

MEMORANDUM OF AGREEMENT

This Memorandum identifies the agreements reached by the employers at the below-named hotels (hereinafter "Hotels"), and UNITE HERE Local 25, Mid-Atlantic Regional Joint Board, UNITE HERE International Union (hereinafter "Union") on August 31, 2007. A full Memorandum of Understanding, setting forth the language of each modification to the terms of the current collective bargaining agreement that was reached by the parties during their negotiations, shall be executed as soon as possible.

Wages: Increase current rates as follows:
(Art. 2.3) 9/16/07 -- \$ 0.50
3/16/08 -- \$ 0.20
9/16/08 -- \$ 0.25
3/16/09 -- \$ 0.25
9/16/09 -- \$ 0.25
3/16/10 -- \$ 0.25

The rates represent increases to the non-tipped rates. Tipped and bus employees shall receive their customary portions of the non-tipped increase (50% for tipped and 75% for bus employees).

Vacation
(Arts. 6.1
& 6.2):

Effective 09/16/08, one additional week of vacation (for a total of five (5) weeks) for employees with at least thirty (30) years of seniority

Paid Time
Off for A-List
(Art. 6.4):

Additional four (4) hours each quarter (36 hours per quarter) based on 420 hours worked per quarter. For each function worked, A-List members will be credited with five (5) hours for purposes of the paid time off calculation.

Pension: Increase existing rate by the amounts below:
(Art. 15.2) 3/16/08 -- \$ 0.10
3/16/09 -- \$ 0.20
3/16/10 -- \$ 0.20

Health
Insurance
(Art. 14.1):

Hotel pays 100% of premium (single or family) for all eligible employees (except \$ 25 per month contribution for first six months of coverage, as provided in existing agreement), provided that the Hotel will not be required to pay more than the rates which go into effect on November 1, 2009. Hotel will have right to use employee plus spouse and/or employee plus child/children in addition to single and family tiers made available by

DC130208271.1

Kaiser provided there is no change in health insurance benefits or costs to employees and dependents under such tiers.

Benefits remain the same as in existing agreement, except for: addition of a third tier on prescription drug copays, and increase of \$ 4/\$8 on copays for out of network drug purchases, as described below.

Prescription copays:

Kaiser Plan -- \$10 (generic)/\$ 20 (brand)/\$36 (non-formulary)
 Out of network -- increase by \$4 to \$20 (generic)/increase by \$8 to \$ 40 (brand)/\$55 (non-formulary)
 Mail order: \$ 8 (generic)/\$ 18 (brand)/\$33 (non-formulary)

A-List Health Insurance: The Hotels agree to increase the per-function contribution for health insurance as follows:

11/1/07 - \$7.40
 11/1/08 - \$ 8.25
 11/1/09 - \$ 9.25.

The monthly contribution of \$50.40 required from A-List members who wish to receive coverage will remain the same. A-List bartenders (who are required to accept functions at a "base" hotel in the same manner as A list waiters and waitresses) will be eligible for coverage on the same terms as wait staff.

**Funds
 (Art. 14):**

Dental Fund: Effective 9/16/07, the Hotels' contribution shall increase by \$ 0.02 per hour, to \$ 0.265 per hour. However, the parties agree that any amounts in the Training Fund shall be used to fund the contribution increase through 9/15/08. The parties further agree that the remaining monies in the Training Fund shall be used to reduce the Hotels' dental contributions in the 09/16/07 to 09/15/08 period to the extent such monies are available. Effective 9/16/08 (or when the Training Fund monies have been expended, if that occurs earlier than 9/16/08), the Hotels shall be responsible for paying the full amount of the contribution. As of 9/16/09, the third year of the contract, the contribution shall increase by another \$ 0.02 per hour, to a rate of \$0.285 per hour. Function rates shall be increased accordingly. Current benefit levels will be maintained.

