or Event of Default or an acquiescence therein. No notice to or demand on any Assignor in any case shall entitle it to any other or further notice or demand in similar or other circumstances or constitute a waiver of any of the rights of the Collateral Agent to any other or further action in any circumstances without notice or demand. In the event that the Collateral Agent shall bring any suit to enforce

any of its rights hereunder and shall be entitled to judgment, then in such suit the Collateral Agent may recover reasonable expenses, including reasonable attorneys' fees, and the amounts thereof shall be included in such judgment.

7.6. Discontinuance of Proceedings. In case the Collateral Agent shall have instituted any proceeding to enforce any right, power or remedy under this Agreement by foreclosure, sale, entry or otherwise, and such proceeding shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Collateral Agent, then and in every such case the relevant Assignor, the Collateral Agent and each holder of any of the Obligations shall be restored to their former positions and rights hereunder with respect to the Collateral subject to the security interest created under this Agreement, and all rights, remedies and powers of the Collateral Agent shall continue as if no such proceeding had been instituted.

ARTICLE VIII

INDEMNITY

8.1. Indemnity. (a) Each Assignor jointly and severally agrees to indemnify, reimburse and hold the Collateral Agent, each other Secured Creditor and their respective successors, assigns, employees, affiliates and agents (hereinafter in this Section 8.1 referred to individually as "Indemnitee," and collectively as "Indemnitees") harmless from any and all liabilities, obligations, damages, injuries, penalties, claims, demands, actions, suits, judgments and any and all costs, expenses or disbursements

(including reasonable attorneys' fees and expenses) (for the purposes of this Section 8.1 the foregoing are collectively called "expenses") of whatsoever kind and nature imposed on, asserted against or incurred by any of the Indemnitees in any way relating to or arising out of this Agreement, any other Secured Debt Agreement or any other document executed in connection herewith or therewith or in any other way connected with the administration of the transactions contemplated hereby or thereby or the enforcement of any of the terms of, or the preservation of any rights under any thereof, or in any way relating to or arising out of the manufacture, ownership, ordering, purchase, delivery, control, acceptance, lease, financing, possession, operation, condition, sale, return or other disposition, or use of the Collateral (including, without limitation, latent or other defects, whether or not discoverable), the violation of the laws of any country, state or other governmental body or unit, any tort (including, without limitation, claims arising or imposed under the doctrine of strict liability, or for or on account of injury to or the death of any Person (including any Indemnitee), or property damage), or contract claim; provided that no Indemnitee shall be indemnified pursuant to this Section 8.1(a) for losses, damages or liabilities to the extent caused by the gross negligence or willful misconduct of such Indemnitee (as determined by a court of competent jurisdiction in a final and non-appealable decision). Each Assignor agrees that upon written notice by any Indemnitee of the assertion of such a liability, obligation, damage, injury, penalty, claim, demand, action, suit or judgment, the relevant Assignor shall assume full responsibility for the defense thereof. Each Indemnitee agrees to use its best efforts to promptly notify the relevant Assignor of any such assertion of which such Indemnitee has knowledge.

(b) Without limiting the application of Section 8.1(a) hereof, each Assignor agrees, jointly and severally, to pay or reimburse the Collateral Agent for any and all reasonable fees, costs and expenses of whatever kind or nature incurred in connection with the creation, preservation or protection of the Collateral Agent's Liens on, and security interest in, the Collateral, including, without limitation, all fees and taxes in connection with the recording or filing of instruments and documents in public offices, payment or discharge of any taxes or Liens upon or in respect of the Collateral, premiums for insurance with respect to the Collateral and all other fees, costs and expenses in connection with protecting, maintaining or preserving the Collateral and the Collateral Agent's interest therein, whether through judicial proceedings or otherwise, or in defending or prosecuting any actions, suits or proceedings arising out of or relating to the Collateral.

(c) Without limiting the application of Section 8.1(a) or (b) hereof, each Assignor agrees, jointly and severally, to pay, indemnify and hold each Indemnitee harmless from and against any loss, costs, damages and expenses which such Indemnitee may suffer, expend or incur in consequence of or growing out of any misrepresentation by any Assignor in this Agreement, any other Secured Debt Agreement or in any writing contemplated by or made or delivered pursuant to or in connection with this Agreement or any other Secured Debt Agreement.

(d) If and to the extent that the obligations of any Assignor under this Section 8.1 are unenforceable for any reason, such Assignor hereby agrees to make the maximum contribution to the payment and satisfaction of such obligations which is permissible under applicable law.

8.2. Indemnity Obligations Secured by Collateral; Survival. Any amounts paid by any Indemnitee as to which such Indemnitee has the right to reimbursement shall constitute Obligations secured by the Collateral. The indemnity obligations of each Assignor contained in this Article VIII shall continue in full force and effect notwithstanding the full payment of all of the other Obligations and notwithstanding the full payment of all the Notes issued, and Loans made, under the Credit Agreement, the termination of all Letters of Credit issued under the Credit Agreement, the termination of all Interest Rate Protection Agreements and Other Hedging Agreements entered into with the Other Creditors and the payment of all other Obligations and notwithstanding the discharge thereof.

ARTICLE IX

DEFINITIONS

The following terms shall have the meanings herein specified. Such definitions shall be equally applicable to the singular and plural forms of the terms defined.

"Administrative Agent" shall have the meaning provided in the recitals of this Agreement.

"Agreement" shall mean this Security Agreement as the same may be modified, supplemented or amended from time to time in accordance with its terms.

"Assignor" shall have the meaning provided in the first paragraph of this Agreement.

"Cash Collateral Account" shall mean a cash collateral account maintained with, and in the sole dominion and control of, the Collateral Agent for the benefit of the Secured Creditors.

"Chattel Paper" shall have the meaning provided in the Uniform Commercial Code as in effect on the date hereof in the State of New York.

"Class" shall have the meaning provided in Section 10.2 of this Agreement.

"Collateral" shall have the meaning provided in Section 1.1(a) of this Agreement.

"Collateral Agent" shall have the meaning provided in the first paragraph of this Agreement.

"Commercial Tort Claims" shall have the meaning provided in the Uniform Commercial Code as in effect on the date hereof in the State of New York.

"Contract Rights" shall mean all rights of any Assignor under each Contract, including, without limitation, (i) any and all rights to receive and demand payments under any or all Contracts, (ii) any and all rights to receive and compel performance under any or all Contracts and (iii) any and all other rights, interests and claims now existing or in the future arising in connection with any or all Contracts.

"Contracts" shall mean all contracts between any Assignor and one or more additional parties (including, without limitation, any Interest Rate Protection Agreements, Other Hedging Agreements, licensing agreements and any partnership agreements, joint venture agreements and limited liability company agreements), but excluding any contract to the extent that (but only as long as) the terms thereof prohibit the assignment of, or granting a security interest in, such contract (it being understood and agreed, however, (i) that notwithstanding the foregoing, all rights to payment for money due or to become due pursuant to any such excluded contract shall be subject to the security interests created by this Agreement and (ii) such excluded contract shall otherwise be subject to the security interests created by this Agreement upon receiving any necessary approvals or waivers permitting the assignment thereof).

"Copyrights" shall mean any United States copyright owned by any Assignor, including any registrations of any Copyrights, in the United States Copyright Office or any foreign equivalent office, as well as any application for a copyright registration now or hereafter made with the United States Copyright Office or any foreign equivalent office by any Assignor.

"Credit Agreement" shall have the meaning provided in the recitals of this Agreement.

"Credit Document Obligations" shall have the meaning provided in the definition of "Obligations" in this Article IX.

"Default" shall mean any event which with notice or lapse of time, or both, would constitute an Event of Default.

"Documents" shall have the meaning provided in the Uniform Commercial Code as in effect on the date hereof in the State of New York.

"Equipment" shall mean any "equipment," as such term is defined in the Uniform Commercial Code as in effect on the date hereof in the State of New York, now or hereafter owned by any Assignor and, in any event, shall include, but shall not be limited to, all machinery, equipment, furnishings, fixtures and vehicles now or hereafter owned by any Assignor and any and all additions, substitutions and replacements of any of the foregoing and all accessions thereto, wherever located, together with all attachments, components, parts, equipment and accessories installed thereon or affixed thereto.

"Event of Default" shall mean any Event of Default under, and as defined in, the Credit Agreement and shall in any event include, without limitation, any payment default on any of the Obligations after the expiration of any applicable grace period.

"General Intangibles" shall have the meaning provided in the Uniform Commercial Code as in effect on the date hereof in the State of New York (and shall include all payment intangibles, partnership interests and all limited liability company and membership interests to the extent that same constitutes a general intangible under such Uniform Commercial Code).

"Goods" shall have the meaning provided in the Uniform Commercial Code as in effect on the date hereof in the State of New York.

"Indemnitee" shall have the meaning provided in Section 8.1(a) of this Agreement.

"Instrument" shall have the meaning provided in the Uniform Commercial Code as in effect on the date hereof in the State of New York.

"Inventory" shall mean merchandise, inventory and goods, and all additions, substitutions and replacements thereof and all accessions thereto, wherever located, together with all goods, supplies, incidentals, packaging materials, labels, materials and any other items used or usable in manufacturing, processing, packaging or shipping same, in all stages of production from raw materials through work in process to finished goods, and all products and proceeds of whatever sort and wherever located any portion thereof which may be returned, rejected, reclaimed or repossessed by the Collateral Agent from any Assignor's customers, and shall specifically include all "inventory" as such term in defined in the Uniform Commercial Code as in effect on the date hereof in the State of New York, now or hereafter owned by any Assignor.

"Investment Property" shall have the meaning provided in the Uniform Commercial Code as in effect on the date hereof in the State of New York.

"Lender Creditors" shall have the meaning provided in the recitals of this Agreement.

"Lenders" shall have the meaning provided in the recitals of this Agreement.

"Letter of Credit Rights" shall have the meaning provided in the Uniform Commercial Code as in effect on the date hereof in the State of New York.

"Liens" shall mean any security interest, mortgage, pledge, lien, claim, charge, encumbrance, title retention agreement, lessor's interest in a financing lease or analogous instrument, in, of, or on any Assignor's property.

"Marks" shall mean all right, title and interest in and to any trademarks, service marks and trade names now held or hereafter acquired by any Assignor, including any registration of any trademarks and service marks in the United States Patent and Trademark Office or in any equivalent foreign office and any trade dress including logos and/or designs used by any Assignor, but excluding any such right, title and interest of an Assignor in and to same as licensee pursuant to a contract which is expressly excluded from the definition of "Contract" contained herein pursuant to the terms of such definition.

"Material Adverse Effect" shall mean a material adverse effect on the business, operations, property, assets, liabilities, condition (financial or otherwise) or prospects of the Borrower and its Subsidiaries taken as a whole.

"Obligations" shall mean (i) the full and prompt payment when due (whether at the stated maturity, by acceleration or otherwise) of all obligations, liabilities and indebtedness (including, without limitation, principal, premium, interest, reimbursement obligations under Letters of Credit, fees, costs and indemnities (including, without limitation, all interest that accrues after the commencement of any case, proceeding or other action relating to the bankruptcy, insolvency, reorganization or similar proceeding of any Assignor at the rate provided for in the respective documentation, whether or not a claim for post-petition interest is allowed in any such proceeding)) of each Assignor to the Lender Creditors, whether now existing or hereafter incurred under, arising out of, or in connection with, the Credit Agreement and the other Credit Documents to which such Assignor is a party (including, in the case of each Assignor that is a Subsidiary Guarantor, all such obligations, liabilities and indebtedness of such Assignor under the Subsidiaries Guaranty) and the due performance and compliance by such Assignor with all of the terms, conditions and agreements contained in the Credit Agreement and in such other Credit Documents (all such obligations, liabilities and indebtedness under this clause (i), except to the extent consisting of obligations or indebtedness with respect to Interest Rate Protection Agreements or Other Hedging Agreements, being herein collectively called the "Credit Document Obligations"); (ii) the full and prompt payment when due (whether at the stated maturity, by acceleration or otherwise) of all obligations, liabilities and indebtedness (including, without limitation, all interest that accrues after the commencement of any case,

proceeding or other action relating to the bankruptcy, insolvency, reorganization or similar proceeding of any Assignor at the rate provided for in the respective documentation, whether or not a claim for post-petition interest is allowed in any such proceeding) owing by such Assignor to the Other Creditors under, or with respect to (including, in the case of each Assignor that is a Subsidiary Guarantor, all such obligations, liabilities and indebtedness of such Assignor under the Subsidiaries Guaranty), each Interest Rate Protection Agreement or Other Hedging Agreement, whether such Interest Rate Protection Agreement or Other Hedging Agreement is now in existence or hereafter arising, and the due performance and compliance by such Assignor with all of the terms, conditions and agreements contained therein (all such obligations, liabilities and indebtedness described in this clause (ii) being herein collectively called the "Other Obligations"); (iii) any and all sums advanced by the Assignee in order to preserve the Collateral or preserve its security interest in the Collateral; (iv) in the event of any proceeding for the collection or enforcement of any indebtedness, obligations, or liabilities of such Assignor referred to in clauses (i) and (ii) above, after an Event of Default shall have occurred and be continuing, the reasonable expenses of retaking, holding,

preparing for sale or lease, selling or otherwise disposing of or realizing on the Collateral, or of any exercise by the Assignee of its rights hereunder, together with reasonable attorneys' fees and court costs; and (v) all amounts paid by any Indemnitee as to which such Indemnitee has the right to reimbursement under Section 8.1 of this Agreement; it being acknowledged and agreed that the "Obligations" shall include extensions of credit of the types described above, whether outstanding on the date of this Agreement or extended from time to time after the date of this Agreement.

"Other Creditors" shall have the meaning provided in the recitals of this Agreement.

"Other Obligations" shall have the meaning provided in the definition of "Obligations" in this Article IX.

"Patents" shall mean any patent to which any Assignor now or hereafter has right, title and interest therein, and any divisions, continuations (including, but not limited to, continuations-in-parts) and improvements thereof, as well as any application for a patent now or hereafter made by any Assignor, but excluding any patent to which any such Assignor has right, title and interest as licensee pursuant to a contract which is expressly excluded from the definition of "Contract" contained herein pursuant to the terms of such definition.

"Permits" shall mean, to the extent permitted to be assigned by the terms thereof or by applicable law, all licenses, permits, rights, orders, variances, franchises or authorizations of or from any governmental authority or agency.

"Primary Obligations" shall have the meaning provided in Section 7.4(b) of this Agreement.

"Pro Rata Share" shall have the meaning provided in Section 7.4(b) of this Agreement.

"Proceeds" shall have the meaning provided in the Uniform Commercial Code as in effect in the State of New York on the date hereof or under other relevant law and, in any event, shall include, but not be limited to, (i) any and all proceeds of any insurance, indemnity, warranty or guaranty payable to the Collateral Agent or any Assignor from time to time with respect to any of the Collateral, (ii) any and all payments (in any form whatsoever) made or due and payable to any Assignor from time to time in connection with any requisition, confiscation, condemnation, seizure or forfeiture of all or any part of the Collateral by any governmental authority (or any person acting under color of governmental authority) and (iii) any and all other amounts from time to time paid or payable under or in connection with any of the Collateral.

"Receivables" shall mean any "account" as such term is defined in the Uniform Commercial Code as in effect on the date hereof in the State of New York, now or hereafter owned by any Assignor and, in any event, shall include, but shall not be limited to, all of such Assignor's rights to health-care insurance receivables and to payment for goods sold or leased or services performed by such Assignor, whether now in existence or arising from time to time hereafter, including, without limitation, rights evidenced by an account, note contract, security agreement, chattel paper, or other evidence of indebtedness or security, together with (a) all security pledged, assigned, hypothecated or granted to or held by such Assignor to secure the foregoing, (b) all of any Assignor's right, title and interest in and to any goods, the sale of which gave rise thereto, (c) all guarantees, endorsements and indemnifications on, or of, any of the foregoing, (d) all powers of attorney for the execution of any evidence of indebtedness or security or other writing in connection therewith, (e) all books, records, ledger cards, and invoices relating thereto, (f) all instruments in connection therewith and amendments thereto, notices to other creditors or secured parties, and certificates from filing or other registration officers, (g) all credit information, reports and memoranda relating thereto and (h) all other writings related in any way to the foregoing.

"Representative" shall have the meaning provided in Section 7.4(e) of this Agreement.

"Required Secured Creditors" shall mean (i) at any time when any Credit Document Obligations are outstanding or any Commitments under the Credit Agreement exist, the Required Lenders (or, to the extent provided in Section 13.12 of the Credit Agreement, each of the Lenders) and (ii) at any time after all of the Credit Document Obligations have been paid in full in cash, all Commitments under the Credit Agreement have been terminated and no further Commitments may be provided thereunder, the holders of a majority of the Other Obligations.

"Requisite Creditors" shall have the meaning provided in Section 10.2 of this Agreement.

"Secondary Obligations" shall have the meaning provided in Section 7.4(b) of this Agreement.

"Secured Creditors" shall have the meaning provided in the recitals of this Agreement.

"Secured Debt Agreements" shall mean and include this Agreement, the other Credit Documents and the Interest Rate Protection Agreements and Other Hedging Agreements entered into with an Other Creditor.

"Supporting Obligations" shall have the meaning provided in the Uniform Commercial Code as in effect on the date hereof in the State of New York.

"Termination Date" shall have the meaning provided in Section 10.8(a) of this Agreement.

"Trade Secret Rights" shall have the meaning provided in Section 5.1 of this Agreement.

"UCC" shall mean the Uniform Commercial Code as in effect from time to time in the relevant jurisdiction.

ARTICLE X

MISCELLANEOUS

10.1. Notices. Except as otherwise specified herein, all notices, requests, demands or other communications to or upon the respective parties hereto shall be sent or delivered by mail, telegraph, telex, telecopy, cable or courier service and all such notices and communications shall, when mailed, telegraphed, telexed, telecopied, or cabled or sent by courier, be effective when deposited in the mails, delivered to the telegraph company, cable company or overnight courier, as the case may be, or sent by telex or telecopier, except that notices and communications to the Collateral Agent or any Assignor shall not be effective until received by the Collateral Agent or such Assignor, as the case may be. All notices and other communications shall be in writing and addressed as follows:

(a) if to any Assignor, c/o:

Extended Stay America, Inc.
450 East Las Olas Boulevard
Suite 1100
Ft. Lauderdale, FL 33301
Telephone No.: (954) 713-1600
Telecopier No.: (954) 713-1650
Attention: Gregory R. Moxley

(b) if to the Collateral Agent, at:

600 East Las Colinas Blvd.,

Suite 1300, 13th Floor
Irving, TX 75309
Attention: Kevin Miles or
Monica Stevens

Telephone No.: (972) 401-8533
Telecopier No.: (972) 401-8557

(c) if to any Lender Creditor other than the Collateral Agent, at such address as such Lender Creditor shall have specified in the Credit Agreement;

(d) if to any Other Creditor, at such address as such Other Creditor shall have specified in writing to each Assignor and the Collateral Agent;

or at such other address or addressed to such other individual as shall have been furnished in writing by any Person described above to the party required to give notice hereunder.

