

<b>1. Objection of M&amp; T</b>		<b>(Docket No. 1050)</b>
<b><u>Objection</u></b>	<b><u>Response</u></b>	
<ul style="list-style-type: none"> <li>▪ M&amp;T asserts that certain assets belonging to Extended Stay Inc. (“<u>ESI</u>”) are being sold to the C/P/B Investors without any consideration being provided to ESI, specifically the proceeds of the Windows Litigation. <u>See</u> M&amp;T Objection ¶ 10.</li>   <li>▪ M&amp;T asserts that certain causes of action that belong to ESI are being released or transferred to the Litigation Trust, without any consideration or allocation being provided to ESI. <u>See</u> M&amp;T Objection ¶ 13.</li> </ul>	<ul style="list-style-type: none"> <li>▪ M&amp;T’s objection with respect to the alleged assets of ESI is premature, as it is an objection to the confirmation of the Plan or in the alternative, a discussion for the ultimate disposition of the ESI bankruptcy case. Accordingly, this objection should not be entertained in the context of the Disclosure Statement hearing.</li>   <li>▪ M&amp;T is incorrect; the creditors of ESI will be Litigation Trust Beneficiaries, to the extent determined by the Bankruptcy Court. <u>See</u> Plan § 1.90.</li> </ul>	

<ul style="list-style-type: none"> <li>▪ M&amp;T asserts that there is not enough disclosure of the terms of the settlement agreement between ESI and the Special Servicer. <u>See</u> M&amp;T Objection ¶ 13.</li>   <li>▪ M&amp;T alleges that it is not clear whether there will be any remaining Mortgage Deficiency Claim which may assert a claim against ESI.</li>   <li>▪ M&amp;T specifically alleges that there is no validly filed Guaranty Claim against ESI. <u>See</u> M&amp;T Objection ¶ 17.</li> </ul>	<ul style="list-style-type: none"> <li>▪ A motion seeking Bankruptcy Court approval of a settlement between ESI and the Special Servicer will be filed with appropriate notice to all parties. Accordingly, M&amp;T will have an opportunity to object at such time. Therefore, this is not an appropriate objection to the Disclosure Statement Approval Motion.</li>   <li>▪ M&amp;T’s objection with respect to valuation question is procedurally improper and premature, as it is an objection to confirmation of the Plan or approval of the ESI Settlement. It should not be addressed in the context of the Disclosure Statement hearing.</li>   <li>▪ The Bar Date Order, dated November 19, 2010 [Docket No. 595] specifically excludes certain parties from having to file proofs of claim, including a carve-out for the Trust, Successor Trustee, the Special Servicer, the Mortgage Debt Parties and the master servicer (all as defined in the Final Cash Collateral Order dated July 23, 2009 [Docket No. 205]), to extent of any claim relating to Mortgage Debt or arising under or in connection with any Mortgage Loan Document.</li> </ul>
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<b>2. Objection of Starwood</b>		<b>(Docket No. 1051)</b>
<u><b>Objection</b></u>	<u><b>Response</b></u>	
<ul style="list-style-type: none"> <li>▪ Starwood asserts that the Disclosure Statement fails to disclose to creditors the possibility of other plans creating more value (specifically, on the basis of a structured bid or through a different exit strategy). <u>See</u> Starwood Objection ¶ 44.</li> </ul>	<ul style="list-style-type: none"> <li>▪ The Debtors have the exclusive right to propose a Plan and solicit votes thereon, and do not have to include a disclosure with respect to speculative and uncertain proposals by the unsuccessful bidder. Moreover, the Debtors believe that the Auction, conducted in accordance with Court approved Bidding Procedures, establishes that there are no viable higher offers available. Starwood’s objection is incorrectly categorized as an objection to the adequacy of the Disclosure Statement.</li> </ul>	
<ul style="list-style-type: none"> <li>▪ Starwood asserts that the Disclosure Statement fails to provide creditors with adequate information regarding how much value will actually be distributed under the Plan, and accordingly, the Plan does not provide sufficient information to enable creditors to ascertain payment amounts or recovery percentages. <u>See</u> Starwood Objection ¶ 45.</li> </ul>	<ul style="list-style-type: none"> <li>▪ The Debtors have agreed to incorporate additional disclosures regarding their estimate of the value to be distributed to the Trust under the Plan, as follows:   The Debtors project that the amount the Trust will receive in Cash Distributions will be approximately \$ 3.587 billion (after deducting \$25 million for the funding of the Mortgage Parties’ Indemnification Fund and Litigation Trust and without giving effect to the contribution of Investor Certificates in the amount of \$309.2 million).   <u>See</u> Disclosure Statement pgs 41, 51.   Accordingly, the Debtors submit that Starwood’s objection has been resolved.</li> </ul>	