Optical Fund:

9/16/07 --Increase the existing rate by \$.005 to \$ 0.055 per hour
 9/16/09 -- Increase by \$ 0.005 per hour (to \$ 0.06 per hour)

Legal Fund:

9/16/07 --Increase existing rate by \$ 0.01 (to \$ 0.1625 per hour). The parties agree that surplus monies in the Legal Fund may be used to fund

the \$.01 increase through 9/15/08. Thereafter, the Hotels will be responsible for paying the full contribution amount.
9/16/09 – Increase existing rate by \$ 0.01 (to \$ 0.1725 per hour)

The parties further agree that, effective 9/16/07, the amounts paid to the Optical and Legal Funds on hours worked by banquet employees shall be paid based upon a universal function rate equal to 5 hour minimum per function.

**Short-Term
Disability
(Art. 14):**

Increases as follows for employees working an average of 30 or more hours per week, with increases for employees working an average of between 20 and 30 hours per week at 70% of benefit:

9/16/07 – Increase benefit by \$ 50 per week
9/17/08 – Increase benefit by \$ 50 per week
9/17/09 – Increase benefit by \$ 50 per week

Short-term disability benefits shall be offset by benefits received from workers' compensation. The parties further agree to meet with the provider and develop standards to ensure the timely processing, handling, and payment of claims.

**Long-Term
Disability
(Art. 14):**

9/16/07 – Increase maximum benefit to \$900 per month. Long-term disability benefits will be offset by benefits received from workers' compensation.

**Closures and
Renovations
(Art. 13):**

Conversions and Other Closures of the Hotel That Are Expected to Be Permanent:

Employees who suffer loss of employment receive insurance continuation and payment as follows:

• Insurance: Employees with at least one year of service – 60 days; employees with at least three years of service – 120 days. Continuation of coverage will be at existing tier at employer expense. Coverage shall be terminated if employee (and family, if family coverage is elected) obtains comparable insurance coverage from another employer.

• Payment: Employees with at least one year of service receive one week's pay (40 hours) at straight-time rate for each year of service, rounded to nearest quarter year, up to ten years.

Temporary Closures of the Hotel:

Employees who suffer loss of employment receive continuation of insurance coverage at existing tier at employer expense (30 days for employees with at least one year of service, 90 days for employees with at least three years of service). Coverage shall be terminated if employee (and family, if family coverage is elected) obtains comparable insurance coverage from another employer.

In both cases, parties may mutually agree to additions and modifications to the benefits described.

There shall be no loss of seniority for any employee laid off from the Hotel as the result of a closure or cessation, whether temporary or permanent, of all or part of the Hotel's operations. Loss of seniority for employees laid off because of normal business needs shall continue to be treated under Article 12.7(d), as modified by the parties herein.

**Miscellaneous
Economic
Items:**

Carving Rate (Art. 2.3(f)):

9/16/07 - Increase to flat fee of \$40 per function

Transportation Allowance (Art. 2.9):

9/16/07 - Increase to \$7

Night Shift Differential (Art. 2.8):

9/16/07 - Increase to \$ 0.70 per hour

9/16/08 - Increase to \$ 0.85 per hour

9/16/09 - Increase to \$ 1.00 per hour

Meal Allowance (Art. 7.8):

9/16/07 - Increase to \$6.00

Shoe Allowance (Art. 8.2)(b):

9/16/07 - Increase to \$ 40.00

Snow Shoveling Rate (Art. 10.10):

9/16/07 - Increase to \$2.50 per hour

Special Clean-Up (Art. 10.1):

9/16/07 - Increase to \$25.00

9/16/09 - Increase to \$30.00

Bell and Door (House Brands and Tours) (Art. 10.7):

- (a) Errands: 9/16/07 - increase to \$4.00 per trip
- (b) Tours/Bell Porterage: 9/16/07 - increase to \$3.00 in/out; 9/16/08 - increase to \$3.25 in/out; 9/16/09 - increase to \$3.50 in/out. Applies to all tours booked on or after 9/16/07, and to tours (if any) that the Hotel has previously booked at a portorage rate that is higher than the amount specified.
- (c) Tours/Door: 9/16/07 - increase to \$ 0.20 in/out; 9/16/08 - increase to \$ 0.25 in/out; 9/16/09 - increase to \$ 0.30 in/out. Applies to all tours booked on or after 9/16/07, and to tours (if any) that the Hotel has previously booked at a rate that is higher than the amount specified.
- (d) Trunks: 9/16/07 - increase to \$3.00 in/out
- (e) Room changes: 9/16/07 - increase to \$3.00 and eliminate Sheraton Washington exception.