10.2. Waiver; Amendment. None of the terms and conditions of this Agreement or any other Security Document may be changed, waived, modified or varied in any manner whatsoever unless in writing duly signed by each Assignor directly affected thereby and the Collateral Agent (with the written consent of the Required Secured Creditors); provided, however, that any change, waiver, modification or variance affecting the rights and benefits of a single Class of Secured Creditors (and not all Secured Creditors in a like or similar manner) also shall require the written consent of the Requisite Secured Creditors of such affected Class. For the purpose of this Agreement and each other Security Document, the term "Class" shall mean each class of Secured Creditors, i.e., whether (x) the Lender Creditors as holders of the Credit Document Obligations or (y) the Other Creditors as the holders of the Other Obligations. For the purpose of this Agreement and each other Security Document, the term "Requisite Secured Creditors" of any Class shall mean each of (x) with respect to the Credit Document Obligations, the Required Lenders (or, to the extent provided in Section 13.12 of the Credit Agreement, each of the Lenders), and (y) with respect to the Other Obligations, the holders of at least a majority of all Other Obligations outstanding from time to time.

10.3. Obligations Absolute. The obligations of each Assignor hereunder shall remain in full force and effect without regard to, and shall not be impaired by, (a) any bankruptcy, insolvency, reorganization, arrangement, readjustment, composition, liquidation or the like of such Assignor; (b) any exercise or non-exercise, or any waiver of, any right, remedy, power or privilege under or in respect of this Agreement or any other Secured Debt Agreement; or (c) any amendment to or modification of any Secured Debt Agreement or any security for any of the Obligations; whether or not such Assignor shall have notice or knowledge of any of the foregoing.

10.4. Successors and Assigns. This Agreement shall be binding upon each Assignor and its successors and assigns (although no Assignor may assign its rights and obligations hereunder except in accordance with the provisions of the Secured Debt Agreements) and shall inure to the benefit of the Collateral Agent and the other Secured Creditors and their respective successors and assigns. All agreements, statements, representations and warranties made by each Assignor herein or in any certificate or other instrument delivered by such Assignor or on its behalf under this Agreement shall be considered to have been relied upon by the Secured Creditors and shall survive the execution and delivery of this Agreement and the

other Secured Debt Agreements regardless of any investigation made by the Secured Creditors or on their behalf.

10.5. Headings Descriptive. The headings of the several sections of this Agreement are inserted for convenience only and shall not in any way affect the meaning or construction of any provision of this Agreement.

10.6. Governing Law. THIS AGREEMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER SHALL BE CONSTRUED IN ACCORDANCE WITH AND BE GOVERNED BY THE LAW OF THE STATE OF NEW YORK.

10.7. Assignor's Duties. It is expressly agreed, anything herein contained to the contrary notwithstanding, that each Assignor shall remain liable to perform all of the obligations, if any, assumed by it with respect to the Collateral and the Collateral Agent shall not have any obligations or liabilities with respect to any Collateral by reason of or arising out of this Agreement, nor shall the Collateral Agent be required or obligated in any manner to perform or fulfill any of the obligations of any Assignor under or with respect to any Collateral.

10.8. Termination; Release. (a) After the Termination Date, this Agreement shall terminate (provided that all indemnities set forth herein including, without limitation, in Section 8.1 hereof shall survive such termination) and the Collateral Agent, at the request and expense of the respective Assignor, will promptly execute and deliver to such Assignor a proper instrument or instruments (including Uniform Commercial Code termination statements on form UCC-3) acknowledging the satisfaction and termination of this Agreement, and will duly assign, transfer and deliver to such Assignor (without recourse and without any representation or warranty) such of the Collateral as may be in the possession of the Collateral Agent and as has not theretofore been sold or otherwise applied or released pursuant to this Agreement. As used in this Agreement, "Termination Date" shall mean the date upon which the Total Commitment under the Credit Agreement has been terminated and all Interest Rate Protection Agreements and Other Hedging Agreements entered into with any Other Creditor have been terminated, no Note under the Credit Agreement is outstanding and all Loans thereunder have been repaid in full, all Letters of Credit issued under the Credit Agreement have been terminated and all Obligations then due and payable have been paid in full and no further Incremental Term Loan Commitments may be requested or provided pursuant to the terms of the Credit Agreement.

(b) In the event that any part of the Collateral is sold in connection with a sale permitted by the Secured Debt Agreements (other than a sale to any Assignor or a Subsidiary thereof) or is otherwise released with the consent of the Required Secured Creditors and the proceeds of such sale or sales or from such release are applied in accordance with the provisions of the Credit Agreement, to the extent required to be so applied, such Collateral will be sold free and clear of the Liens created by this Agreement and the Collateral Agent, at the request and expense of the relevant Assignor, will duly and promptly assign, transfer and deliver to such Assignor (without recourse and without any representation or warranty) such of the Collateral as is then being (or has been) so sold or released and as may be in the possession of the Collateral Agent and has not theretofore been released pursuant to this Agreement.

(c) At any time that an Assignor desires that the Collateral Agent take any action to acknowledge or give effect to any release of Collateral pursuant to the foregoing Section 10.8(a) or (b), such Assignor shall deliver to the Collateral Agent a certificate signed by a senior officer of such Assignor stating that the release of the respective Collateral is permitted pursuant to such Section 10.8(a) or (b).

10.9. Counterparts. This Agreement may be executed in any number of counterparts and by the different parties hereto on separate counterparts, each of which when so executed and delivered shall be an original, but all of which shall together constitute one and the same instrument. A set of counterparts executed by all the parties hereto shall be lodged with each Assignor and the Collateral Agent.

10.10. Severability. Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

10.11. The Collateral Agent and the other Secured Creditors. The Collateral Agent will hold in accordance with this Agreement all items of the Collateral at any time received under this Agreement. It is expressly understood and agreed that the obligations of the Collateral Agent as holder of the Collateral and interests therein and with respect to the disposition thereof, and otherwise under this Agreement, are only those expressly set forth in this Agreement and in Section 12 of the Credit Agreement. The Collateral Agent shall act hereunder on the terms and conditions set forth herein and in Section 12 of the Credit Agreement.

10.12. Benefit of Agreement. This Agreement shall be binding upon the parties hereto and their respective successors and assigns and shall inure to the benefit of and be enforceable by each of the parties hereto and its successors and assigns.

10.13. Additional Assignors. It is understood and agreed that any Subsidiary of Borrower that is required to execute a counterpart of this Agreement after the date hereof pursuant to the Credit Agreement shall become an Assignor hereunder by executing a counterpart hereof and delivering same to the Collateral Agent.

* * *

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed and delivered by their duly authorized officers as of the date first above written.

Extended Stay America, Inc.
ESA 0123, Inc.
ESA 0124, Inc.
ESA 0155, Inc.
ESA Arizona, Inc.
ESA Arkansas, Inc.
ESA 0311, Inc.
ESA 0885, Inc.
ESA 0901, Inc.
ESA 0994, Inc.
ESA 7502, Inc.
ESA 7508, Inc.
ESA 7513, Inc.
ESA COL, Inc.
ESA Connecticut, Inc.
ESA International, Inc.
ESA Management, Inc.
ESA Services, Inc.
Extended Stay CA, Inc.
Studio Plus Hotels, Inc.
ESA 0174, Inc.
ESA 0302, Inc.
ESA 0303, Inc.
ESA 0328, Inc.
ESA 0381, Inc.
ESA 0789, Inc.
ESA 0869, Inc.
ESA 0884, Inc.
ESA 1510, Inc.
ESA 1546, Inc.

ESA Florida, Inc.
ESA 0102, Inc.
ESA 0373, Inc.
ESA 0382, Inc.
ESA 0788, Inc.
ESA 0990, Inc.
ESA 0991, Inc.
ESA 0992, Inc.
ESA 0993, Inc.
ESA 0996, Inc.
ESA 1501, Inc.
ESA 1502, Inc.

ESA 1550, Inc.
ESA Georgia, Inc.
ESA Idaho, Inc.
ESA 0153, Inc.
ESA 0510, Inc.
ESA 0525, Inc.
ESA 0530, Inc.
ESA 0532, Inc.
ESA 0541, Inc.
ESA 0640, Inc.
ESA 0660, Inc.
ESA 0677, Inc.
ESA 0752, Inc.
ESA 0753, Inc.
ESA 4012, Inc.
ESA 4016, Inc.
ESA 4019, Inc.
ESA 4023, Inc.
ESA Illinois, Inc.
ESA Indiana, Inc.
ESA Iowa, Inc.
ESA Kansas, Inc.
ESA Kentucky, Inc.
ESA Louisiana, Inc.
ESA Maine, Inc.
ESA Maryland, Inc.
Extended Stay MA, Inc.
ESA 0527, Inc.
ESA 0552, Inc.
ESA 0600, Inc.
ESA 0670, Inc.
ESA 0675, Inc.
ESA 0680, Inc.
ESA 0780, Inc.
ESA 4013, Inc.
ESA Michigan, Inc.
ESA 0733, Inc.
ESA 0734, Inc.
ESA 0737, Inc.
ESA 0745, Inc.
ESA 3504, Inc.
ESA Minnesota, Inc.
ESA Mississippi, Inc.
ESA Missouri, Inc.
ESA 0858, Inc.

ESA 0859, Inc.
ESA 0860, Inc.
ESA 0861, Inc.
ESA Nevada, Inc.
ESA West, Inc.
ESA New Hampshire, Inc.
ESA 0454, Inc.
ESA 0455, Inc.
ESA 0479, Inc.
ESA 0646, Inc.
ESA 2509, Inc.
ESA 2522, Inc.
ESA 2653, Inc.
ESA New Jersey, Inc.
ESA New Mexico, Inc.
ESA New York, Inc.
ESA 0106, Inc.
ESA 0127, Inc.
ESA 0161, Inc.
ESA 0186, Inc.
ESA 0201, Inc.
ESA 0206, Inc.
ESA 0231, Inc.
ESA 0232, Inc.
ESA 0280, Inc.
ESA 0370, Inc.
ESA 0371, Inc.
ESA 0417, Inc.
ESA 1500, Inc.
ESA 1514, Inc.
ESA 1591, Inc.
ESA 1594, Inc.
ESA 1596, Inc.
ESA 1634, Inc.
ESA Ohio, Inc.
ESA Oklahoma, Inc.
ESA Oregon, Inc.
Extended Stay 0453, Inc.
Extended Stay 0463, Inc.
Extended Stay 0507, Inc.
Extended Stay 0547, Inc.
Extended Stay 2506, Inc.
Extended Stay 2511, Inc.
Extended Stay 2565, Inc.
Extended Stay 2667, Inc.

ESA Rhode Island, Inc.
ESA South Carolina, Inc.
ESA 0121, Inc.
ESA 0125, Inc.
ESA 0163, Inc.
ESA 0305, Inc.
ESA 0315, Inc.
ESA 0450, Inc.
ESA Tennessee, Inc.
ESA Tejas, Inc.
ESA Utah, Inc.
ESA Virginia, Inc.
Studio Plus Properties, Inc.
ESA Washington, Inc.
ESA Wisconsin, Inc.

By:

Name:
Title:
On behalf of each Assignor
listed above

Accepted and Agreed to:

THE INDUSTRIAL BANK OF JAPAN, LIMITED,
as Collateral Agent and Assignee

By:

Name:
Title:

EXHIBIT J

SUBSIDIARIES GUARANTY

GUARANTY, dated as of July 24, 2001 (as amended, modified or supplemented from time to time, this "Guaranty"), made by each of the undersigned (each, a "Guarantor" and, together with any other entity that becomes a party hereto pursuant to Section 25 hereof, the "Guarantors"), to The Industrial Bank of Japan, Limited, as Collateral Agent, for the benefit of the Secured Creditors (as defined below). Except as otherwise defined herein, terms used herein and defined in the Credit Agreement (as defined below) shall be used herein as therein defined.

W I T N E S S E T H :

WHEREAS, Extended Stay America, Inc. (the "Borrower"), various lenders party thereto from time to time (the "Lenders"), Morgan Stanley Senior Funding, Inc., as Sole Lead Arranger and Sole Book Runner (the "Lead Arranger"), Bear Stearns Corporate Lending Inc. and Fleet National Bank, as Co-Syndication Agents (the "Co-Syndication Agents"), and The Industrial Bank of Japan, Limited, as Administrative Agent (together with any successor administrative agent, the "Administrative Agent") have entered into a Credit Agreement, dated as of July 24, 2001 (as amended, modified or supplemented from time to time, the "Credit Agreement"), providing for the making of Loans to the Borrower and the issuance of, and participation in, Letters of Credit for the account of the Borrower, all as contemplated therein (the Lenders, the Lead Arranger, the Co-Syndication Agents, each Issuing Lender and the Administrative Agent are herein called the "Lender Creditors");

WHEREAS, the Borrower may at any time and from time to time enter into one or more Interest Rate Protection Agreements or Other Hedging Agreements with one or more Lenders or any affiliate thereof (each such Lender or affiliate, even if the respective Lender subsequently ceases to be a Lender under the Credit Agreement for any reason, together with such Lender's or affiliate's successors and assigns, if any, collectively, the "Other Creditors," and together with the Lender Creditors, the "Secured Creditors");

WHEREAS, each Guarantor is a Subsidiary of the Borrower;

WHEREAS, it is a condition to the making of Loans and issuing of Letters of Credit under the Credit Agreement that each Guarantor shall have executed and delivered this Guaranty; and

WHEREAS, each Guarantor will obtain benefits from the incurrence of Loans by the Borrower and the issuance of Letters of Credit pursuant to the Credit Agreement and the entering into of Interest Rate Protection Agreements or Other Hedging Agreements and, accordingly, desires to execute this Guaranty in order to (i) satisfy the conditions described in the preceding paragraph and (ii) induce (x) the Lenders to make Loans and each Issuing Lender to

issue Letters of Credit to the Borrower and (y) the Other Creditors to enter into Interest Rate Protection Agreements or Other Hedging Agreements with the Borrower;

NOW, THEREFORE, in consideration of the foregoing and other benefits accruing to each Guarantor, the receipt and sufficiency of which are hereby acknowledged, each Guarantor hereby makes the following representations and warranties to the Secured Creditors and hereby covenants and agrees with each Secured Creditor as follows:

1. Each Guarantor, jointly and severally, irrevocably and unconditionally guarantees: (i) to the Lender Creditors the full and prompt payment when due (whether at the stated maturity, by acceleration or otherwise) of (x) the principal of and interest on the Notes issued by, and the Loans made to, the Borrower under the Credit Agreement and all reimbursement obligations and Unpaid Drawings with respect to Letters of Credit and (y) all other obligations (including obligations which, but for the automatic stay under Section 362(a) of the Bankruptcy Code, would become due) and liabilities owing by the Borrower to the Lender Creditors under the Credit Agreement (including, without limitation, indemnities, Fees and interest thereon (including any interest accruing after the commencement of any bankruptcy, insolvency, receivership or similar proceeding, whether or not such interest is an allowed claim against the debtor in any such proceeding)) and the other Credit Documents to which the Borrower is a party, whether now existing or hereafter incurred under, arising out of or in connection with the Credit Agreement or any such other Credit Document and the due performance and compliance with the terms of the Credit Documents by the Borrower (all such principal, interest, liabilities and obligations under this clause (i), except to the extent consisting of obligations or liabilities with respect to Interest Rate Protection Agreements or Other Hedging Agreements, being herein collectively called the "Credit Document Obligations"); and (ii) to each Other Creditor the full and prompt payment when due (whether at the stated maturity, by acceleration or otherwise) of all obligations (including obligations which, but for the automatic stay under Section 362(a) of the Bankruptcy Code, would become due) and liabilities owing by the Borrower to one or more Other Creditors under any Interest Rate Protection Agreements or Other Hedging Agreements (including any interest accruing after the commencement of any bankruptcy, insolvency, receivership or similar proceeding, whether or not such interest is an allowed claim against the debtor in any such proceeding), whether now in existence or hereafter arising, and the due performance and compliance by the Borrower with all terms, conditions and agreements contained therein (all such obligations and liabilities being herein collectively called the "Other Obligations", and together with the Credit Document Obligations are herein collectively called the "Guaranteed Obligations").

2. Additionally, but subject to the proviso to the first sentence of Section 1 hereof, each Guarantor, jointly and severally, unconditionally and irrevocably, guarantees the payment of any and all Guaranteed Obligations of the Borrower to the Secured Creditors whether or not due or payable by the Borrower upon the occurrence in respect of the Borrower of any of the events specified in Section 10.05 of the Credit Agreement, and unconditionally and irrevocably, jointly and severally, promises to pay such Guaranteed Obligations to the Secured Creditors, or order, on demand. This Guaranty shall constitute a guaranty of payment, and not of collection.

3. The liability of each Guarantor hereunder is exclusive and

independent of any security for or other guaranty of the Guaranteed Obligations of the Borrower whether executed by such Guarantor, any other Guarantor, any other guarantor or by any other party, and the liability of each Guarantor hereunder shall not be affected or impaired by (a) any direction as to application of payment by the Borrower or by any other party, (b) any other continuing or other guaranty, undertaking or maximum liability of a guarantor or of any other party as to the Guaranteed Obligations of the Borrower, (c) any payment on or in reduction of any such other guaranty or undertaking, (d) any dissolution, termination or increase, decrease or change in personnel by the Borrower, (e) any payment made to any Secured Creditor on the Guaranteed Obligations which any Secured Creditor repays the Borrower pursuant to court order in any bankruptcy, reorganization, arrangement, moratorium or other debtor relief proceeding, and each Guarantor waives any right to the deferral or modification of its obligations hereunder by reason of any such proceeding, (f) any action or inaction by the Secured Creditors as contemplated in Section 6 hereof, or (g) any invalidity, irregularity or unenforceability of all or part of the Guaranteed Obligations or of any security therefor.