<ul style="list-style-type: none"><li>▪ Starwood asserts that the Disclosure Statement fails to disclose the terms of the Special Servicer Plan Support Agreement. <u>See</u> Starwood Objection ¶ 46.</li></ul>	<ul style="list-style-type: none"><li>▪ The Debtors are not a party to the Plan Support Agreement, nor are they third-party beneficiaries. By email dated June 15, 2010, the Debtors circulated a copy of the executed Plan Support Agreement to Starwood. In addition, the Plan Support Agreement will be attached as an Exhibit to the Disclosure Statement. The Debtors will insert the following language in the Disclosure Statement, at p. 8:  A copy of the Plan Support Agreement is annexed hereto as Exhibit “H”.  Accordingly, the Debtors submit that although Starwood’s objection is not properly an objection to the adequacy of the Disclosure Statement, the objection has been resolved.</li></ul>
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### 3. Objection of Creditors' Committee

(Docket No. 1054)

Other than the following objections asserted by the Creditors' Committee, the Debtors believe that all other allegations and objections contained in the Creditors' Committee's Objection to the Disclosure Statement Motion are objections to confirmation of the Plan. Accordingly, the Debtors will not address such objections because they are premature and more properly asserted at the confirmation hearing. Failure of the Debtors to address such objections does not constitute a waiver of the Debtors' rights to object to such arguments at the hearing(s) to consider approval of the Disclosure Statement or confirmation of the Plan.

<u>Objection</u>	<u>Response</u>
<ul style="list-style-type: none"><li>▪ The Creditors' Committee asserts that the Disclosure Statement contains inadequate disclosure regarding calculation of the "Cash Distribution" to the holder of the Class 2 Mortgage Facility Claim, which it needs to determine whether a Mortgage Deficiency Claim exists. See Creditors' Committee Objection ¶¶ 34, 35, 36.</li></ul>	<ul style="list-style-type: none"><li>▪ The Debtors believe that any inquiry into the Mortgage Deficiency Claim is a valuation question appropriately addressed at the confirmation hearing, and accordingly, the Creditors' Committee's objection with respect to valuation should not be entertained at the Disclosure Statement hearing.</li><li>▪ The Debtors have agreed to incorporate additional disclosures regarding their estimate of the value to be distributed to the Class 2 Mortgage Facility Claim under the Plan, as follows:  The Debtors project that the amount the Trust will receive in Cash Distributions will be approximately \$ 3.587 billion (after deducting \$25 million for the funding of the Mortgage Parties' Indemnification Fund and Litigation Trust and without giving effect to the contribution of Investor Certificates in the amount of \$309.2 million).  <u>See Disclosure Statement pgs 41, 51.</u></li><li>▪ Accordingly, the Debtors submit that this portion of the Creditors' Committee's objection has been resolved.</li></ul>