Gratuity Schedule (Art. 11.7): 9/16/07 - Increase to 16% for entertainment checks, \$2 for duty meal checks (breakfast and lunch), and 16%, not to exceed \$4, for duty meal dinner.

Gratuities for Tour Meals (Art. 11.9): 9/16/07 - Increase to 16%

Cot Placement (Art. 10.4):

- Subsection (a) (Bell): 9/16/07 - Increase to \$1.00 for putting cot in, and to \$2.00 for putting it in and making it up
- Subsection (b) (Extra person rate): 9/16/07 - Increase to \$ 0.40; 9/16/08 - increase to \$ 0.45; 9/16/09 - increase to \$ 0.50
- Subsection (c) (Making up cot or sofa bed): 9/16/07 - Increase to \$ 0.80; 9/16/09 - increase to \$1.00

Banquet (Schedule B): 9/16/07 - Increase B.3 (individual setup and cleanup) to \$2.20

**Quotas
(Art. 10.4):**

Quota Relief:

- *VIPs:* Hotels agree to meet with Union individually to determine what accommodations, if any, to the quotas of housekeepers should be made for VIP rooms
- *Double-doubles:* Housekeepers assigned seven (7) check-out double-doubles, or ten (10) occupied double-doubles, shall receive a one-room reduction in their quotas.
- *Traveling:* Housekeepers whose assignment requires them to travel more than two floors shall receive a one-room reduction in their quotas for each additional floor traveled.

• **Quota Calculations:** Each Hotel shall have the choice of deciding which of the three approaches to quota reduction (outlined below) it shall implement:

Option 1: Housekeepers with 16-room quotas shall drop one (1) room if assigned 10 or 11 checkouts, and shall drop two (2) rooms if assigned 12 or 13 checkouts. Housekeepers with 15-room quotas shall drop one (1) room if assigned 11 or 12 checkouts, and shall drop two (2) rooms if assigned 13 checkouts. Housekeepers with 14-room quotas shall drop one (1) room if assigned 11 or 12 checkouts.

Option 2: Housekeepers with 16-room quotas shall be paid the extra room rate (1/2 hour at regular straight-time rate) for all checkouts over 10. Housekeepers with 14 or 15-room quotas shall be paid the extra room rate for all checkouts over 11. Any hotel under this Option shall provide for an individual election by each housekeeper every six months as to whether the housekeeper wishes to participate in this program. A housekeeper who elects to participate may opt out at her sole discretion after three months in the program, or at any time for cause (such as a medical reason). Housekeepers not participating in the program (or those who opt out) shall have their quotas reduced as provided in Option 1.

Option 3: All housekeepers shall drop two (2) rooms from their quotas whenever between 37.5% and less than 60% of all rooms in the hotel are checkouts, and shall drop an additional room whenever 60% or more of all rooms in the hotel are checkouts. Holdover rooms: Housekeepers shall not be assigned more than 13 vacant dirty rooms and, if assigned 13 vacant dirty rooms, shall not be assigned any additional rooms of any kind.

Limitation on Number of Checkouts: Regardless of which of the three options outlined above is chosen by the Hotel, the following standards shall apply. Housekeepers whose quotas are 15 or 16 rooms shall not be assigned more than 13 check-outs, and housekeepers whose quotas are 14 rooms shall not be assigned more than 12 check-outs. Checkouts above the limits set forth here may be cleaned only at the individual, voluntary option of the housekeeper, and shall be treated as extra rooms and paid at the extra room rate (1/2 hour of straight-time pay).

LANGUAGE CHANGES:

Preamble: Change Union's name and affiliation

1.4 (Union Notification - New Hires): (a) Adds hire date and pay rate; (b) New section requiring electronic transfer of information by March 1, 2008 unless hotel can validly claim technological infeasibility or unreasonable cost.