4. The obligations of each Guarantor hereunder are independent of the obligations of any other Guarantor, any other guarantor or the Borrower, and a separate action or actions may be brought and prosecuted against each Guarantor whether or not action is brought against any other Guarantor, any other guarantor or the Borrower and whether or not any other Guarantor, any other guarantor of the Borrower or the Borrower be joined in any such action or actions. Each Guarantor waives, to the fullest extent permitted by law, the benefit of any statute of limitations affecting its liability hereunder or the enforcement thereof. Any payment by the Borrower or other circumstance which operates to toll any statute of limitations as to the Borrower shall operate to toll the statute of limitations as to each Guarantor.

5. Each Guarantor hereby waives (to the fullest extent permitted by applicable law) notice of acceptance of this Guaranty and notice of any liability to which it may apply, and waives promptness, diligence, presentment, demand of payment, protest, notice of dishonor or nonpayment of any such liabilities, suit or taking of other action by the Administrative Agent or any other Secured Creditor against, and any other notice to, any party liable thereon (including such Guarantor or any other guarantor or the Borrower).

6. Any Secured Creditor may (except as shall be required by applicable statute and cannot be waived) at any time and from time to time without the consent of, or notice to, any Guarantor, without incurring responsibility to such Guarantor, without impairing or releasing the obligations of such Guarantor hereunder, upon or without any terms or conditions and in whole or in part:

(a) change the manner, place or terms of payment of, and/or change or extend the time of payment of, renew, increase, accelerate or alter, any of the Guaranteed Obligations, any security therefor, or any liability incurred directly or indirectly in respect thereof, and the guaranty herein made shall apply to the Guaranteed Obligations as so changed, extended, renewed or altered;

(b) sell, exchange, release, surrender, realize upon or otherwise deal with in any manner and in any order any property by whomsoever at any time pledged or mortgaged to secure, or howsoever securing, the Guaranteed Obligations or any liabilities (including any of those hereunder) incurred directly or indirectly in respect thereof or hereof, and/or any offset thereagainst;

(c) exercise or refrain from exercising any rights against the Borrower or others or otherwise act or refrain from acting;

(d) settle or compromise any of the Guaranteed Obligations, any security therefor or any liability (including any of those hereunder) incurred directly or indirectly in respect thereof or hereof, and may subordinate the payment of all or any part thereof to the payment of any liability (whether due or not) of the Borrower to creditors of the Borrower;

(e) apply any sums by whomsoever paid or howsoever realized to any

liability or liabilities of the Borrower to the Secured Creditors regardless of what liabilities of the Borrower remain unpaid;

(f) consent to or waive any breach of, or any act, omission or default under, any of the Interest Rate Protection Agreements or Other Hedging Agreements, the Credit Documents or any of the instruments or agreements referred to therein, or otherwise amend, modify or supplement any of the Interest Rate Protection Agreements or Other Hedging Agreements, the Credit Documents or any of such other instruments or agreements;

(g) act or fail to act in any manner referred to in this Guaranty which may deprive such Guarantor of its right to subrogation against the Borrower to recover full indemnity for any payments made pursuant to this Guaranty; and/or

(h) release or substitute any one or more endorsors, guarantors, the Borrower or other obligors.

7. No invalidity, irregularity or unenforceability of all or any part of the Guaranteed Obligations or of any security therefor shall affect, impair or be a defense to this Guaranty, and this Guaranty shall be primary, absolute and unconditional notwithstanding the occurrence of any event or the existence of any other circumstances which might constitute a legal or equitable discharge of a surety or guarantor except payment in full in cash of the Guaranteed Obligations.

8. This Guaranty is a continuing one and all liabilities to which it applies or may apply under the terms hereof shall be conclusively presumed to have been created in reliance hereon. No failure or delay on the part of any Secured Creditor in exercising any right, power or privilege hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right, power or privilege hereunder preclude any other or further exercise thereof or the

exercise of any other right, power or privilege. The rights and remedies herein expressly specified are cumulative and not exclusive of any rights or remedies which any Secured Creditor would otherwise have. No notice to or demand on any Guarantor in any case shall entitle such Guarantor to any other further notice or demand in similar or other circumstances or constitute a waiver of the rights of any Secured Creditor to any other or further action in any circumstances without notice or demand. It is not necessary for any Secured Creditor to inquire into the capacity or powers of the Borrower or any of its Subsidiaries or the officers, directors, partners or agents acting or purporting to act on its behalf, and any indebtedness made or created in reliance upon the professed exercise of such powers shall be guaranteed hereunder.

9. Any indebtedness of the Borrower now or hereafter held by any Guarantor is hereby subordinated to the indebtedness of the Borrower to the Secured Creditors; and such indebtedness of the Borrower to any Guarantor, if the Administrative Agent, after an Event of Default has occurred and is continuing, so requests, shall be collected, enforced and received by such Guarantor as trustee for the Secured Creditors and be paid over to the Secured Creditors on account of the indebtedness of the Borrower to the Secured Creditors, but without affecting or impairing in any manner the liability of such Guarantor under the other provisions of this Guaranty. Prior to the transfer by any Guarantor of any note or negotiable instrument evidencing any indebtedness of the Borrower to such Guarantor, such Guarantor shall mark such note or negotiable instrument with a legend that the same is subject to this subordination. Without limiting the generality of the foregoing, each Guarantor hereby agrees with the Secured Creditors that it will not exercise any right of subrogation which it may at any time otherwise have as a result of this Guaranty (whether contractual, under Section 509 of the Bankruptcy Code or otherwise) until all Guaranteed Obligations have been irrevocably paid in full in cash.

10. (a) Each Guarantor waives any right (except as shall be required by applicable statute or law and cannot be waived) to require the Secured Creditors to: (i) proceed against the Borrower, any other Guarantor, any other guarantor of the Borrower or any other party; (ii) proceed against or exhaust any security held from the Borrower, any other Guarantor, any other guarantor of the Borrower or any other party; or (iii) pursue any other remedy in the Secured Creditors' power whatsoever. Each Guarantor waives (to the

fullest extent permitted by applicable law) any defense based on or arising out of any defense of the Borrower, any other Guarantor, any other guarantor of the Borrower or any other party other than payment in full in cash of the Guaranteed Obligations, including, without limitation, any defense based on or arising out of the disability of the Borrower, any other Guarantor, any other guarantor of the Borrower or any other party, or the unenforceability of the Guaranteed Obligations or any part thereof from any cause, or the cessation from any cause of the liability of the Borrower other than payment in full in cash of the Guaranteed Obligations. The Secured Creditors may, at their election, foreclose on any security held by the Administrative Agent, the Collateral Agent or the other Secured Creditors by one or more judicial or nonjudicial sales, whether or not every aspect of any such sale is commercially reasonable (to the extent such sale is permitted by applicable law), or exercise any other right or remedy the Secured Creditors may have against the Borrower or any other party, or any security, without affecting or impairing in any way the liability of any Guarantor hereunder except to the extent the Guaranteed Obligations have been paid in full in

cash. Each Guarantor waives any defense arising out of any such election by the Secured Creditors, even though such election operates to impair or extinguish any right of reimbursement or subrogation or other right or remedy of such Guarantor against the Borrower or any other party or any security.

(b) Each Guarantor waives all presentments, demands for performance, protests and notices, including, without limitation, notices of nonperformance, notices of protest, notices of dishonor, notices of acceptance of this Guaranty, and notices of the existence, creation or incurring of new or additional indebtedness. Each Guarantor assumes all responsibility for being and keeping itself informed of the Borrower's financial condition and assets, and of all other circumstances bearing upon the risk of nonpayment of the Guaranteed Obligations and the nature, scope and extent of the risks which such Guarantor assumes and incurs hereunder, and agrees that the Secured Creditors shall have no duty to advise any Guarantor of information known to them regarding such circumstances or risks.

11. The Secured Creditors agree that this Guaranty may be enforced only by the action of the Administrative Agent or the Collateral Agent, in each case acting upon the instructions of the Required Lenders (or, after the date on which all Credit Document Obligations have been paid in full, the holders of at least a majority of the outstanding Other Obligations) and that no other Secured Creditor shall have any right individually to seek to enforce or to enforce this Guaranty or to realize upon the security to be granted by the Security Documents, it being understood and agreed that such rights and remedies may be exercised by the Administrative Agent or the Collateral Agent or the holders of at least a majority of the outstanding Other Obligations, as the case may be, for the benefit of the Secured Creditors upon the terms of this Guaranty and the Security Documents. The Secured Creditors further agree that this Guaranty may not be enforced against any director, officer, employee, or stockholder of any Guarantor (except to the extent such stockholder is also a Guarantor hereunder).

12. In order to induce the Lenders to make Loans and each Issuing Lender to issue Letters of Credit pursuant to the Credit Agreement, and in order to induce the Other Creditors to execute, deliver and perform the Interest Rate Protection Agreements or Other Hedging Agreements, each Guarantor represents, warrants and covenants that:

(a) Such Guarantor (i) except as set forth on Schedule X to the Credit Agreement, is a duly organized and validly existing corporation, partnership or limited liability company, as the case may be, in good standing under the laws of the jurisdiction of its organization, (ii) has the corporate, partnership or limited liability company power and authority, as the case be, to own its property and assets and to transact the business in which it is engaged and presently proposes to engage and (iii) is duly qualified and is authorized to do business and is in good standing in each jurisdiction where the conduct of its business requires such qualification except for failures to be so qualified which, individually or in the aggregate, would not reasonably be expected to have a material adverse effect on the business, operations, property, assets, liabilities, condition (financial or otherwise) or prospects of the Borrower and

its Subsidiaries taken as a whole.

(b) Such Guarantor has the corporate, partnership or limited liability company power and authority, as the case be, to execute, deliver and perform the terms and provisions of this Guaranty and each other Credit Document to which it is a party and has taken all necessary corporate, partnership or limited liability company action, as the case be, to authorize the execution, delivery and performance by it of each such Credit Document. Such Guarantor has duly executed and delivered this Guaranty and each other Credit Document to which it is a party, and each such Credit Document constitutes the legal, valid and binding obligation of such Guarantor enforceable in accordance with its terms, except to the extent that the enforceability thereof may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws generally affecting creditors' rights and by equitable principles (regardless of whether enforcement is sought in equity or at (law).

(c) Neither the execution, delivery or performance by such Guarantor of this Guaranty or any other Credit Document to which it is a party, nor compliance by it with the terms and provisions hereof and thereof, (i) will contravene any provision of any applicable law, statute, rule or regulation, or any applicable order, writ, injunction or decree of any court or governmental instrumentality, (ii) will conflict with or result in any breach of any of the terms, covenants, conditions or provisions of, or constitute a default under, or result in the creation or imposition of (or the obligation to create or impose) any Lien (except pursuant to the Security Documents) upon any of the property or assets of such Guarantor or any of its Subsidiaries pursuant to the terms of any indenture, mortgage, deed of trust, loan agreement, credit agreement, or any other material agreement or other instrument to which such Guarantor or any of its Subsidiaries is a party or by which it or any of its property or assets is bound or to which it may be subject or (iii) will violate any provision of the certificate of incorporation or by-laws (or equivalent organizational documents) of such Guarantor or any of its Subsidiaries.

(d) No order, consent, approval, license, authorization or validation of, or filing, recording or registration with (except as have been obtained or made), or exemption by, any governmental or public body or authority, or any subdivision thereof, is required to authorize, or is required in connection with, (i) the execution, delivery and performance of this Guaranty or any other Credit Document to which such Guarantor is a party or (ii) the legality, validity, binding effect or enforceability of this Guaranty or any other Credit Document to which such Guarantor is a party.

(e) There are no actions, suits or proceedings (private or governmental) pending or, to such Guarantor's knowledge, threatened (i) with respect to any Credit Documents to which such Guarantor is a party or (ii) with respect to such Guarantor that would reasonably be expected to materially and adversely affect (a) the business, operations, property, assets, liabilities, condition (financial or otherwise) or prospects of the Borrower and its Subsidiaries taken as a whole or (b) the rights or remedies of the Secured Creditors or on the ability of such Guarantor to perform its respective obligations to the Secured Creditors hereunder and under the other Credit Documents to which it is a party.

13. Each Guarantor covenants and agrees that on and after the date hereof and until the termination of the Total Commitments and all Interest Rate Protection Agreements or Other Hedging Agreements and when no Note or Letter of Credit remains outstanding and all Guaranteed Obligations have been paid in full, such Guarantor shall take, or will refrain from taking, as the case may be, all actions that are necessary to be taken or not taken so that no violation of any provision, covenant or agreement contained in Section 8 or 9 of the Credit Agreement, and so that no Default or Event of Default, is caused by the

actions of such Guarantor or any of its Subsidiaries.

14. The Guarantors hereby jointly and severally agree to pay all reasonable out-of-pocket costs and expenses of each Secured Creditor in connection with the enforcement of this Guaranty and any amendment, waiver or consent relating hereto (including, without limitation, the reasonable fees and disbursements of counsel (including in-house counsel) employed by any of the Secured Creditors).

15. Neither this Guaranty nor any provision hereof may be changed, waived, discharged or terminated except with the written consent of each Guarantor directly affected thereby and either (x) the Required Lenders (or to the extent required by Section 13.12 of the Credit Agreement, with the written consent of each Lender) at all times prior to the time on which all Credit Document Obligations have been paid in full or (y) the holders of at least a majority of the outstanding Other Obligations at all times after the time on which all Credit Document Obligations have been paid in full; provided, that any change, waiver, modification or variance affecting the rights and benefits of a single Class (as defined below) of Secured Creditors (and not all Secured Creditors in a like or similar manner) shall require the written consent of the Requisite Creditors (as defined below) of such Class of Secured Creditors (it being understood that the addition or release of any Guarantor hereunder shall not constitute a change, waiver, discharge or termination affecting any Guarantor other than the Guarantor so added or released). For the purpose of this Guaranty the term "Class" shall mean each class of Secured Creditors, i.e., whether (x) the Lender Creditors as holders of the Credit Document Obligations or (y) the Other Creditors as the holders of the Other Obligations. For the purpose of this Guaranty, the term "Requisite Creditors" of any Class shall mean each of (x) with respect to the Credit Document Obligations, the Required Lenders (or to the extent required by Section 13.12 of the Credit Agreement, each Lender) and (y) with respect to the Other Obligations, the holders of at least a majority of all obligations outstanding from time to time under the Interest Rate Protection Agreements or Other Hedging Agreements.

16. Each Guarantor acknowledges that an executed (or conformed) copy of each of the Credit Documents and Interest Rate Protection Agreements or Other Hedging Agreements has been made available to its principal executive officers and such officers are familiar with the contents thereof.

17. In addition to any rights now or hereafter granted under applicable law (including, without limitation, Section 151 of the New York Debtor and Creditor Law) and not by way of limitation of any such rights, upon the occurrence and during the continuance of an Event of Default (such term to mean and include any "Event of Default" as defined in the Credit

Agreement or any payment default under any Interest Rate Protection Agreement or Other Hedging Agreement continuing after any applicable grace period), each Secured Creditor is hereby authorized at any time or from time to time, without notice to any Guarantor or to any other Person, any such notice being expressly waived, to set off and to appropriate and apply any and all deposits (general or special) and any other indebtedness at any time held or owing by such Secured Creditor to or for the credit or the account of such Guarantor, against and on account of the obligations and liabilities of such Guarantor to such Secured Creditor under this Guaranty, irrespective of whether or not such Secured Creditor shall have made any demand hereunder and although said obligations, liabilities, deposits or claims, or any of them, shall be contingent or unmatured. Each Secured Creditor acknowledges and agrees that the provisions set forth in this Section 17 are subject to the sharing provisions set forth in Section 13.06 of the Credit Agreement.

18. All notices, requests, demands or other communications pursuant hereto shall be deemed to have been duly given or made when delivered to the Person to which such notice, request, demand or other communication is required or permitted to be given or made under this Guaranty, addressed to such party (i) in the case of any Lender Creditor, as provided in the Credit Agreement, (ii) in the case of any Guarantor, c/o Extended Stay America, 450 East Las Olas Boulevard, Suite 1100, Ft. Lauderdale, FL 33301, Attention: Gregory R. Moxley, Telephone No.: (954) 713-1600, Telecopier No.: (954) 713-1650 and (iii) in the case of any Other Creditor, at such address as such Other Creditor shall have specified in writing to the Guarantor; or in any case at such other address as any of the Persons listed above may hereafter notify the

others in writing.

19. If claim is ever made upon any Secured Creditor for repayment or recovery of any amount or amounts received in payment or on account of any of the Guaranteed Obligations and any of the aforesaid payees repays all or part of said amount by reason of (i) any judgment, decree or order of any court or administrative body having jurisdiction over such payee or any of its property or (ii) any settlement or compromise of any such claim effected in good faith by such payee with any such claimant (including the Borrower), then and in such event each Guarantor agrees that any such judgment, decree, order, settlement or compromise shall be binding upon such Guarantor, notwithstanding any revocation hereof or other instrument evidencing any liability of the Borrower, and such Guarantor shall be and remain liable to the aforesaid payees hereunder for the amount so repaid or recovered to the same extent as if such amount had never originally been received by any such payee.

20. (A) THIS GUARANTY AND THE RIGHTS AND OBLIGATIONS OF THE SECURED CREDITORS AND OF THE UNDERSIGNED HEREUNDER SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAW OF THE STATE OF NEW YORK. Any legal action or proceeding with respect to this Guaranty or any other Credit Document to which any Guarantor is a party may be brought in the courts of the State of New York or of the United States of America for the Southern District of New York, and, by execution and delivery of this Guaranty, each Guarantor hereby irrevocably accepts for itself and in respect of its property, generally and unconditionally, the jurisdiction of the aforesaid courts. Each Guarantor hereby further irrevocably waives any

claim that any such court lacks personal jurisdiction over such Guarantor, and agrees not to plead or claim in any legal action or proceeding with respect to this Guaranty or any other Credit Document to which such Guarantor is a party brought in any of the aforesaid courts that any such court lacks personal jurisdiction over such Guarantor. Each Guarantor further irrevocably consents to the service of process out of any of the aforementioned courts in any such action or proceeding by the mailing of copies thereof by registered or certified mail, postage prepaid, to such Guarantor as provided in Section 18 hereof, such service to become effective 30 days after such mailing. Each Guarantor hereby irrevocably waives any objection to such service of process and further irrevocably waives and agrees not to plead or claim in any action or proceeding commenced hereunder or under any other Credit Document to which such Guarantor is a party that such service of process was in any way invalid or ineffective. Nothing herein shall affect the right of any of the Secured Creditors to serve process in any other manner permitted by law or to commence legal proceedings or otherwise proceed against each Guarantor in any other jurisdiction.

(B) Each Guarantor hereby irrevocably waives any objection which it may now or hereafter have to the laying of venue of any of the aforesaid actions or proceedings arising out of or in connection with this Guaranty or any other Credit Document to which such Guarantor is a party brought in the courts referred to in clause (A) above and hereby further irrevocably waives and agrees not to plead or claim in any such court that such action or proceeding brought in any such court has been brought in an inconvenient forum.

(C) EACH GUARANTOR AND EACH SECURED CREDITOR (BY ITS ACCEPTANCE OF THE BENEFITS OF THIS GUARANTY) HEREBY IRREVOCABLY WAIVES ALL RIGHTS TO A TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM ARISING OUT OF OR RELATING TO THIS GUARANTY, THE OTHER CREDIT DOCUMENTS TO WHICH SUCH GUARANTOR IS A PARTY OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY.

21. In the event that all of the capital stock of one or more Guarantors is sold or otherwise disposed of (except to the Borrower or any of its Subsidiaries) or liquidated in compliance with the requirements of Section 9.02 of the Credit Agreement (or such sale or other disposition or liquidation has been approved in writing by the Required Lenders) and the proceeds of such sale, disposition or liquidation are applied in accordance with the provisions of the Credit Agreement, to the extent applicable, such Guarantor shall be released from this Guaranty and this Guaranty shall, as to each such Guarantor or Guarantors, terminate, and have no further force or effect (it being understood and agreed that the sale of one or more Persons that own, directly or indirectly, all of the capital stock or partnership interests of any Guarantor shall be deemed to be a sale of such Guarantor for the purposes of this Section 21).

22. At any time a payment in respect of the Guaranteed Obligations is made under this Guaranty, the right of contribution of each Guarantor against each other Guarantor shall be determined as provided in the immediately following sentence, with the right of contribution of each Guarantor to be revised and restated as of each date on which a payment (a "Relevant Payment") is made on the Guaranteed Obligations under this Guaranty. At any time

that a Relevant Payment is made by a Guarantor that results in the aggregate payments made by such Guarantor in respect of the Guaranteed Obligations to and including the date of the Relevant Payment exceeding such Guarantor's Contribution Percentage (as defined below) of the aggregate payments made by all Guarantors in respect of the Guaranteed Obligations to and including the date of the Relevant Payment (such excess, the "Aggregate Excess Amount"), each such Guarantor shall have a right of contribution against each other Guarantor who has made payments in respect of the Guaranteed Obligations to and including the date of the Relevant Payment in an aggregate amount less than such other Guarantor's Contribution Percentage of the aggregate payments made to and including the date of the Relevant Payment by all Guarantors in respect of the Guaranteed Obligations (the aggregate amount of such deficit, the "Aggregate Deficit Amount") in an amount equal to (x) a fraction the numerator of which is the Aggregate Excess Amount of such Guarantor and the denominator of which is the Aggregate Excess Amount of all Guarantors multiplied by (y) the Aggregate Deficit Amount of such other Guarantor. A Guarantor's right of contribution pursuant to the preceding sentences shall arise at the time of each computation, subject to adjustment to the time of each computation; provided that no Guarantor may take any action to enforce such right until the Guaranteed Obligations have been irrevocably paid in full in cash, it being expressly recognized and agreed by all parties hereto that any Guarantor's right of contribution arising pursuant to this Section 22 against any other Guarantor shall be expressly junior and subordinate to such other Guarantor's obligations and liabilities in respect of the Guaranteed Obligations and any other obligations owing under this Guaranty. As used in this Section 22: (i) each Guarantor's "Contribution Percentage" shall mean the percentage obtained by dividing (x) the Adjusted Net Worth (as defined below) of such Guarantor by (y) the aggregate Adjusted Net Worth of all Guarantors; (ii) the "Adjusted Net Worth" of each Guarantor shall mean the greater of (x) the Net Worth (as defined below) of such Guarantor and (y) zero; and (iii) the "Net Worth" of each Guarantor shall mean the amount by which the fair saleable value of such Guarantor's assets on the date of any Relevant Payment exceeds its existing debts and other liabilities (including contingent liabilities, but without giving effect to any Guaranteed Obligations arising under this Guaranty, under any guaranty of the 9.15% Senior Subordinated Notes or the 9-7/8% Senior Subordinated Notes or any guaranty of any Incremental Third Party Debt) on such date. All parties hereto recognize and agree that, except for any right of contribution arising pursuant to this Section 22, each Guarantor who makes any payment in respect of the Guaranteed Obligations shall have no right of contribution or subrogation against any other Guarantor in respect of such payment until all of the Guaranteed Obligations have been irrevocably paid in full in cash. Each of the Guarantors recognizes and acknowledges that the rights to contribution arising hereunder shall constitute an asset in favor of the party entitled to such contribution. In this connection, each Guarantor has the right to waive its contribution right against any Guarantor to the extent that after giving effect to such waiver such Guarantor would remain solvent, in the determination of the Required Lenders.

23. Each Guarantor and each Secured Creditor (by its acceptance of the benefits of this Guaranty) hereby confirms that it is its intention that this Guaranty not constitute a fraudulent transfer or conveyance for purposes of the Bankruptcy Code, the Uniform Fraudulent Conveyance Act of any similar Federal or state law. To effectuate the foregoing intention, each Guarantor and each Secured Creditor (by its acceptance of the benefits of this Guaranty) hereby

irrevocably agrees that the Guaranteed Obligations guaranteed by such Guarantor shall be limited to such amount as will, after giving effect to such maximum amount and all other (contingent or otherwise) liabilities of such Guarantor that are relevant under such laws and after giving effect to any rights to

contribution pursuant to any agreement providing for an equitable contribution among such Guarantor and the other Guarantors, result in the Guaranteed Obligations of such Guarantor in respect of such maximum amount not constituting a fraudulent transfer or conveyance.

24. This Guaranty may be executed in any number of counterparts and by the different parties hereto on separate counterparts, each of which when so executed and delivered shall be an original, but all of which shall together constitute one and the same instrument. A set of counterparts executed by all the parties hereto shall be lodged with the Borrower and the Administrative Agent.

25. All payments made by any Guarantor hereunder will be made without setoff, counterclaim or other defense, and on the same basis as payments are made by the Borrower under Sections 4.03 and 4.04 of the Credit Agreement.

26. It is understood and agreed that any Subsidiary of the Borrower that is required to execute a counterpart of this Guaranty after the date hereof pursuant to the Credit Agreement shall automatically become a Guarantor hereunder by executing a counterpart hereof and delivering the same to the Administrative Agent.

* * *

IN WITNESS WHEREOF, each Guarantor has caused this Guaranty to be executed and delivered as of the date first above written.

ESA 0123, Inc.
ESA 0124, Inc.
ESA 0155, Inc.
ESA Arizona, Inc.
ESA Arkansas, Inc.
ESA 0311, Inc.
ESA 0885, Inc.
ESA 0901, Inc.
ESA 0994, Inc.
ESA 7502, Inc.
ESA 7508, Inc.
ESA 7513, Inc.
ESA COL, Inc.
ESA Connecticut, Inc.
ESA International, Inc.
ESA Management, Inc.
ESA Services, Inc.
Extended Stay CA, Inc.
Studio Plus Hotels, Inc.
ESA 0174, Inc.
ESA 0302, Inc.
ESA 0303, Inc.
ESA 0328, Inc.
ESA 0381, Inc.
ESA 0789, Inc.
ESA 0869, Inc.
ESA 0884, Inc.
ESA 1510, Inc.
ESA 1546, Inc.
ESA Florida, Inc.
ESA 0102, Inc.
ESA 0373, Inc.
ESA 0382, Inc.
ESA 0788, Inc.
ESA 0990, Inc.
ESA 0991, Inc.
ESA 0992, Inc.
ESA 0993, Inc.
ESA 0996, Inc.
ESA 1501, Inc.
ESA 1502, Inc.

ESA 1550, Inc.
ESA Georgia, Inc.
ESA Idaho, Inc.
ESA 0153, Inc.
ESA 0510, Inc.
ESA 0525, Inc.
ESA 0530, Inc.
ESA 0532, Inc.
ESA 0541, Inc.
ESA 0640, Inc.
ESA 0660, Inc.
ESA 0677, Inc.
ESA 0752, Inc.
ESA 0753, Inc.
ESA 4012, Inc.
ESA 4016, Inc.
ESA 4019, Inc.
ESA 4023, Inc.
ESA Illinois, Inc.
ESA Indiana, Inc.
ESA Iowa, Inc.
ESA Kansas, Inc.
ESA Kentucky, Inc.
ESA Louisiana, Inc.
ESA Maine, Inc.
ESA Maryland, Inc.
Extended Stay MA, Inc.
ESA 0527, Inc.
ESA 0552, Inc.
ESA 0600, Inc.
ESA 0670, Inc.
ESA 0675, Inc.
ESA 0680, Inc.
ESA 0780, Inc.
ESA 4013, Inc.
ESA Michigan, Inc.
ESA 0733, Inc.
ESA 0734, Inc.
ESA 0737, Inc.
ESA 0745, Inc.
ESA 3504, Inc.
ESA Minnesota, Inc.
ESA Mississippi, Inc.
ESA Missouri, Inc.

ESA 0858, Inc.
ESA 0859, Inc.
ESA 0860, Inc.
ESA 0861, Inc.
ESA Nevada, Inc.
ESA West, Inc.
ESA New Hampshire, Inc.
ESA 0454, Inc.
ESA 0455, Inc.
ESA 0479, Inc.
ESA 0646, Inc.
ESA 2509, Inc.
ESA 2522, Inc.
ESA 2653, Inc.
ESA New Jersey, Inc.
ESA New Mexico, Inc.
ESA New York, Inc.
ESA 0106, Inc.
ESA 0127, Inc.
ESA 0161, Inc.
ESA 0186, Inc.

ESA 0201, Inc.
ESA 0206, Inc.
ESA 0231, Inc.
ESA 0232, Inc.
ESA 0280, Inc.
ESA 0370, Inc.
ESA 0371, Inc.
ESA 0417, Inc.
ESA 1500, Inc.
ESA 1514, Inc.
ESA 1591, Inc.
ESA 1594, Inc.
ESA 1596, Inc.
ESA 1634, Inc.
ESA Ohio, Inc.
ESA Oklahoma, Inc.
ESA Oregon, Inc.
Extended Stay 0453, Inc.
Extended Stay 0463, Inc.
Extended Stay 0507, Inc.
Extended Stay 0547, Inc.
Extended Stay 2506, Inc.
Extended Stay 2511, Inc.

Extended Stay 2565, Inc.
Extended Stay 2667, Inc.
ESA Rhode Island, Inc.
ESA South Carolina, Inc.
ESA 0121, Inc.
ESA 0125, Inc.
ESA 0163, Inc.
ESA 0305, Inc.
ESA 0315, Inc.
ESA 0450, Inc.
ESA Tennessee, Inc.
ESA Tejas, Inc.
ESA Utah, Inc.
ESA Virginia, Inc.
Studio Plus Properties, Inc.
ESA Washington, Inc.
ESA Wisconsin, Inc.

By:

Name:
Title:
On behalf of each Subsidiary
Guarantor listed above.

Accepted and Agreed to:

THE INDUSTRIAL BANK OF JAPAN, LIMITED,
as Administrative Agent and Collateral Agent

By:

Title:

Exhibit 12.1

EXTENDED STAY AMERICA, INC.

Statement Re: Computation of Ratio of Earnings to Combined Fixed Charges

<TABLE>
<CAPTION>

	Year Ended December 31,					Three Months Ended March 31,	
	1996	1997	1998	1999	2000	2000	2001
	(Amounts in thousands of dollars)						
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Pre-tax income from operations	$ 12,990	$ 8,474	$ 67,253	$ 135,302	$192,831	$ 35,946	$ 47,738
Fixed charges:							
Interest costs, both expensed and capitalized, and amortization of debt costs	$ 332	$ 1,731	$ 38,138	$ 66,289	$ 87,065	$ 19,300	$ 22,318
Ratio of earnings to fixed charges	39.1265	4.8954	1.76	2.04	2.21	1.86	2.14

</TABLE>

Exhibit 23.1

CONSENT OF INDEPENDENT ACCOUNTANTS

We hereby consent to the incorporation by reference in this Registration Statement on Form S-4 of Extended Stay America, Inc. (the "Company") of our report dated January 24, 2001, relating to the financial statements, which appears in the Company's Annual Report to Shareholders on Form 10-K for the year ended December 31, 2000. We also consent to the references to us under the headings "Experts" and "Selected Consolidated Financial and Other Data" in such Registration Statement.

/s/ PricewaterhouseCoopers LLP

Spartanburg, SC
August 2, 2001

Exhibit 25.1

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SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM T-1

Statement of eligibility under the Trust Indenture Act
of 1939 of a Corporation designated to act as Trustee

Check if an application to determine eligibility of a Trustee
pursuant to Section 305(b)(2)__

MANUFACTURERS AND TRADERS TRUST COMPANY
(Exact name of trustee as specified in its charter)

NEW YORK (Jurisdiction of incorporation or organization if not a national bank)	16-0538020 (I.R.S. employer identification No.)
One M&T Plaza Buffalo, New York (Address of principal executive offices)	14240-2399 (Zip Code)

EXTENDED STAY AMERICA, INC.
(Exact name of obligor as specified in its charter)

DELAWARE (State or other jurisdiction of incorporation or organization)	36-3996573 (I.R.S. employer identification No.)
450 Las Olas Boulevard, Suite 1000 Ft. Lauderdale, Florida (Address of principal executive offices)	33301 (Zip Code)

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7 7/8 SENIOR SUBORDINATED NOTES Due 2011

(Title of indenture securities)

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Item 1. General Information

Furnish the following information as to the trustee:

(a) Name and address of each examining or supervising authority to which it is subject.

Superintendent of Banks of the State of New York, 2 World Trade Center, New York, New York 10047 and Albany, New York 12203.

Federal Reserve Bank of New York, 33 Liberty Street, New York, New York 10045.

Federal Deposit Insurance Corporation, Washington, D.C. 20429.

(b) Whether it is authorized to exercise corporate trust powers.

Yes.

Item 2. Affiliations with Obligor

If the obligor is an affiliate of the trustee, describe each such affiliation.

None.

[Items 3 through 15 omitted pursuant to General Instruction B to Form T-1]

Item 16. List of Exhibits

Exhibit 1. Organization Certificate of the Trustee as now in effect (incorporated herein by reference to Exhibit 1, Form T-1, filed as Exhibit 25.1 to Registration Statement No. 333-75673).

Exhibit 2. Certificate of Authority of the Trustee to commence business (incorporated herein by reference to Exhibit 2, Form T-1, filed as Exhibit 25.1 Registration Statement No. 333-75673).

Exhibit 3. Authorization of the Trustee to exercise corporate trust powers (incorporated herein by reference to Exhibit 3, Form T-1, filed as Exhibit 25.1 Registration Statement No. 333-75673).

Exhibit 4. Existing By-Laws of the Trustee.*

Exhibit 5. Not Applicable.

Exhibit 6. Consent of the Trustee (incorporated herein by reference to Exhibit 6, Form T-1, filed as Exhibit 25.1 Registration Statement No. 333-75673).

Exhibit 7. Report of Condition of the Trustee.*

Exhibit 8. Not Applicable.

Exhibit 9. Not Applicable

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* Filed Herewith

SIGNATURE

Pursuant to the requirements of the Trust Indenture Act of 1939 the Trustee, Manufacturers and Traders Trust Company, a trust company organized and existing under the laws of the State of New York, has duly caused this statement of eligibility and qualification to be signed on its behalf by the undersigned, thereunto duly authorized, all in the City of Buffalo, and State of New York, on the ___ day of July, 2001.

MANUFACTURERS AND TRADERS TRUST COMPANY

By: /s/ RUSSELL T. WHITLEY

Russell T. Whitley
Assistant Vice President

EXHIBIT 4
BYLAWS OF THE TRUSTEE

BY-LAWS
of
MANUFACTURERS AND TRADERS TRUST COMPANY
(as last amended on February 15, 2000)

ARTICLE I
Meetings of Stockholders

Section 1. Annual Meeting: The Annual Meeting of the Corporation, for the election of directors and for transaction of such other business as may be set forth in the notice of meeting, shall be held at the principal office of the Corporation or at such other place in the City of Buffalo, New York at 10:30 a.m. in the forenoon on the third Tuesday of March in each year, or on such date and at such time as the Board of Directors shall determine.

Section 2. Special Meetings: Special meetings of the stockholders may be called to be held at the principal office of the Corporation or elsewhere within the State of New York at any time by the Board of Directors or the Chairman of the Board or the President, and shall be called by the Chairman of the Board or the President or the Secretary or an Assistant Secretary at the request in writing of five or more members of the Board of Directors, or at the request in writing of the holders of record of at least 25% of the outstanding shares of the Corporation entitled to vote. Such request shall state the purpose or purposes for which the meeting is to be called.

Section 3. Notice of Meetings: Written notice of each meeting of the stockholders shall be given by depositing in the United States mail, postage prepaid, not less than 10 nor more than 50 days before such meeting, a copy of the notice of such meeting directed to each stockholder of record entitled to vote at the meeting, at his address as it appears on the record of stockholders, or, if he shall have filed with the Secretary of the Corporation a written request that notices to him be mailed to some other address, then directed to him at such other address. The notice shall state the place, date and hour of the meeting, the purpose or purposes for which the meeting is called and, unless it is the annual meeting, indicate that the notice is being issued by or at the direction of the person or persons calling the meeting. If action is proposed to be taken at any meeting which would, if taken, entitle dissenting stockholders to receive payment for their shares, the notice shall include a statement of that purpose and to that effect. At each meeting of stockholders only such business may be transacted which is related to the purpose or purposes set forth in the notice of meeting.