1.6 (Deductions): Clarify to include deductions from non-members and deduction of authorized permit or other fees. Delete "Local 25, AFL CIO" and insert Credit Union agreed to by the parties.

- 1.10 (Leadership Committee): Add language requiring Union provision of list of leadership committee members on quarterly basis
- 1.13 (Personal Information Updating): Change dates and add email address and primary language (if other than English) to form. Add subheading.
- 2.3 (Wages): Increase as provided above; clarify or include side letter adding room service busers (if not receiving tips) to list of non-tipped classifications
- 2.8 (Night Shift Differential): Increase as provided above.
- 2.9 (Transportation Allowance): Increase as provided above.
- 2.15 (NEW) (Alteration of Payroll Records): Language as agreed 8/31
- 3.4 (Work Day Schedules - Spread of Hours): Housekeeping change per language in Union proposal provided during week of 8/13
- 3.6 (Work Schedule Posting): (a) Changes to language as agreed 8/31, including moving posting date back by one day, and providing for remedy on second occasion within 18-month period that department fails to timely post
- 4.1 (Reporting Pay): Add new subsection (c) providing for four hour minimum pay for employees who are required to report for a meeting called by management (twice-hourly rate for tipped)
- 4.4 (Temporary Workweek Reduction): Add language to footnote requiring posting in following week (on day that schedule is posted) of list of exemptions and other information necessary to determine whether time-and-a-third was paid correctly in preceding week
- 6.1 & 6.2 (Vacation Entitlement and Computation of Pay): Add fifth week of vacation for employees with thirty or more years of service, effective 9/16/08
- 6.2 (f) (Vacation Accumulation): Add language clarifying that employees facing layoff need not use accumulated vacation as a prerequisite for eligibility for unemployment benefits
- 6.4 (Paid Time Off for A-List): Change title and language of section to include A-list bartenders; add two days per year (four hours per quarter) to paid time off. For each function worked, A-List members will be credited with five (5) hours for purposes of the paid time off calculation.
- 7.8 (Meal Allowance): Increase as provided above
- 8.2 (Shoes): Increase to \$40.00.
- 8.3 (Outdoor Wear): Change language as agreed 8/31
- 10.3 (Room Quotas): Change language as provided above
- 10.4 (Cot Placement by Bell Personnel): Change title to "Cots and Sofa Beds"; increases as provided above.
- 10.7 (House Errands and Tour Group Rates): Increases as provided above
- 10.10 (Snow Shovelling): Increase as provided above
- 11.6 (American Plan): Change language as agreed 8/31
- 11.7 (Gratuity Schedule): Increases as provided above
- 11.9 (Gratuity for Tour Meals): Increase as provided above
- 11.15 Add title: "Gratuity Not Included Stamp"
- 12.2 (Layoff): Add new subsection (f), providing that senior employees may choose to take a layoff and permit a junior employee to work in their stead, provided senior employee was not scheduled for vacation during layoff period and provided further that there is no increased cost to the employer

12.4 (Promotion Policy): (b) Increase posting period to 7 days
12.7 (Loss of Seniority): . (d): Revise to provide for loss of seniority at 18 months for all employees with one (1) or more years of service; to provide that an employee with less than one year of service will maintain seniority only for the length of the employee's service (e.g., an employee with 6 months of service retains seniority only for 6 months); and to limit application of this provision to situations where employees are laid off because of normal business needs. Incorporate by reference provisions in new Article 13 which make clear that employees laid off from work due to a cessation or closure, whether temporary or permanent, of all or part of the Hotel's operations do not lose seniority rights.

13.1 (Conversions and Other Closures That Are Expected to Be Permanent): Modify language to provide for continuation of health insurance coverage as follows: employees with at least one year of service - 60 days; employees with at least three years of service - 120 days. Add section providing for payment to employees as follows: one week's (40 hours) wages at regular straight-time rate for each year of service up to ten, rounded to nearest quarter year. Add section providing for non-waiver of other rights and permission for parties to bargain modified or increased benefits. Add provision making clear that employees losing employment as a result of such conversions or closures (or as a result of closures of all or part of a Hotel's operations) do not lose seniority rights.