Section 4. Waiver of Notice: Whenever under any provisions of these by-laws, the organization certificate, the terms of any agreement or instrument, or law, the Corporation

or the Board of Directors or any committee thereof is authorized to take any action after notice to any person or persons or after the lapse of a prescribed period of time, such action may be taken without notice and without the lapse of such period of time, if at any time before or after such action is completed the person or persons entitled to such notice or entitled to participate in the action to be taken or, in the case of a stockholder, by his attorney-in-fact, submit a signed waiver of notice of such requirements. The attendance of any

stockholder at any meeting, in person or by proxy, without protesting prior to the conclusion the lack of notice of such meeting, shall constitute a waiver of notice by him.

Section 5. Procedure: At every meeting of stockholders the order of business and all other matters of procedure may be determined by the person presiding at the meeting.

Section 6. List of Stockholders: A list of stockholders as of the record date, certified by the officer of the Corporation responsible for its preparation or by a transfer agent, shall be produced at any meeting of stockholders upon the request thereat or prior thereto of any stockholder. If the right to vote at any meeting is challenged, the inspectors of election, or person presiding thereat, shall require such list of stockholders to be produced as evidence of the right of the persons challenged to vote at such meeting, and all persons who appear from such list to be stockholders entitled to vote thereat may vote at such meeting.

Section 7. Quorum: At all meetings of the stockholders of the Corporation a quorum must be present for the transaction of business and, except as otherwise provided by law, a quorum shall consist of the holders of record of not less than a majority of the outstanding shares of the Corporation entitled to vote thereat, present either in person or by proxy. When a quorum is once present to organize a meeting of the stockholders, it is not broken by the subsequent withdrawal of any stockholders.

Section 8. Adjournments: The stockholders entitled to vote who are present in person or by proxy at any meeting of stockholders, whether or not a quorum shall be present or represented at the meeting, shall have power by a majority vote to adjourn the meeting from time to time without further notice other than announcement at the meeting. At any adjourned meeting at which a quorum shall be present in person or by proxy any business may be transacted that might have been transacted on the original date of the meeting, and the stockholders entitled to vote at the meeting on the original date (whether or not they were present thereat), and no others, shall be entitled to vote at such adjourned meeting.

Section 9. Voting; Proxies: Each stockholder of record entitled to vote shall be entitled at every meeting of stockholders of the Corporation to one vote for each share of stock having voting power standing in his name on the record of stockholders on the record date fixed pursuant to Section 3 of Article VI of these by-laws. Each stockholder entitled to vote at a meeting of stockholders or to express consent or dissent without a meeting may do so either in person or by proxy appointed by instrument executed in writing by such stockholder or his duly authorized attorney-in-fact and delivered to the secretary of the meeting. No director,

officer, clerk, teller or bookkeeper of the Corporation shall act as proxy at any meeting. No proxy shall be valid after the expiration of 11 months from the date of its execution unless otherwise provided in the proxy. Every proxy shall be revocable at the pleasure of the stockholder executing it except as otherwise provided by law. Directors elected at any meeting of the stockholders shall be elected by a plurality of the votes cast. All other corporate action to be taken by vote of the stockholders shall, except as otherwise provided by law or these by- laws, be authorized by a majority of the votes cast. The vote for directors shall be by ballot, but otherwise the vote upon any question before a meeting shall not be by ballot unless the person presiding at such meeting shall so direct or any stockholder, present in person or by proxy and entitled to vote thereon, shall so demand.

Section 10. Appointment of Inspectors of Election: The Board of Directors may, in advance of any meeting of the stockholders, appoint one or more inspectors to act at the meeting or any adjournment thereof. If inspectors are not so appointed in advance of the meeting, the person presiding at such meeting may, and on the request of any stockholder entitled to vote thereat shall, appoint one or more inspectors. In case any inspector appointed fails to appear or act, the vacancy may be filled by appointment made by the Board of Directors in advance of the meeting or at the meeting by the person presiding thereat. No director, officer or candidate for the office of director of the Corporation shall be eligible to act as an inspector of an election of directors of the Corporation. Each inspector, before entering upon the discharge of his duties, shall take and sign an oath faithfully to execute the duties of inspector at such meeting with strict impartiality and according to the best of his ability.

Section 11. Duties of Inspectors of Election: The inspectors of election shall determine the number of shares outstanding and entitled to vote, the shares represented at the meeting, the existence of a quorum, the validity and effect of proxies, and shall receive votes, ballots or consents, hear and determine all challenges and questions arising in connection with the right to vote, count and tabulate all votes, ballots or consents, determine the result, and do such acts as are proper to conduct the election or vote with fairness to all stockholders.

ARTICLE II
Directors

Section 1. Number and Qualifications: The number of directors of the Corporation shall be not less than seven (7) nor more than twenty-five (25), with the exact number to be fixed from time to time by resolution of a majority of the directors, provided that the number of directors shall not be reduced so as to shorten the term of any director at the time in office. If the number of directors be increased at any time, within the limits above set forth, the vacancy or vacancies in the board arising from such increase shall be filled as provided in Section 4 of this Article II. Each such vacancy, and each reduction

in the number of directors, shall be reported to the Superintendent of Banks in the manner prescribed by law. All of the directors shall be of full age, and all except three of them shall be citizens of the

United States, and at least one-third of them shall be citizens and residents of the State of New York and at least three-fourths of them shall be citizens and residents of the State of New York or a contiguous state, at the time of their election and during their continuance in office, unless otherwise permitted by law. No more than one-third of the directors shall be active officers or employees of the Corporation. Every director shall be a stockholder of the Corporation or of any company owning more than 80% of the capital stock of such Corporation, owning in his own right, free from pledge, lien or charge, shares of capital stock of such Corporation or of such company, at least ten (10) in number and having an aggregate par value of at least $1,000.

Section 2. Election and Tenure of Office: Except as otherwise provided by law or these by-laws, each director of the Corporation shall be elected at an annual meeting of the stockholders or at any meeting of the stockholders held in lieu of such annual meeting, which meeting, for the purposes of these by-laws, shall be deemed the annual meeting, and shall hold office until the next annual meeting of stockholders and until his successor has been elected and qualified. Each person who shall be elected a director of the Corporation shall, before participating in any manner as a director of the Corporation, qualify in the manner prescribed by law and take and subscribe the oath prescribed by law.

Section 3. Resignation: Any director of the Corporation may resign at any time by giving his resignation to the Chairman of the Board or the President or the Secretary. Such resignation shall take effect at the time specified therein; and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 4. Vacancies: Except as hereinafter provided, all vacancies in the office of director shall be filled by election by the stockholders entitled to vote at any meeting of the stockholders notice of which shall have referred to the proposed election. Vacancies not exceeding one-third of the entire board may be filled by the affirmative vote of a majority of the directors then in office, and the directors so elected shall hold office for the balance of the unexpired term; or two vacancies may, with the consent of the Superintendent of Banks of the State of New York, be left unfilled until the next annual election. Each vacancy in the office of director and each election by the Board of Directors to fill any such vacancy shall be reported to the Superintendent of Banks in the manner provided by law.

Section 5. Directors' Fees: Directors, including salaried officers of the Corporation who are directors, may receive a fee for their services as directors and traveling and other out-of-pocket expenses incurred in attending

any regular or special meeting of the board. The fee may be a fixed sum for attending each meeting of the Board of Directors or a fixed sum paid monthly, quarterly, or semiannually, irrespective of the number of meetings attended or not attended. The amount of the fee and the basis on which it shall be paid shall be determined by resolution of the Board of Directors. Nothing herein contained shall preclude any director from serving the Corporation in any other capacity and receiving compensation for such services.

Section 6. Meetings of Directors: A regular meeting of the Board of Directors shall be held at least once in each month. The first meeting of the Board of Directors after each annual meeting of the stockholders shall be held immediately after the adjournment of such annual meeting and shall constitute the regular meeting of the Board of Directors for the month in which such first meeting is held. No notice of such first meeting shall be necessary. The Board of Directors may, at any time and from time to time, by resolution designate the place, date and hour for the holding of a regular meeting but, in the absence of any such designation, regular meetings of the Board of Directors shall be held at the principal office of the Corporation in the City of Buffalo, New York, at 11:30 o'clock a.m., on the Thursday following the first Tuesday of each month. If that day be a legal holiday in any month, the meeting shall be held at the same hour on the next following business day, other than Saturday. No notice need be given of such regular meetings except such notice as these by-laws or the Board of Directors by resolution may require. Special meetings of the Board of Directors shall be held at such times and at such places as the Board of Directors or the Chairman of the Board or, in his absence, the President, may determine, and shall also be held upon the request of any 4 directors made in writing to the Chairman of the Board or the President.

Section 7. Notice of Special Meetings of the Board of Directors: Notice of each special meeting of the Board of Directors stating the time and place thereof, shall be given by the Chairman of the Board, the President, the Secretary, or an Assistant Secretary, or by any member of the board to each member of the board not less than 3 days before the meeting by depositing the same in the United States mail, postage prepaid, addressed to each member of the board at his residence or usual place of business, or not less than 1 day before the meeting by telephoning or by delivering the same to each member of the board personally, or by sending the same by telegraph to his residence or usual place of business. Notice of a meeting need not be given to any director who submits a signed waiver of notice whether before or after the meeting, or who attends the meeting without protesting, prior thereto or at its commencement, the lack of notice to him. The notice of any special meeting of the Board of Directors need not specify the purpose or purposes for which the meeting is called, except as provided in Article IX of these by-laws.

Section 8. Quorum: At all meetings of the Board of Directors, except as otherwise provided by law or these by-laws, a quorum shall be required for the

transaction of business and shall consist of not less than one-third of the entire board, and the vote of a majority of the directors present shall decide any question which may come before the meeting. A majority of the directors present at any meeting, although less than a quorum, may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum is present.

Section 9. Meetings by Conference Telephone: Any one or more members of the Board of Directors or any committee thereof may participate in a meeting of such board or committee by means of a conference telephone or similar communications equipment allowing

all persons participating in the meeting to hear each other at the same time. Participation in a meeting by such means shall constitute presence in person at such meeting.

Section 10. Procedure: The order of business and all other matters of procedure at every meeting of directors may be determined by the person presiding at the meeting.

ARTICLE III
Committees

Section 1. Executive Committee: The Board of Directors shall, by resolution adopted by a majority of the entire board, designate from among its members an Executive Committee consisting of five or more directors. The Board of Directors may designate one or more directors as alternate members of the Executive Committee, who may replace any absent member or members of the Executive Committee at any meeting thereof. In the interim between meetings of the Board of Directors, the Executive Committee shall have all the authority of the Board of Directors except as otherwise provided by law. All acts done and powers and authority conferred by the Executive Committee from time to time within the scope of its authority shall be, and may be deemed to be, and may be certified as being, the act and under the authority of the Board of Directors. The Chairman of the Board, or the President in the absence of the Chairman of the Board, shall preside at all meetings of the Executive Committee. The Executive Committee shall elect from its members a chairman to preside at any meeting of the Executive Committee at which the Chairman of the Board and the President shall be absent. Four members of the Executive Committee shall constitute a quorum for the transaction of business.

Section 2. Examining Committee: The Board of Directors shall, by resolution adopted by a majority of the entire board, designate from among its members an Examining Committee consisting of not less than 3 directors to examine fully the books, papers and affairs of the Corporation, and the loans

and discounts thereof, as provided by law. The Examining Committee shall have the power to employ such assistants as it may deem necessary to enable it to perform its duties.

Section 3. Other Committees: The Board of Directors may from time to time, by resolution or resolutions, appoint or provide for one or more other committees consisting of such directors, officers, or other persons as the board may determine. Each committee, to the extent provided in said resolution or resolutions, shall have such powers and functions in the management of the Corporation as may be lawfully delegated by the Board of Directors in the interim between meetings of the board. Each committee shall have such name as may be provided from time to time in said resolution or resolutions, and shall serve at the pleasure of the Board of Directors.

Section 4. Minutes of Meetings of Committees: The Executive Committee, the Examining Committee, and each other committee shall keep regular minutes of its proceedings

and report the same to the Board of Directors at the next meeting thereof, or as soon thereafter as may be practicable under the circumstances.

Section 5. Fees to Members of Committees: Members of committees, including salaried officers of the Corporation who are members of committees, may receive a fee for their services as members of committees and traveling and other out-of-pocket expenses incurred in attending any regular or special meeting of a committee. The fee may be a fixed sum for attending each committee meeting or a fixed sum paid monthly, quarterly, or semiannually, irrespective of the number of meetings attended or not attended. The amount of the fee and the basis on which it shall be paid shall be determined by resolution of the Board of Directors. Nothing herein contained shall preclude any member of a committee from serving the Corporation in any other capacity and receiving compensation for such services.

ARTICLE IV
Officers

Section 1. Officers: The Board of Directors shall annually, at the first meeting (the "Annual Reorganization Meeting") of the board after the Annual Meeting of Stockholders, elect from its own number a Chairman of the Board, one or more Vice Chairmen, and a President, who may be one and the same person, and appoint or elect one or more Vice Presidents, a Secretary, a Treasurer, and an Auditor. The Chief Executive Officer shall be either the Chairman of the Board or the President, as designated by the Board of Directors. At the Annual Reorganization Meeting, the Board of Directors shall also reelect all of the then officers of M&T Bank until the next Annual Reorganization

Meeting. In the interim between Annual Reorganization Meetings, the Board of Directors or the Executive Committee may also from time to time elect or appoint such additional officers to the rank of Vice President, including (without limitation as to title or number) one or more Vice Presidents, Administrative Vice Presidents, Senior Vice Presidents and Executive Vice Presidents; and, the head of the Human Resources Department of M&T Bank or his designee or designees, may appoint officers below the rank of Vice President, including (without limitation as to title or number) one or more Banking Officers, Assistant Vice Presidents, Assistant Secretaries, Assistant Treasurers and Assistant Auditors. Each such person elected or appointed by the Board of Directors, the Executive Committee, or the head of the Human Resources Department of M&T Bank or his designee or designees, in between Annual Reorganization Meetings shall, unless otherwise determined by the Board or Directors, the Executive Committee or the head of the Human Resources Department of M&T Bank or his designee or designees, hold office until the next Annual Reorganization Meeting.

Section 2. Term of Office: The Chairman of the Board, the President, each Vice President, the Secretary, the Treasurer, and the Auditor shall, unless otherwise determined by the Board of Directors, hold office until the first meeting of the board following the next annual meeting of stockholders and until their successors have been elected and qualified. Each additional officer appointed or elected by the Board of Directors, or by the Executive

Committee, shall hold office for such term as shall be determined from time to time by the Board of Directors or the Executive Committee. Any officer, however, may be removed at any time by the Board of Directors, or his authority suspended by the Board of Directors, with or without cause. If the office of any officer becomes vacant for any reason, the Board of Directors shall have the power to fill such vacancy.

Section 3. The Chief Executive Officer: The Chief Executive Officer shall, under control of the Board of Directors and the Executive Committee, have the general management of the Corporation's affairs and shall exercise general supervision over all activities of the Corporation. The Chief Executive Officer shall have the power to appoint or hire, to remove, and to determine the compensation of, all employees of the Corporation who are not officers.

Section 4. The Chairman of the Board: The Chairman of the Board shall preside at all meetings of the stockholders and of the Board of Directors and shall be entitled to vote upon all questions. If he is not the Chief Executive Officer, the Chairman of the Board shall perform such additional duties and be vested with such additional powers as shall be assigned to him from time to time by the Board of Directors, the Executive Committee or the Chief Executive Officer, and in the absence or incapacity of the Chief Executive Officer shall have the powers and exercise the duties of that officer.

Section 5. The President: The President, subject to the control and direction of the Board of Directors, shall have immediate supervision over the business, affairs, and properties of the Corporation, shall have and exercise general authority with respect thereto, shall perform all duties and exercise all powers generally incident to his office and shall perform such additional duties and be vested with such additional powers as shall be assigned to him from time to time by the Board of Directors, the Executive Committee, and if he is not the Chief Executive Officer, by such officer. In the absence or incapacity of the Chairman of the Board he shall have the powers and exercise the duties of that officer, including the powers of Chief Executive Officer if the Chairman of the Board is the Chief Executive Officer.

Section 6. The Vice Presidents: The Vice Presidents shall have such powers and perform such duties as may be assigned to them respectively by the Board of Directors, the Executive Committee, the Chairman of the Board or the President. Any one or more of the Vice Presidents may be designated by the Board of Directors as "Executive Vice President," "Senior Vice President," or "Assistant to the President," or by such other title or titles as the Board of Directors may determine. In the absence or incapacity of both the Chairman of the Board and the President, the Vice Presidents shall exercise the powers and perform the duties of those officers in such order of precedence as shall be determined by the Board of Directors, the Executive Committee, the Chairman of the Board or the President.

Section 7. The Secretary and Assistant Secretaries: The Secretary shall issue notices of all meetings of stockholders, the Board of Directors and the Executive Committee,

where notices of such meetings are required by law or these by-laws. He shall attend all meetings of stockholders, the Board of Directors and the Executive Committee and keep the minutes thereof in proper books provided for that purpose. He shall affix the corporate seal to and sign such instruments as require the seal and his signature and shall perform such other duties as usually pertain to his office or as are properly required of him by the Board of Directors, the Chairman of the Board or the President.

The Assistant Secretaries may, in the absence or disability of the Secretary or at his request, perform the duties and exercise the powers of the Secretary, and shall perform such other duties as the Board of Directors, the Chairman of the Board or the President shall prescribe.

Section 8. The Treasurer and Assistant Treasurers: The Treasurer shall keep permanent records of the assets and liabilities and of all matters and transactions bearing upon the financial affairs of the Corporation. He shall, whenever required by the Board of Directors, present a statement of the business of the Corporation, a balance sheet thereof as of the end of the last preceding

month or such other date as may be so required. He shall make and sign such reports, statements and instruments as may be required of him by the Board of Directors or the President or by law and shall perform such other duties as usually pertain to his office or as are properly required of him by the Board of Directors, the Chairman of the Board or the President.

The Assistant Treasurers may, in the absence or disability of the Treasurer or at his request, perform the duties and exercise the powers of the Treasurer, and shall perform such other duties as the Board of Directors, the Chairman of the Board or the President shall prescribe.

Section 9. The Auditor: The Auditor shall be responsible to the Chairman of the Board, the President and, through the directors' Examining Committee, to the Board of Directors for the safety of all operations and for the systems of internal audits and protective controls; he shall perform such other duties as the Chairman of the Board or the President may prescribe and shall make such examinations and reports as may be required by the directors' Examining Committee. He shall have the duty to report to the Chairman of the Board and the President on all matters concerning the safety of the operations of the Corporation which he deems advisable or which the Chairman of the Board or the President may request. In addition, the Auditor shall have the duty of reporting independently of all officers of the Corporation to the directors' Examining Committee whenever he deems it necessary or desirable to do so, but in any event not less often than annually on all matters concerning the safety of the operations of the Corporation.

The Assistant Auditors may, in the absence or disability of the Auditor, or at his request, perform the duties and exercise the powers of the Auditor, and shall perform such

other duties as the Board of Directors, the Chairman of the Board or the President shall prescribe.

Section 10. Other Officers: All other officers that may be elected or appointed by the Board of Directors or the Executive Committee shall exercise such powers and perform such duties as the Board of Directors, the Executive Committee, the Chairman of the Board or the President shall prescribe.

Section 11. Officers Holding Two or More Offices: Any two or more offices may be held by the same person, except the offices of President and Secretary. No officer shall execute or verify any instrument in more than one capacity if such instrument be required by law or otherwise to be executed or verified by any two or more officers.

Section 12. Duties of Officers May be Delegated: In case of the absence or disability of any officer of the Corporation, or in case of a vacancy in any

office or for any other reason that the Board of Directors, the Chairman of the Board or the President may deem sufficient, the Board of Directors, the Chairman of the Board or the President, except as otherwise provided by law or these by-laws, may delegate, for the time being, the powers or duties of any officer to any other officer or to any director.

Section 13. Compensation of Officers: The Board of Directors shall determine the compensation to be paid to the Chairman of the Board and the President, respectively, and it may also determine the compensation to be paid to any or all of the other officers of the Corporation. In the event and to the extent that the Board of the Directors shall not exercise such discretionary power the compensation to be paid to the other officers shall be determined by the Chief Executive Officer.

Section 14. Special Powers: The Chairman of the Board, the President, any Vice President, any Assistant Vice President, the Secretary, any Assistant Secretary, the Treasurer and any Trust Officer shall each have power and authority:

To sign, countersign, certify, issue, assign, endorse, transfer and/or deliver notes, checks, drafts, bills of exchange, certificates of deposit, acceptances, letters of credit, advices for the transfer or payment of funds, orders for the sale and for delivery of securities, guarantees of signatures, and all other instruments, documents and writings in connection with the business of the Corporation in its corporate or in any trust or fiduciary capacity;

To sign the name of the Corporation and affix its seal, or cause the same to be affixed, to deeds, mortgages, satisfactions, assignments, releases, proxies, powers of attorney, trust agreements, and all other instruments, documents or papers necessary for the conduct of the

business of the Corporation, either in its corporate capacity or in any trust or fiduciary capacity;

To endorse, sell, assign, transfer and deliver any stocks, bonds, mortgages, notes, certificates of interest, certificates of indebtedness, certificates of deposit and any evidences of indebtedness or of any rights or privileges which now are or may hereafter be held by or stand in the name of the Corporation, either in its corporate capacity, or in any fiduciary or trust capacity, and to execute proxies, powers of attorney or other authority with respect thereto;

To accept on behalf of the Corporation any guardianship, receivership, executorship or any general or special trust specified in

the Banking Law of the State of New York;

To authenticate or certificate any bonds, debentures, notes, or other instruments issued under or in connection with any mortgage, deed of trust or other agreement or instrument under which the Corporation is acting as trustee or in any other fiduciary capacity;

To sign, execute and deliver certificates, reports, checks, orders, receipts, certificates of deposit, interim certificates, and other documents in connection with its duties and activities as registrar, transfer agent, disbursing agent, fiscal agent, depositary, or in any other corporate fiduciary capacity.

The powers and authority above conferred may at any time be modified, changed, extended or revoked, and may be conferred in whole or in part on other officers and employees by the Board of Directors or the Executive Committee.

Section 15. Bonds: The Board of Directors may require any officer, agent or employee of the Corporation to give a bond to the Corporation, conditional upon the faithful performance of his duties, with one or more sureties and in such amount as may be satisfactory to the Board of Directors.

ARTICLE V
Indemnification of Directors and Officers

Section 1. Right of Indemnification: Each director and officer of the Corporation, whether or not then in office, each director and officer of a subsidiary of the Corporation, whether or not then in office, and any person whose testator or intestate was such a director or officer, shall be indemnified by the Corporation for the defense of, or in connection with, any threatened, pending or completed actions or proceedings and appeals

therein, whether civil, criminal, governmental, administrative or investigative, in accordance with and to the fullest extent permitted by the Banking Law of the State of New York or other applicable law, as such law now exists or may hereafter be amended; provided, however, that the Corporation shall provide indemnification in connection with an action or proceeding (or part thereof) initiated by such a director or officer only if such action or proceeding (or part thereof) was authorized by the Board of Directors.

Section 2. Advancement of Expenses: Expenses incurred by a director or officer in connection with any action or proceeding as to which indemnification may be given under Section 1 of this Article V may be paid by the Corporation in advance of the final disposition of such action or proceeding upon (a) receipt

of an undertaking by or on behalf of such director or officer to repay such advancement in the event that such director or officer is ultimately found not to be entitled to indemnification as authorized by this Article V and (b) approval by the Board of Directors acting by a quorum consisting of directors who are not parties to such action or proceeding or, if such a quorum is not obtainable, then approval by stockholders. To the extent permitted by law, the Board of Directors or, if applicable, the stockholders, shall not be required under this Section 2, to find that the director or officer has met the applicable standard of conduct provided by law for indemnification in connection with such action or proceeding.

Section 3. Availability and Interpretation: To the extent permitted under applicable law, the rights of indemnification and to the advancement of expenses provided in this Article V (a) shall be available with respect to events occurring prior to the adoption of this Article V, (b) shall continue to exist after any recision or restrictive amendment of this Article V with respect to events occurring prior to such recision or amendment, (c) may be interpreted on the basis of applicable law in effect at the time of the occurrence of the event or events giving rise to the action or proceeding, or on the basis of applicable law in effect at the time such rights are claimed, and (d) are in the nature of contract rights which may be enforced in any court of competent jurisdiction as if the Corporation and the director or officer for whom such rights are sought were parties to a separate written agreement.

Section 4. Other Rights: The rights of indemnification and to the advancement of expenses provided in this Article V shall not be deemed exclusive of any other rights to which any such director, officer or other person may now or hereafter be otherwise entitled whether contained in the organization certificate, these by-laws, a resolution of stockholders, a resolution of the Board of Directors, or an agreement providing such indemnification, the creation of such other rights being hereby expressly authorized. Without limiting the generality of the foregoing, the rights of indemnification and to the advancement of expenses provided in this Article V shall not be deemed exclusive of any rights, pursuant to statute or otherwise, of any such director, officer or other person in any such action or proceeding to have assessed or allowed in his or her favor, against the Corporation or otherwise, his or her costs and expenses incurred therein or in connection therewith or any part thereof.

Section 5. Severability: If this Article V or any part hereof shall be held unenforceable in any respect by a court of competent jurisdiction, it shall be deemed modified to the minimum extent necessary to make it enforceable, and the remainder of this Article V shall remain fully enforceable.

ARTICLE VI
Capital Stock

Section 1. Certificates of Stock: The shares of stock of the Corporation shall be represented by certificates which shall be numbered and shall be entered in the books of the Corporation as they are issued. Each stock certificate shall when issued state the name of the person or persons to whom issued and the number of shares and shall be signed by the Chairman of the Board or the President or a Vice President and by the Secretary or an Assistant Secretary, or the Treasurer or an Assistant Treasurer, and shall be sealed with the seal of the Corporation or a facsimile thereof. The signatures of the officers upon a certificate may be facsimiles if the certificate is countersigned by a transfer agent or registered by a registrar. In case any officer who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such officer before such certificate is issued, it may be issued by the Corporation with the same effect as if he were such officer at the date of its issue. No certificate of stock shall be valid until countersigned by a transfer agent if the Corporation has a transfer agent, or until registered by a registrar, if the Corporation has a registrar.

Section 2. Transfers of Shares: Shares of stock shall be transferable on the books of the Corporation by the holder thereof, in person or by duly authorized attorney, upon the surrender of the certificate representing the shares to be transferred, properly endorsed. The Corporation shall be entitled to treat the holder of record of any share or shares of stock as the owner thereof and accordingly shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person whether or not it shall have express or other notice thereof, save as specifically provided by the laws of the State of New York. The Board of Directors, to the extent permitted by law, shall have power and authority to make all such rules and regulations as it may deem expedient concerning the issue, transfer and registration of certificates of stock and may appoint one or more transfer agents and registrars of the stock of the Corporation.

Section 3. Fixing of Record Date: The Board of Directors may fix, in advance, a day and hour not more than 50 days before the date on which any meeting of stockholders is to be held, as the time as of which stockholders entitled to notice of and to vote at such meeting and at all adjournments thereof shall be determined; and, in the event such record date and time is fixed by the Board of Directors, no one other than the holders of record on such date and time of stock entitled to notice of or to vote at such meeting shall be entitled to notice of or to vote at such meeting or any adjournment thereof. If a record date and time shall not be fixed by the Board of Directors for the determination of stockholders entitled to notice of and

to vote at any meeting of stockholders, stockholders of record at the close of business on the day next preceding the day on which notice of such meeting is given, and no others, shall be entitled to notice of and to vote at such meeting

or any adjournment thereof. The Board of Directors may fix, in advance, a day and hour, not exceeding 50 days preceding the date fixed for the payment of a dividend of any kind or the allotment of any rights, as the record time for the determination of the stockholders entitled to receive any such dividend or rights, and in such case only stockholders of record at the time so fixed shall be entitled to receive such dividend or rights.

Section 4. Record of Stockholders: The Corporation shall keep at its office in the State of New York, or at the office of its transfer agent or registrar in this state, a record containing the names and addresses of all stockholders, the number and class of shares held by each and the dates when they respectively became the owner of record thereof.

Section 5. Lost Stock Certificates: The holder of any certificate representing shares of stock of the Corporation shall immediately notify the Corporation of any mutilation, loss or destruction thereof, and the Board of Directors may in its discretion cause one or more new certificates for the same number of shares in the aggregate to be issued to such holder upon the surrender of the mutilated certificate, or, in case of loss or destruction of the certificate, upon satisfactory proof of such loss or destruction and the deposit of indemnity by way of bond or otherwise in such form and amount and with such sureties or security as the Board of Directors may require to protect the Corporation against loss or liability by reason of the issuance of such new certificates; but the Board of Directors may in its discretion refuse to issue such new certificates save upon the order of the court having jurisdiction in such matters.

ARTICLE VII
Corporate Seal

Section 1. Form of Seal: The seal of the Corporation shall be circular in form, with the words "Manufacturers and Traders Trust Company" in the margin thereof, and the numerals "1856" and the word "seal" and the numerals "1892" in the center thereof. The seal on any corporate obligation for the payment of money may be facsimile.

ARTICLE VIII
Emergency Operations

Whenever the provisions of Article 7 of the New York State Defense Emergency Act (L. 1961, c. 654) become operative by reason of an "acute emergency," as defined in said Act, the following provision shall also become operative:

1. If the Chief Executive Officer of the Corporation shall not be available, his powers and authority shall vest in and may be exercised by other officers of the Corporation in the following order:

a. The Chairman of the Board;

b. The President;

c. The Executive Vice Presidents in the order of seniority determined by length of service;

d. The Senior Vice Presidents in the order of seniority determined by length of service;

e. A Vice President selected from and by those Vice Presidents who shall be available.

2. The directors and acting directors present at any meeting held as provided by statute may by resolution alter the foregoing order of succession or designate the person from among the foregoing group who shall act as Chief Executive Officer; provided, however, that the directors and acting directors shall have no power to remove any officer or to fill any vacancy on a permanent basis or to cause the Corporation to enter into any contract of employment for a term of over one year.

3. The directors and acting directors shall take such action as counsel may advise in order that the normal operations of the Corporation shall be restored as promptly as practicable.

ARTICLE IX
Amendments

Section 1. Procedure for Amending By-laws: These by-laws may be added to, amended or repealed at any meeting of stockholders notice of which shall have referred to the proposed action, by the vote of the holders of record of a majority of the outstanding shares of the Corporation entitled to vote, or at any meeting of the Board of Directors notice of which shall have referred to the proposed action, by the vote of a majority of the Board of Directors; provided, however, that if any by-law regulating an impending election of directors is adopted or amended or repealed by the Board of Directors, there shall be set forth in the notice of the next meeting of stockholders for the election of directors the by-law so adopted or amended or repealed, together with a concise statement of the changes made.

EXHIBIT 7
REPORT OF CONDITION OF THE TRUSTEE

MANUFACTURERS AND TRADERS TRUST COMPANY

CONDENSED CONSOLIDATED BALANCE SHEET

In thousands	March 31, 2001
ASSETS	
Cash and due from banks	$ 691,092
Money-market assets	112,252
Investment securities	
Available for sale (cost: $3,144,745)	3,175,735
Held to maturity (market value: $102,200)	101,641
Total investment securities	3,277,376
Loan and leases, net of unearned discount	23,435,680
Allowance for credit losses	(394,877)
Loan and leases, net	23,040,803
Other assets	2,916,768
Total assets	$30,038,291
LIABILITIES	
Deposits	
Non-interest-bearing	$ 3,300,817
Interest-bearing	17,025,036
Total deposits	20,325,853
Borrowings	5,989,906
Accrued interest and other liabilities	485,909
Total liabilities	26,801,668
STOCKHOLDER'S EQUITY	3,236,623
Total liabilities and stockholder's equity	$30,038,291

Exhibit 99.1

THE EXCHANGE OFFER WILL EXPIRE AT 5:00 P.M., EASTERN TIME,
ON 2001 UNLESS EXTENDED (THE "EXPIRATION DATE").

LETTER OF TRANSMITTAL
OFFER TO EXCHANGE

Unregistered 9 7/8% Senior Subordinated Notes due 2011
($300,000,000 aggregate principal amount outstanding issued June 27, 2001)

for

9 7/8% Senior Subordinated Notes due 2011 ($300,000,000 aggregate principal amount) that have been registered under the Securities Act of 1933

OF

Extended Stay America, Inc.
Deliver to:
MANUFACTURERS AND TRADERS TRUST COMPANY, AS EXCHANGE AGENT

<TABLE>
<CAPTION>

<S>	<C>	<C>
By Overnight Delivery or Registered or Certified Mail:	By Hand:	Facsimile Transmission Number:
Manufacturers and Traders Trust Company	Manufacturers and Traders Trust Company	(716) 842-5867
One M&T Plaza	One M&T Plaza	Confirm Receipt of Facsimile by Telephone
Buffalo, New York 14240-2399 Attention:	Buffalo, New York 14240-2399 Attention:	(716) 842-5602

</TABLE>

Your delivery of this letter of transmittal will not be valid unless you deliver it to one of the addresses, or transmit it to the facsimile number, set forth above. Please carefully read this entire document, including the instructions, before completing this letter of transmittal. DO NOT DELIVER THIS LETTER OF TRANSMITTAL TO EXTENDED STAY AMERICA.

By completing this letter of transmittal, you acknowledge that you have received and reviewed our prospectus dated , 2001 and this letter of transmittal, which together constitute the "Exchange Offer." This letter of transmittal and the prospectus have been delivered to you in connection with our offer to exchange $1,000 in principal amount of our 9 7/8% Senior Subordinated Notes due 2011, which have been registered under the Securities Act of 1933 (the "Exchange Notes"), for each $1,000 in principal amount of its outstanding 9 7/8% Senior Subordinated Notes due 2011 (the "Outstanding Notes"). As of the date of the prospectus for the Exchange Offer, $300,000,000 in principal amount of the Outstanding Notes were outstanding.

This letter of transmittal is to be completed by a Holder (this term is defined below) of Outstanding Notes if:

(1) the Holder is delivering certificates for Outstanding Notes with this document;

(2) the tender of certificates for Outstanding Notes will be made by book-entry transfer to the account maintained by Manufacturers and Traders Trust Company, the exchange agent for the Exchange Offer (the "Exchange Agent"), at The Depository Trust Company ("DTC") according to the procedures described in the prospectus under the heading "The Exchange Offer -- Procedures for Tendering."

Please note that delivery of documents required by this letter of

transmittal to DTC does not constitute delivery to the exchange agent; or

(3) tender of the outstanding notes is to be made according to the guaranteed delivery procedures set forth in the prospectus under the heading "The Exchange Offer -Guaranteed Delivery Procedures."

You must tender your Outstanding Notes according to the guaranteed delivery procedures described in this document if:

(1) you cannot deliver your Outstanding Notes, this letter of transmittal and all required documents to the Exchange Agent on or before the Expiration Date; or

(2) you are unable to obtain confirmation of a book-entry tender of your Outstanding Notes into the Exchange Agent's account at DTC on or before the Expiration Date. More complete information about guaranteed delivery procedures is contained in the prospectus under the heading "The Exchange Offer--Guaranteed Delivery Procedures." You should also read Instruction 1 to determine whether or not this section applies to you.

As used in this letter of transmittal, the term "Holder" means (1) any person in whose name Outstanding Notes are registered, (2) any other person who has obtained a properly executed bond power from the registered Holder, or (3) any person whose Outstanding Notes are held of record by DTC who desires to deliver such notes by book-entry transfer at DTC. You should use this letter of transmittal to indicate whether or not you would like to participate in the Exchange Offer. If you decide to tender your Outstanding Notes, you must complete this entire letter of transmittal.

You must follow the instructions in this letter of transmittal -- please read this entire document carefully. If you have questions or need help, or if you would like additional copies of the prospectus and this letter of transmittal, you should contact the Exchange Agent at (716) 842-5602 or at its address set forth above.

Please describe your Outstanding Notes below.

<TABLE>
<CAPTION>

DESCRIPTION OF OUTSTANDING NOTES			
Name(s) and Address(es) of Registered Holder(s) (Please Complete, if Blank)	Certificate Number(s)	Aggregate Principal Amount of Outstanding Notes Represented by Certificate(s)	Principal Amount of Outstanding Notes Tendered*
<S>	<C>	<C>	<C>
		Total	

</TABLE>

* You will be deemed to have tendered the entire principal amount of Outstanding Notes represented in the column labeled "Aggregate Principal Amount of Outstanding Notes Represented by Certificate (s)" unless you indicate otherwise in the column labeled "Principal Amount of Outstanding Notes Tendered."