13.2 (NEW)(Temporary Closures): Add language providing for continuation of health insurance coverage as follows: employees with at least one year of service - 30 days; employees with at least three years of service - 90 days. Add section providing for non-waiver of other rights and permission for parties to bargain modified or increased benefits. Add provision making clear that employees losing employment as a result of temporary closures (or as a result of closures of all or part of a Hotel's operations) do not lose seniority rights.

13.3 - 13.9: Renumber accordingly

13.6 Add title: "No Subcontracting"

13.9 Add Chinese, Vietnamese, and Amharic to languages in which legally required notice should be posted. Limit to 4 in 1 EEO poster (if available) and limit to where demonstrated need for such additional language(s).

14.1 (Insurance Benefit Program): Renumber to create different articles for each benefit.

Health insurance - Clarify program as "Signature" plan. Make clear that Hotel pays 100% of premium for all eligible employees (except \$ 25 per month contribution for first six months of coverage, as provided in existing agreement), provided that the Hotel will not be required to pay more than the rates which go into effect on November 1, 2009, and include language regarding changes to prescription drug benefits as noted above. Provide rates for 1+1, etc. coverage. Delete language regarding changeover to facility-based care (last paragraph of current subsection (a)). Include language from current subsection (c), concerning coverage for extra banquet personnel (including bartenders), and include increases to function payments as noted above.

Life insurance - Include language noting deductions for supplemental life insurance, if offered

Sickness and accident insurance - Include increases as noted above, and add language providing for workers' compensation offset, and for timely processing and payment of claims

Long-term disability - Include increase as noted above, and add language providing for workers' compensation offset. Delete current (f)(4), referencing 9/16/87 policy.

14.5 (Health and Welfare Fund): Increase contributions as indicated above; change language to specify contribution to optical fund for banquet personnel on per-function basis (5 hours minimum), as required for dental and pension.

14.6 (Group Legal Fund): Increase contributions as indicated above; change language to specify contribution for banquet personnel on per-function basis (5 hours minimum), as required for dental and pension.

14.7 (401(k) Plan): Include language requiring signatories to sign participation agreement.

15.2 (Rate of Contribution): Increase contributions as indicated above.

16.3 (Misconduct Notice): Include language prohibiting employer from listing prior discipline on written disciplinary notice.

17.3 (Selection of Arbitrators): Delete Zumas and add Javits. Provide that parties will agree to replacement for Zumas on or before November 1, 2007, and will make best efforts to include replacement in rotation at earliest possible date.

17.10 Add side letter providing that parties will meet promptly after ratification to agree upon a procedure and methodology for determining settlement amounts in cases under 4.4, 5.6, 2.8, and 2.9. Procedure will include sampling of weeks (e.g., 20% of weeks at issue) and extrapolation of amounts, if any, found to be owed in those weeks. Include language in 17.10 providing that arbitrator may order employer to pay additional penalty equal to 10% of total amount owed in cases where employer has unduly delayed investigation of grievance or engaged in abusive or bad faith conduct; employers who provide prompt responses to information requests and promptly settle cases where liability is not at issue will be subject only to existing interest payment under 17.10 and will not be subject to the new liquidated damages penalty. New penalty section will only apply to violations of Articles 2.8, 2.9, 4.4, 5.6, and banquet matters that arise after 09/15/07.

18.3 (Disputes; Other Unions): Delete reference to AFL-CIO

Article 21 (NEW): Add provision concerning organizing new hotels (including boutiques) that are full-service hotels located in either the District of Columbia or in the National Harbor development, but excluding limited service hotels (including limited service boutiques). Provisions include the following: notice by the Union of its intent to begin a campaign, transmission of information to the Union concerning employees, access to premises by the Union at specified times and in specified locations, neutrality by Employer during organizing campaign, Union agreement to no picketing or to other economic action in connection with organizing effort, card count by neutral third-party, and recognition and bargaining upon confirmation of Union's majority within classifications covered by existing agreement. Disputes under these provisions to be resolved in arbitration that may be expedited at the Union's request, before Roger Kaplan, with Joseph Sharnoff as an alternate if Kaplan cannot hold a prompt hearing. If bargaining has not yielded an agreement within a specified period of time, parties shall submit unresolved issues to final offer arbitration before Kaplan, with Sharnoff serving as

an alternate. Arbitrator shall select offer based on agreed-upon standards, including first and other contracts with other unionized properties in the relevant area, the fact that the contract at issue is a first contract, and the particulars of the hotel's operations.

Article 22 (Term of Agreement): Renumber to Article 23, and change to reflect effective date of September 16, 2007 and expiration date of September 15, 2010

Schedule B: Increase Schedule B rates and Extra Hour rates as provided for tipped employees

B.3 (Individual Setup and Cleanup): Increase rate as provided above

B.25 (Payment of Wages and Gratuities): Effective 9/16/07, provide for 50/50 split of all points added on or after 1/1/07, with the understanding that hotels that have provided for a more favorable split on points above 16, the hotel will be permitted to "even out" to 50/50 over next two or more points as long as no less than 19% of any point is provided to employees. Payments on the point added by the Hilton Washington and Capital Hilton in January 2007 shall commence on 1/1/08.

Side Letter 6: Parties agree that for purposes of the most favored nations provision: "the Hotel Association of Washington, D.C. Bargaining Group" hotels shall be deemed the twelve (12) Hotels that reached agreement on 08/31/07, and the list of other hotels covered by the provision shall be as follows: Embassy Suites Convention Center (after expiration of its first contract); Phoenix Park; Holiday Inn - Georgetown; Westin Embassy Row; Madison Hotel; Jefferson Hotel; Washington Court; Mandarin Oriental; Hotel Washington; Holiday Inn on the Hill; and newly organized hotels in the District of Columbia in their second contract.

Side Letter 19: Change to reflect clarifications in Art. 1.6 (inclusion of non-members and authorization for deduction of permit or other fees)

Side Letter 24: Delete.

New Side Letter (Minimum Covers): Capital Hilton and Union will meet to reach agreement to address the Union's concern that Employer not designate as "VIP" functions that do not qualify as such, a practice that has the effect of reducing the number of covers per waiter below a reasonable minimum.

New Side Letter (Uniform Committee): Adopt side letter as agreed 8/31

New Side Letter (Modified Duty): Adopt side letter as agreed 8/31 providing that employer will make effort to make modified duty available for a reasonable period of time to employees who require it

New Side Letter (Convention Services Housemen): Providing that employers at convention hotels (Hyatt, Mayflower, Omni, Capital Hilton, Hilton Washington) will meet individually with Union to discuss and make best efforts to agree on appropriate payments, if any, to convention services housemen for movement of boxes, pallets, and similar items

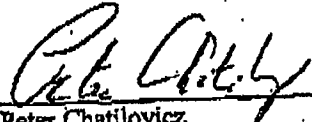
New Side Letter (Employees on Extended Medical Leave): Specifying procedures for employees on long-term medical leave, including permitting administrative removal from payroll at nine months, and reinstatement with full seniority if employee can provide documentation of ability to return to work within reasonable time after s/he is removed from payroll; time for providing documentation, and time by which employee must return, keyed to seniority. If employee fails to timely provide documentation, or is

unable to return within time frame specified, s/he shall lose seniority and right to reinstatement.

Read and Agreed:

For the Hotels Listed Below:

UNITE HERE Local 25, Mid-Atlantic Regional Joint Board, UNITE HERE International Union


Peter Chatilovicz
Michael A. Viccora

John A. Boardman
Executive Secretary-Treasurer

Dated: 5/10/07

Dated: _____

Hotels:

- Best Western Capitol Skyline
- Capital Hilton
- Four Points Sheraton
- Hilton Washington Embassy Row
- Hilton Washington & Towers
- Hay Adams
- Hyatt Regency of Washington
- L'Enfant Plaza Hotel
- Marriott Wardman Park
- Renaissance Mayflower Hotel
- St. Regis Hotel
- Omni Shoreham