If you need more space, list the certificate numbers and principal amount

of Outstanding Notes on a separate schedule, sign the schedule and attach it to this letter of transmittal.

CHECK HERE IF YOU HAVE ENCLOSED OUTSTANDING NOTES WITH THIS LETTER OF TRANSMITTAL.

CHECK HERE IF YOU WILL BE TENDERING OUTSTANDING NOTES BY BOOK-ENTRY TRANSFER MADE TO THE EXCHANGE AGENT'S ACCOUNT AT DTC.

COMPLETE THE FOLLOWING ONLY IF YOU ARE AN ELIGIBLE INSTITUTION (THIS TERM IS DEFINED BELOW):

Name of Tendering Institution:

Account Number:

Transaction Code Number:

CHECK HERE IF YOU ARE DELIVERING TENDERED OUTSTANDING NOTES THROUGH A NOTICE OF GUARANTEED DELIVERY AND HAVE ENCLOSED THAT NOTICE WITH THIS LETTER OF TRANSMITTAL.

COMPLETE THE FOLLOWING ONLY IF YOU ARE AN ELIGIBLE INSTITUTION:

Name(s) of Registered Holder(s) of Outstanding Notes:

Date of Execution of Notice of Guaranteed Delivery:

Window Ticket Number (if available):

Name of Institution that Guaranteed Delivery:

Account Number (if delivered by book-entry transfer):

<TABLE>
<CAPTION>

<S>	<C>
SPECIAL ISSUANCE INSTRUCTIONS (See Instructions 4, 5 and 6) Complete this section ONLY if: (1) certificates for untendered Outstanding Notes are to be issued in the name of someone other than you; (2) certificates for Exchange Notes issued in exchange for tendered and accepted Outstanding Notes are to be issued in the name of someone other than you; or (3) Outstanding Notes tendered by book-entry transfer that are not exchanged are to be returned by credit to an account maintained at DTC.	SPECIAL DELIVERY INSTRUCTIONS (See Instructions 4, 5 and 6) Complete this section ONLY if certificates for untendered Outstanding Notes, or Exchange Notes issued in exchange for tendered and accepted Outstanding Notes, are to be sent to someone other than you or to you at an address other than the address shown above.
Issue certificate(s) to:	Mail and deliver certificate(s) to:
Name: --- (Please Print)	Name: --- (Please Print)
Address: --- --- --- (Include Zip Code)	Address: --- --- --- (Include Zip Code)

(Taxpayer Identification or Social Security Number) (Please Also Complete Form W-9)	

</TABLE>

Ladies and Gentlemen:

According to the terms and conditions of the Exchange Offer, I hereby tender to Extended Stay America, Inc. ("Extended Stay America") the principal amount of Outstanding Notes indicated above. At the time the Outstanding Notes are accepted by Extended Stay America, and exchanged for the same principal amount of Exchange Notes, I will sell, assign, and transfer to Extended Stay America all right, title and interest in and to the Outstanding Notes I have tendered. I am aware that the Exchange Agent also acts as the agent of Extended Stay America. By executing this document, I irrevocably appoint the Exchange Agent as my agent and attorney-in-fact for the tendered Outstanding Notes with full power of substitution to:

1. deliver certificates for the Outstanding Notes, or transfer ownership of the Outstanding Notes on the account books maintained by DTC, to Extended Stay America and deliver all accompanying evidences of transfer and authenticity to Extended Stay America; and

2. present the Outstanding Notes for transfer on the books of Extended Stay America and receive all benefits and exercise all rights of beneficial ownership of these Outstanding Notes, according to the terms of the Exchange Offer.

The power of attorney granted in this paragraph is irrevocable and coupled with an interest.

I represent and warrant that I have full power and authority to tender, sell, assign, and transfer the Outstanding Notes that I am tendering. I represent and warrant that Extended Stay America will acquire good and unencumbered title to the Outstanding Notes, free and clear of all liens, restrictions, charges and encumbrances, and that the Outstanding Notes will not be subject to any adverse claim at the time Extended Stay America acquires them. I further represent that:

1. any Exchange Notes I will acquire in exchange for the Outstanding Notes I have tendered will be acquired in the ordinary course of business;

2. I have not engaged in, do not intend to engage in, and have no arrangement with any person to engage in a distribution of any Exchange Notes issued to me; and

3. I am not an "affiliate" (as defined in Rule 405 under the Securities Act of 1933 (the "Securities Act")) of Extended Stay America, or, if I am, I will comply with the registration and prospectus delivery requirements of the Securities Act to the extent applicable.

I understand that the Exchange Offer is being made in reliance on interpretations contained in letters issued to third parties by the staff of the Securities and Exchange Commission (the "Commission"). These letters provide that the Exchange Notes issued in exchange for the Outstanding Notes in the Exchange Offer may be offered for resale, resold, and otherwise transferred by a Holder of Exchange Notes, unless that person is an "affiliate" of Extended Stay America within the meaning of Rule 405 under the Securities Act, without compliance with the registration and prospectus delivery provisions of the Securities Act. The Exchange Notes must be acquired in the ordinary course of the Holder's business and the Holder must not be engaging in, must not intend to engage in, and must not have any arrangement or understanding with any person to participate in a distribution of the Exchange Notes.

If I am a broker-dealer that will receive Exchange Notes for my own account in exchange for Outstanding Notes that were acquired as a result of market-making or other trading activities, I acknowledge that I have not entered into any arrangement or understanding with the Company or any "affiliate" (as

that term is defined herein) of the Company and that I will deliver a prospectus meeting the requirements of the Securities Act in connection with any resale of such Exchange Notes; however, by so acknowledging and by delivering a prospectus, I will not be deemed to admit that I am an "underwriter" within the meaning of the Securities Act.

I further represent that I am not acting on behalf of any person or entity that could not truthfully make these representations.

CHECK HERE IF YOU ARE A BROKER-DEALER AND WISH TO RECEIVE 10 ADDITIONAL COPIES OF THE PROSPECTUS AND 10 COPIES OF ANY AMENDMENTS OR SUPPLEMENTS THERETO.

Name:

Address:

Phone:

Upon request, I will execute and deliver any additional documents deemed by the Exchange Agent or Extended Stay America to be necessary or desirable to complete the assignment, transfer, and purchase of the Outstanding Notes I have tendered.

I understand that Extended Stay America will be deemed to have accepted validly tendered Outstanding Notes when Extended Stay America gives oral or written notice of acceptance to the Exchange Agent.

If, for any reason, any tendered Outstanding Notes are not accepted for exchange in the Exchange Offer, certificates for those unaccepted Outstanding Notes will be returned to me without charge at the address shown below or at a different address if one is listed under "Special Delivery Instructions." Any unaccepted Outstanding Notes which had been tendered by book-entry transfer will be credited to an account at DTC, as soon as reasonably possible after the Expiration Date.

All authority granted or agreed to be granted by this letter of transmittal will survive my death, incapacity or, if I am a corporation or institution, my dissolution, and every obligation under this letter of transmittal is binding upon my heirs, personal representatives, successors, and assigns.

I understand that tenders of Outstanding Notes according to the procedures described in the prospectus under the heading "The Exchange Offer --Procedures for Tendering" and in the instructions included in this letter of transmittal constitute a binding agreement between myself and Extended Stay America subject to the terms and conditions of the Exchange Offer.

Unless I have described other instructions in this letter of transmittal under the section "Special Issuance Instructions," please issue the certificates representing Exchange Notes issued in exchange for my tendered and accepted Outstanding Notes in my name and issue any replacement certificates for Outstanding Notes not tendered or not exchanged in my name. Similarly, unless I have instructed otherwise under the section "Special Delivery Instructions," please send the certificates representing the Exchange Notes issued in exchange for tendered and accepted Outstanding Notes and any certificates for Outstanding Notes that were not tendered or not exchanged, as well as any accompanying documents, to me at the address shown below my signature. If the "Special Issuance Instructions" and/or "Special Delivery Instructions" are completed, please issue the certificates representing the Exchange Notes issued in exchange for my tendered and accepted Outstanding Notes in the name(s) of, and/or return any Outstanding Notes that were not tendered or exchanged and send such certificates to, the person(s) so indicated. I understand that if Extended Stay America does not accept any of the tendered Outstanding Notes for exchange, Extended Stay America has no obligation to transfer any Outstanding Notes from

the name of the registered Holder(s) according to my instructions in the "Special Issuance Instructions" and "Special Delivery Instructions" sections of this letter of transmittal.

PLEASE SIGN HERE WHETHER OR NOT
OUTSTANDING NOTES ARE BEING PHYSICALLY TENDERED HEREBY

(Date)

(Signature(s) of Registered Holder(s) or Authorized Signatory)

(Date)

Area Code and Telephone Number(s):

Tax Identification or Social Security Number(s):

The above lines must be signed by the registered Holder(s) of Outstanding Notes as their name(s) appear(s) on the certificate for the Outstanding Notes or by person(s) authorized to become registered Holders (s) by a properly completed bond power from the registered Holder (s). A copy of the completed bond power must be delivered with this letter of transmittal. If any Outstanding Notes tendered through this letter of transmittal are held of record by two or more joint Holders, then all such Holders must sign this letter of transmittal. If the signature is by trustee, executor, administrator, guardian, attorney-in-fact, officer of a corporation or other person acting in a fiduciary or representative capacity, then such person must: (1) state his or her full title below, and (2) unless waived by Extended Stay America, submit evidence satisfactory to Extended Stay America of such person's authority to act on behalf of the Holder. See Instruction 4 for more information about completing this letter of transmittal.

Name (s):

(Please Print)

Capacity (Full Title):

Address:

(Include Zip Code)

Signature(s) Guaranteed by an Eligible Institution, if required by Instruction 4:

(Authorized Signature)

(Title)

(Name of Firm)

Dated:

Please complete Substitute Form W-9 below.

PAYER'S NAME: MANUFACTURERS AND TRADERS TRUST COMPANY

<TABLE>
<CAPTION>

<S>	<C>	<C>
SUBSTITUTE Form W-9	Part 1--PLEASE PROVIDE YOUR TIN IN THE BOX AT RIGHT AND CERTIFY BY SIGNING AND DATING BELOW.	---------- Social Security Number OR ---------- Employer Identification Number
Department of the Treasury Internal Revenue Service	Part 2--Certification--Under the Penalties of Perjury, I certify that: (1) The number shown on this form is my correct TIN (or I am waiting for a number to be issued to me) and (2) I am not subject to backup withholding because (a) I am exempt from backup withholding; or (b) I have not been notified by the Internal Revenue Service ("IRS") that I am subject to backup withholding as a result of failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding.	Part 3-- Awaiting TIN
Payer's Request for Taxpayer Identification Number ("TIN") Certification	Certification Instructions--You must cross out item (2) in the box above if you have been notified by the IRS that you are currently subject to backup withholding because of underreporting interest or dividends on your tax return. Signature ---------- Date ----------	

NOTE: IF YOU DO NOT COMPLETE AND RETURN THIS FORM YOU MAY BE SUBJECT TO BACKUP WITHHOLDING OF 31% OF PAYMENTS MADE TO YOU UNDER THE EXCHANGE OFFER. FOR MORE INFORMATION, PLEASE REVIEW THE ENCLOSED GUIDELINES FOR CERTIFICATION OF TAXPAYER IDENTIFICATION NUMBER ON SUBSTITUTE FORM W-9.

CERTIFICATE OF AWAITING TAXPAYER IDENTIFICATION NUMBER

I certify under penalties of perjury that a taxpayer identification number has not been issued to me, and either (a) 1 have mailed or delivered an application to receive a taxpayer identification number to the appropriate Internal Revenue Center or Social Security Administration Office or (b) I intend to mail or deliver an application in the near future. I understand that if l do not provide a taxpayer identification number within sixty (60) days, [31]% of all reportable payments made to me thereafter will be withheld until I provide a number.

---------- ----------
Signature Date

</TABLE>

INSTRUCTIONS FORMING
PART OF THE TERMS AND CONDITIONS OF THE
EXCHANGE OFFER

1. Delivery of this letter of transmittal and Outstanding Notes. The tendered Outstanding Notes or a confirmation of book-entry delivery, as well as a properly completed and manually signed copy or facsimile of this letter of transmittal and any other required documents must be received by the Exchange Agent at its address listed on the cover of this letter of transmittal before 5:00 p.m., Eastern time, on the Expiration Date. You are responsible for the delivery of the Outstanding Notes, this letter of transmittal and all required documents to the Exchange Agent. Except under the limited circumstances

described below, the delivery of these documents will be considered to have been made only when actually received or confirmed by the Exchange Agent. While the method of delivery is at your risk and choice, we recommend that you use an overnight or hand delivery service rather than regular mail. You should send your documents well before the Expiration Date to ensure receipt by the Exchange Agent. You may request that your broker, dealer, commercial bank, trust company or nominee deliver your Outstanding Notes, this letter of transmittal and all required documents to the Exchange Agent. DO NOT SEND YOUR OUTSTANDING NOTES TO EXTENDED STAY AMERICA.

If you wish to tender your Outstanding Notes, but:

(1) you cannot deliver your Outstanding Notes, this letter of transmittal and all required documents to the Exchange Agent before the Expiration Date; or

(2) you are unable to obtain confirmation of a book-entry tender of your Outstanding Notes into the Exchange Agent's account at DTC on or before the Expiration Date;

you must tender your Outstanding Notes according to the guaranteed delivery procedure. A summary of this procedure follows, but you should read the section in the prospectus titled "The Exchange Offer --Guaranteed Delivery Procedures" for more complete information. As used in this letter of transmittal, an "Eligible Institution" is any participant in a Recognized Signature Guarantee Medallion Program within the meaning of Rule l7Ad-15 of the Securities Exchange Act of 1934 (the "Exchange Act").

For a tender made through the guaranteed delivery procedure to be valid, the Exchange Agent must receive a properly completed and executed Notice of Guaranteed Delivery or a facsimile of that notice before 5:00 p.m., Eastern time, on the Expiration Date. The Notice of Guaranteed Delivery must be delivered by an Eligible Institution and must :

(1) state your name and address;

(2) list the certificate numbers and principal amounts of the Outstanding Notes being tendered;

(3) state that tender of your Outstanding Notes is being made through the Notice of Guaranteed Delivery; and

(4) guarantee that this letter of transmittal, or a manually signed facsimile of it, the certificates representing the Outstanding Notes, or a confirmation of DTC book-entry transfer if a book-entry transfer procedure is used, and all other required documents will be deposited with the Exchange Agent by the Eligible Institution within three New York Stock Exchange trading days after the date of execution of the Notice of Guaranteed Delivery.

The Exchange Agent must receive your Outstanding Notes certificates, or a confirmation of DTC book entry, in proper form for transfer, this letter of transmittal and all required documents within three New York Stock Exchange trading days after the date of execution of the Notice of Guaranteed Delivery or your tender will be invalid and may not be accepted for exchange.

We have the sole right to decide any questions about the validity, form, eligibility, time of receipt, acceptance or withdrawal of tendered Outstanding Notes, and our decision will be final and binding. Our interpretation of the terms and conditions of the Exchange Offer, including the instructions contained in this letter of transmittal and in the prospectus under the heading "The Exchange Offer --Conditions" will be final and binding on all parties.

We have the absolute right to reject any or all of the tendered Outstanding Notes if:

(1) the Outstanding Notes are not properly tendered; or

(2) in the opinion of our counsel, the acceptance of those Outstanding Notes would be unlawful.

We may also decide to waive any conditions, defects, or invalidity of

tender of Outstanding Notes and accept such Outstanding Notes for exchange. Any defect or invalidity in the tender of Outstanding Notes that is not waived by us must be cured within the period of time set by us.

It is your responsibility to identify and cure any defect or invalidity in the tender of your Outstanding Notes. Tender of your Outstanding Notes will not be considered to have been made until any defect is cured or waived. None of Extended Stay America, the Exchange Agent or any other person is required to notify you that your tender was invalid or defective, and no one will be liable for any failure to notify you of such a defect or invalidity in your tender of Outstanding Notes. As soon as reasonably possible after the Expiration Date, the Exchange Agent will return to the Holder any Outstanding Notes that were invalidly tendered if the defect of invalidity has not been cured or waived.

2. Tender by Holder. You must be a Holder of Outstanding Notes in order to participate in the Exchange Offer. If you are a beneficial holder of Outstanding Notes who wishes to tender, but you are not the registered Holder, you must arrange with the registered Holder to execute and deliver this letter of transmittal on his, her or its behalf. Before completing and executing this letter of transmittal and delivering the registered Holder's Outstanding Notes, you must either make appropriate arrangements to register ownership of the Outstanding Notes in your name or obtain a properly executed bond power from the registered Holder. The transfer of registered ownership of Outstanding Notes may take an unreasonably long period of time.

3. Partial tenders; Withdrawal Rights. If you are tendering less than the entire principal amount of Outstanding Notes represented by a certificate, you should fill in the principal amount you are tendering in the last column of the box entitled "Description of Outstanding Notes." The entire principal amount of Outstanding Notes listed on the certificate delivered to the Exchange Agent will be deemed to have been tendered unless you fill in the appropriate box. If the entire principal amount of all Outstanding Notes is not tendered, a certificate will be issued for the principal amount of those Outstanding Notes not tendered. Tenders of Outstanding Notes will only be accepted in integral multiples of $1,000 principal amount.

Unless a different address is provided in the appropriate box on this letter of transmittal, certificate(s) representing Exchange Notes issued in exchange for any tendered and accepted Outstanding Notes, and any replacement certificates for Outstanding Notes not tendered, will be sent to the registered Holder at his or her registered address promptly after the Outstanding Notes are accepted for exchange. In the case of Outstanding Notes tendered by book-entry transfer, any untendered Outstanding Notes and any Exchange Notes issued in exchange for tendered and accepted Outstanding Notes will be credited to accounts at DTC.

To withdraw a tender of Outstanding Notes, a written or facsimile notice of withdrawal must be received by the Exchange Agent at the address given on the face of the letter of transmittal prior to 5:00 p.m. Eastern time, on the Expiration Date. Any such notice must:

- specify the name of the person having deposited the Outstanding Notes to be withdrawn;
- identify the Outstanding Notes to be withdrawn;
- be signed by the Holder in the same manner as the original signature on the letter of transmittal by which the Outstanding Notes were tendered, or be accompanied by documents of transfer sufficient to

have the Exchange Agent register the transfer of the Outstanding Notes in the name of the person withdrawing the tender; and

- specify the name in which any Outstanding Notes are to be registered, if different from that of the person who deposited the Outstanding Notes to be withdrawn.

We reserve the right to determine all questions as to the validity, form and eligibility (including time of receipt) of such notices), which determination shall be final and binding on all parties. Any Outstanding Notes so withdrawn shall be deemed to not have been validly tendered for purposes of the Exchange Offer, and no Exchange Notes will be issued with respect to any Outstanding

Notes so withdrawn, unless the Outstanding Notes are validly retendered. Outstanding Notes may be retendered by following the procedures set forth in the prospectus under "The Exchange Offer -Procedures for Tendering."

4. Signatures on the letter of transmittal; bond powers and endorsements; guarantee of signatures.

- If you are the registered Holder of Outstanding Notes tendered with this document, and are signing this letter of transmittal, your signature must match exactly with the name(s) written on the face of the Outstanding Notes. There can be no alteration, enlargement, or change in your signature in any manner. If certificates representing the Exchange Notes, or certificates issued to replace any Outstanding Notes you have not tendered, are to be issued to you as the registered Holder, do not endorse any tendered Outstanding Notes and do not provide a separate bond power.

- If you are not the registered Holder, or if Exchange Notes or any replacement Outstanding Note certificates will be issued to someone other than you, you must either properly endorse the Outstanding Notes you have tendered or deliver with this letter of transmittal a properly completed separate bond power. Please note that the signatures on any endorsement or bond power must be guaranteed by an Eligible Institution.

- If you are signing this letter of transmittal but are not the registered Holder(s) of any Outstanding Notes listed in this letter of transmittal under the "Description of Outstanding Notes", the Outstanding Notes tendered must be endorsed or accompanied by appropriate bond powers, in each case signed in the name of the registered Holder(s) exactly as it appears on the Outstanding Notes. Please note that the signatures on any endorsement or bond power must be guaranteed by an Eligible Institution.

- If this letter of transmittal, any Outstanding Notes tendered or any bond powers are signed by trustees, executors, administrators, guardians, attorneys-in-fact, officers of corporations, or others acting in a fiduciary or representative capacity, those persons must indicate their title or capacity when signing. Unless waived by us, evidence satisfactory to us of that person's authority to act must be submitted with this letter of transmittal. Please note that the signatures on any endorsement or bond power must be guaranteed by an Eligible Institution.

- All signatures on this letter of transmittal must be guaranteed by an Eligible Institution unless one of the following situations apply:

  - If this letter of transmittal is signed by the registered Holder(s) of the Outstanding Notes tendered with this letter of transmittal and such Holder(s) has not completed the box titled "Special Issuance Instructions" or the box titled "Special Delivery Instructions"; or

  - If the Outstanding Notes are tendered for the account of an Eligible Institution.

5. Special issuance and delivery instructions. If different from the name and address of the person signing this letter of transmittal, you should indicate, in the applicable box or boxes, the name and address where Outstanding Notes issued in replacement for any untendered or tendered but unaccepted Outstanding Notes should be issued or sent. If replacement notes for Outstanding Notes are to be issued in a different name, you must indicate the taxpayer identification or social security number of the person named.

6. Transfer taxes. We will pay all transfer taxes, if any, applicable to the exchange of Outstanding Notes in the Exchange Offer. However, transfer taxes will be payable by you (or by the tendering Holder if you are signing this letter on behalf of a tendering Holder) if:

- certificates representing Exchange Notes or notes issued to replace any Outstanding Notes not tendered or accepted for exchange are to be delivered to, or are to be registered or issued in the name of, a person other than the registered Holder;

- tendered Outstanding Notes are registered in the name of any person other than the person signing this letter of transmittal; or

- a transfer tax is imposed for any reason other than the exchange of Outstanding Notes according to the Exchange Offer. If satisfactory evidence of the payment of those taxes or an exemption from payment is not submitted with this letter of transmittal, the amount of those transfer taxes will be billed directly to the tendering Holder. Until those transfer taxes are paid, we will not be required to deliver any Exchange Notes required to be delivered to, or at the direction of, such tendering Holder.

Except as provided in this Instruction 6, it is not necessary for transfer tax stamps to be attached to the Outstanding Notes listed in this letter of transmittal.

7. Form W-9. You must provide the Exchange Agent with a correct Taxpayer Identification Number ("TIN") for the Holder on the enclosed Form W-9. If the Holder is an individual, the TIN is his or her social security number. If you do not provide the required information on the Form W-9, you may be subject to federal income tax withholding on certain payments made to the Holders of Exchange Notes. Certain Holders, such as corporations and certain foreign individuals, are not subject to these backup withholding and reporting requirements. For additional information, please read the enclosed Guidelines for Certification of TIN on Substitute Form W-9. To prove to the Exchange Agent that a foreign individual qualifies as an exempt Holder, the foreign individual must submit a Form W-8, Form W-8BEN or other similar statement, signed under penalties of perjury, certifying as to that individual's exempt status. You can obtain the appropriate form from the Exchange Agent.

8. Waiver of conditions. We may choose, at any time and for any reason, to amend, waive or modify some or all of the conditions to the Exchange Offer. The conditions applicable to tenders of Outstanding Notes in the Exchange Offer are described in the prospectus under the heading "The Exchange Offer -- Conditions."

9. Mutilated, lost, stolen or destroyed Outstanding Notes. If your Outstanding Notes have been mutilated, lost, stolen or destroyed, you should contact the Exchange Agent at the address listed on the cover page of this letter of transmittal for further instructions.

10. Requests for assistance or additional copies. If you have questions, need assistance, or would like to receive additional copies of the prospectus or this letter of transmittal, you should contact the Exchange Agent at the address listed above. You may also contact your broker, dealer, commercial bank, trust company, or other nominee for assistance concerning the Exchange Offer.

GUIDELINES FOR CERTIFICATION OF TAXPAYER IDENTIFICATION NUMBER ON SUBSTITUTE FORM W-9

GUIDELINES FOR DETERMINING THE PROPER IDENTIFICATION NUMBER TO GUIDE THE PAYER.- Social Security Numbers have nine digits separated by two hyphens: i.e. 000-00-0000. Employer Identification Numbers have nine digits separated by only one hyphen: i.e. 00-0000000. The table below will help determine the number to give the payer.

<TABLE>
<CAPTION>

For this type of account:	Give the SOCIAL SECURITY number of:	For this type of account:	Give the EMPLOYER IDENTIFICATION number of
<S>	<C>	<C>	<C>
1. An individual's account.	The individual	6. A valid trust, estate, or pension trust	The legal entity (Do not furnish the identifying number of the personal representative or

			trustee unless the legal entity itself it not designated in the account title.)(4)
2. Two or more individuals (joint account)	The actual owner of the account or, if combined fund, the first individual on the account (1)	7. Corporate account	The corporation
3. Custodian account of a minor (Uniform Gift to Minors Act)	The minor(2)	8. Religious, charitable, or educational organization account	The organization
4. a. The usual revocable savings trust account (grantor is also trustee)	The grantor-trustee(1)	9. Partnership	The partnership
b. So-called trust account that is not a legal or valid trust under State law	The actual owner(1)	10. Association, club or other tax-exempt organization	The organization
5. Sole proprietorship account	The owner (3)	11. A broker or registered nominee	The broker or nominee
		12 Account with the Department of Agriculture in the name of a public entity (such as a State or local government, school district, or prison) that receives agricultural program payments	The public entity

</TABLE>

(1) List first and circle the name of the person whose number you furnish. If only one person on a joint account has a Social Security Number, that person's number must be furnished.

(2) Circle the minor's name and furnish the minor's Social Security Number.

(3) Show the name of the owner. You may also enter your business name. You may use your Social Security Number or Employer Identification Number.

(4) List first and circle the name of the legal, estate, or pension trust.

NOTE: If no name is circled when there is more than one name, the number will be considered to be that of the first name listed.

GUIDELINES FOR CERTIFICATION OF TAXPAYER IDENTIFICATION NUMBER OF SUBSTITUTE FORM W-9

Obtaining a Number

If you don't have a Taxpayer Identification Number or you don't know your number, obtain Form SS-5, Application for a Social Security Number Card, or Form SS-4, Application for Employer Identification Number, at the local office of the Social Security Administration or the Internal Revenue Service and apply for a number.

Payees Exempt from Backup Withholding

Payees specifically exempted from backup withholding on broker transactions include the following:

o A corporation.

- A financial institution.
- An organization exempt from tax under Section 501(a), an individual retirement plan, or a custodial account under Section 403(b)(7), if the account satisfies the requirements of Section 401(f)(2).
- The United States or any agency or instrumentality thereof.
- A State, the District of Columbia, a possession of the United States, or any subdivision or instrumentality thereof.
- A foreign government, a political subdivision of a foreign government, or any agency or instrumentality thereof.
- An international organization or any agency or instrumentality thereof
- A dealer in securities or commodities required to be registered in the United States, the District of Columbia, or a possession of the United States.
- A real estate investment trust.
- A futures commissions merchant registered with the Commodity Futures Trading Commission.
- A common trust fund operated by a bank under Section 584(a).
- An entity registered at all times under the Investment Company Act of 1940.
- A foreign central bank issue.
- A person registered under the Investment Advisors Act of 1940 who regularly acts as a broker.

Payments of dividends not generally subject to backup withholding include the following:

- Payments to nonresident aliens subject to withholding under Section 1441.
- Payments to partnerships not engaged in a trade or business in the United States and which have at least one nonresident partner.
- Payments of patronage dividends where the amount received is not paid in money.
- Payments made by certain foreign organizations.
- Payments described in Section 440(k) made by an employee stock ownership plan.

Payments of interest not generally subject to backup withholding include the following:

- Payments of interest on obligations issued by individuals. Note: You may be subject to backup withholding if this interest is $600 or more and is paid in the course of the payer's trade or business and you have not provided your correct Taxpayer Identification Number to the payer.
- Payments of tax-exempt interest (including tax-exempt interest dividends under Section 852).
- Payments described in Section 6049(b)(5) to nonresident aliens.
- Payments on tax-free covenants bonds under Section 1451.
- Payments made by certain foreign organizations.
- Payments of mortgage interest to you.

Exempt payees described above should file Substitute Form W-9 to avoid possible erroneous backup withholding.

FILE THIS FORM WITH THE PAYER, FURNISH YOUR TAXPAYER IDENTIFICATION NUMBER, WRITE "EXEMPT" ON THE FACE OF THE FORM, SIGN AND DATE THE FORM AND RETURN IT TO THE PAYER.

Privacy Act Notice-- Section 6109 requires most recipients of dividend, interest, or other payments to give Taxpayer Identification Numbers to payers who must report the payments to the IRS. The IRS uses the numbers for identification purposes. Payers must be given the numbers whether or not recipients are required to file tax returns. Payers must generally withhold [31%] of taxable interest, dividend, and certain other payments to a payee who does not furnish a Taxpayer Identification Number to a payer. Certain penalties may also apply.

Penalties

(1) Penalty for Failure to Furnish Taxpayer Identification Number. -- If you fail to furnish your Taxpayer Identification Number to a payer, you are subject to a penalty of $50 for each such failure unless your failure is due to reasonable cause and not willful neglect.

(2) Civil Penalty for False Information With Respect to Withholding. -- If you make a false statement with no reasonable basis which results in no imposition of backup withholding, you are subject to a penalty of $500.

(3) Criminal Penalty for Falsifying Information. --Falsifying certifications or affirmations may subject you to criminal penalties including fines and/or imprisonment.

FOR ADDITIONAL INFORMATION CONTACT YOUR TAX CONSULTANT OR THE IRS.

(DO NOT WRITE IN SPACE BELOW)

CERTIFICATE SURRENDERED	OUTSTANDING NOTES TENDERED	OUTSTANDING NOTES ACCEPTED

Delivery prepared by:
_____

Checked by:
_____

Date:
_____

Exhibit 99.2

NOTICE OF GUARANTEED DELIVERY
for
9 7/8 % Senior Subordinated Notes Due 2011
of

Extended Stay America, Inc.

As set forth in the prospectus dated , 2001 (the "Prospectus"), of Extended Stay America, Inc. ("Extended Stay America") and in the related letter of transmittal (which together constitute the "Exchange Offer"), this form or one substantially similar must be used to accept Extended Stay America's offer to exchange all of its outstanding 9 7/8% Senior Subordinated Notes due 2011 (the "Outstanding Notes") for its 9 7/8% Senior Subordinated Notes due 2011, which have been registered under the Securities Act of 1933 (the "Exchange Notes"), if the Outstanding Notes, the letter of transmittal or any other required documents cannot be timely delivered to Manufacturers and Traders Trust Company, acting as exchange agent for the Exchange Offer (the "Exchange Agent"), or the procedure for book-entry transfer cannot be completed, prior to 5:00 P.M. Eastern time, on the Expiration Date (as defined below). This form may be delivered by an Eligible Institution (as defined below), by hand or transmitted by facsimile, overnight courier or mail to the Exchange Agent as indicated below.

THE EXCHANGE OFFER WILL EXPIRE AT 5:00 P.M., EASTERN' TIME, ON , 2001, UNLESS THE OFFER IS EXTENDED (THE "EXPIRATION DATE"). TENDERS OF OUTSTANDING NOTES MAY BE WITHDRAWN AT ANYTIME PRIOR TO 5:00 P.M. ON THE EXPIRATION DATE.

<TABLE>
<CAPTION>

Deliver to:

MANUFACTURERS AND TRADERS TRUST COMPANY,
AS EXCHANGE AGENT

<S>	<C>	<C>
By Overnight Delivery or Registered or Certified Mail:	By Hand:	Facsimile Transmission Number:
Manufacturers and Traders Trust Company	Manufacturers and Traders Trust Company	(716) 842-5867
One M&T Plaza	One M&T Plaza	Confirm Receipt of Facsimile by Telephone
Buffalo, New York 14240-2399 Attention:	Buffalo, New York 14240-2399 Attention:	(716) 842-5602

</TABLE>

Delivery of this notice to an address, or transmission of instructions via facsimile, other than as set forth above does not constitute a valid delivery.

This form is not to be used to guarantee signatures. If a signature on the letter of transmittal, to be used to tender Outstanding Notes, is required to be guaranteed by an Eligible Institution under the instructions thereto, such signature guarantee must appear in the applicable space provided in the letter of transmittal. As used in this notice of guaranteed delivery, an "Eligible Institution" is any participant in a Recognized Signature Guarantee Medallion Program within the meaning of Rule 17Ad-15 of the Securities Exchange Act of 1934.

Ladies and Gentlemen:

The undersigned hereby tenders to Extended Stay America, Inc., a Delaware corporation, upon the terms and subject to the conditions set forth in the prospectus for the Exchange Offer and the letter of transmittal, receipt of which is hereby acknowledged, Outstanding Notes pursuant to the guaranteed delivery procedures set forth in Instruction 1 of the letter of transmittal.

The undersigned understands that tenders of Outstanding Notes will be accepted only in principal amounts equal to $1,000 or integral multiples thereof. The undersigned understands that tenders of Outstanding Notes pursuant to the Exchange Offer may be withdrawn only in accordance with the procedures set forth in "The Exchange Offer--Withdrawal of Tenders" section of the prospectus.

All authority herein conferred or agreed to be conferred by this notice of guaranteed delivery shall survive the death, incapacity or dissolution of the undersigned and every obligation of the undersigned under this notice of guaranteed delivery shall be binding upon the heirs, personal representatives, executors, administrators, successors, assigns, trustees in bankruptcy and other legal representatives of the undersigned.

NOTE: SIGNATURES MUST BE PROVIDED WHERE INDICATED BELOW.

Certificate No(s). for Outstanding Notes (if available)	Principal Amount of Outstanding Notes
---	---
Principal Amount of Outstanding Notes Tendered	Signature(s)
---	---
Dated:	If Outstanding Notes will be delivered by book entry transfer at The Depository Trust Company, Depository Account No.:
---	---

This notice of guaranteed delivery must be signed by the registered holders of Outstanding Notes exactly as its (their) name(s) appear on certificates of Outstanding Notes or on a security position listing as the owner of Outstanding Notes, or by person(s) authorized to become registered holder(s) by endorsements and documents transmitted with this notice of guaranteed delivery. If signature is by a trustee, executor, administrator, guardian, attorney-in-fact, officer or other person acting in a fiduciary or representative capacity, such person must provide the following information:

Please print name(s) and address(es)

Name(s) ----------

Capacity: ----------

Address (es): ----------

Area Code and Telephone No.:----------

GUARANTEE

(Not To Be Used for Signature Guarantee)

The undersigned, a member firm of a registered national securities exchange or of the National Association of Securities Dealers, Inc., or a commercial bank or trust company having an office or correspondent in the United States or an "eligible guarantor institution" within the meaning of Rule 17Ad-15 under the Securities Exchange Act of 1934 (the "Exchange Act"), hereby:

(a) represents that the above named person(s) "own(s)" the Outstanding, Notes to be tendered within the meaning of Rule 14e-4 under the Exchange Act;

(b) represents that such tender of Outstanding Notes complies with Rule 14e-4 under the Exchange Act; and

(c) guarantees that delivery to the exchange agent of certificates for the Outstanding Notes to be tendered, in proper form for transfer (or confirmation of the book-entry transfer of such Outstanding Notes into the exchange agent's account at The Depository Trust Company, pursuant to the procedures for book-entry transfer set forth in the Prospectus), with delivery of a properly completed and duly executed (or manually signed facsimile) letter of transmittal with any required signatures, or an agent's message, in the case of a book-entry transfer, and any other required documents, will be received by the exchange agent at one of its addresses set forth above within three New York Stock Exchange trading days after the date of execution of the Notice of Guaranteed Delivery.

I HEREBY ACKNOWLEDGE THAT I MUST DELIVER THE LETTER OF TRANSMITTAL AND OUTSTANDING NOTES TO BE TENDERED TO THE EXCHANGE AGENT WITHIN THE TIME PERIOD SET FORTH ABOVE AND THAT FAILURE TO DO SO COULD RESULT IN FINANCIAL LOSS TO ME.

---------- ----------
Name of Firm Authorized Signature

---------- ----------
Address Title

---------- Name:
Zip Code ----------
(Please Type or Print)

Area Code and Telephone No. Dated:
---------- ----------

NOTE: DO NOT SEND OUTSTANDING NOTES WITH THIS FORM; OUTSTANDING NOTES SHOULD BE SENT WITH YOUR LETTER OF TRANSMITTAL.