<ul style="list-style-type: none"><li>▪ The Creditors' Committee asserts that the Disclosure Statement contains insufficient information regarding what entity will vote the Mezzanine Facilities Claim (Class 4B), as the Disclosure Statement notes that the Special Servicer has asserted it is entitled to vote the Class 4B Claims pursuant to the terms of the Intercreditor Agreement. <u>See</u> Creditors' Committee Objection ¶ 37.</li></ul>	<ul style="list-style-type: none"><li>▪ The Debtors will provide ballots for voting to both the Special Servicer and the holders of the Mezzanine Facilities Claims, and accordingly, the Debtors have agreed to incorporate the following additional language on pg 46 of the Disclosure Statement (revised additional language in bold):  The Special Servicer has asserted that it is entitled to vote the Mezzanine Facilities Claims pursuant to the terms of the Intercreditor Agreement. <b>The Debtors will provide ballots for voting to both the Special Servicer and the holders of the Mezzanine Facilities Claims, and the proper party to vote such Claims will be determined by the Court at the confirmation hearing.</b>  Accordingly, the Debtors submit that the Creditors' Committee's objection has been resolved.</li></ul>
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<ul style="list-style-type: none"> <li>▪ The Creditors' Committee asserts that the injunction language in the Plan should be clarified so that the carve-out language from the releases relating to claims arising from the Guaranty Claim and the Litigation Trust Assets in Section 10.10 of the Plan should be added to the injunction language in Section 10.6 of the Plan (or the omission should be explained). <u>See</u> Creditors' Committee Objection ¶ 38.</li> </ul>	<ul style="list-style-type: none"> <li>▪ The Debtors have agreed to revise the last sentence of Section 10.6 of the Plan as follows (revised additional language in bold):  Such injunction shall be included in the Confirmation Order and shall extend to any successors of the Debtors, the Reorganized Debtors, NewCo and the Released Parties and their respective properties and interest in properties; <b><u>provided, however, that nothing in this Section 10.6 or in the Confirmation Order shall be construed as enjoining the prosecution of any Guaranty Claim other than a Guaranty Claim against a Debtor.</u></b>  <u>See</u> Plan, pg 36.</li> <li>▪ In addition, Section 10.14(c) of the Plan will be revised as follows (revised additional language in bold):  (c) Nothing in this Plan <b>or in the Confirmation Order</b> shall be construed as a release of, <b>or an injunction against bringing</b>, any Guaranty Claim other than a Guaranty Claim against a Debtor, and all rights and defenses thereto are expressly reserved.  <u>See</u> Plan, pg 40.</li> <li>▪ Accordingly, the Debtors submit that the Creditors' Committee's objection has been resolved.</li> </ul>
<ul style="list-style-type: none"> <li>▪ The Creditors' Committee asserts that additional disclosure regarding the ESI Settlement should be included in the Disclosure Statement. <u>See</u> Creditors' Committee Objection ¶ 39, 40.</li> </ul>	<ul style="list-style-type: none"> <li>▪ A motion seeking Bankruptcy Court approval of a settlement between ESI and the Special Servicer will be filed with appropriate notice to all parties. Accordingly, the Creditors' Committee will have an opportunity to object at such time. Therefore, this is not an appropriate objection to the Disclosure Statement Approval Motion.</li> </ul>

<ul style="list-style-type: none"> <li>▪ The Creditors' Committee objects to the claims objection process set forth in the Plan and asserts that the Disclosure Statement does not explain the reasons for bifurcating the claims process so that the (i) Plan Administrator is authorized to object to the allowance of Administrative Expense Claims or Priority Claims and (ii) Litigation Trustee may object only to General Unsecured Claims and Mezzanine Facilities Claims. <u>See</u> Creditors' Committee Objection ¶¶ 41, 41.</li> </ul>	<ul style="list-style-type: none"> <li>▪ The Plan bifurcates the claims objection so that the entity that will realize the benefit of the residual funds will control the claims process. Therefore, the Plan Administrator should be responsible for resolving the Administrative Expense Claims or Priority Claims, as the remaining funds in the Administrative/Priority Claims Reserve are distributed to the holder of the Mortgage Facility Claim pursuant to Section 8.10(b) of the Plan. Likewise, the Litigation Trustee should be responsible for resolving the General Unsecured Claims and Mezzanine Facilities Claims, as the unrestricted Cash in the Litigation Trust will be distributed to the Litigation Trust Beneficiaries pursuant to Section 6.17 of the Plan.</li> </ul>
<ul style="list-style-type: none"> <li>▪ The Creditors' Committee asserts that the Plan violates the absolute priority rule because it permits the holders of interests in Classes 7 to 14 to retain their equity interests, and the Disclosure Statement does not address why this is appropriate. <u>See</u> Creditors' Committee Objection ¶ 43.</li> </ul>	<ul style="list-style-type: none"> <li>▪ The Debtors submit that whether the Plan violates the absolute priority rule is an objection that should be raised in connection with confirmation of the Plan. However, the Debtors further submit that the equity interests held by the holders of Classes 7 to 14 have no value and the retention of those equity interests is purely an administrative convenience for the Successful Bidder. Accordingly, the Creditors' Committee's assertion that the Plan violated the absolute priority rule is erroneous.</li> <li>▪ The Debtors have agreed to include the following additional language in paragraph 3 on page 4 of the Disclosure Statement (additional language in bold): <p style="margin-left: 40px;">Claims in Class 1 (Priority Claims), and Classes 7 to 14 (ESA MD Properties Trust Certificate, ESA MD Borrower Interests, ESA P Portfolio MD Trust Certificate, ESA P Portfolio MD Borrower Interests, ESA Canada Properties Interests, ESA Canada Properties Borrower Interests, ESH/TN Properties L.L.C. Membership Interests and ESH/ESA General Partnership Interests) of the Plan are unimpaired. As a result, holders of Claims in those Classes are conclusively presumed to have accepted the Plan. <b>The Debtors believe that the interests in Classes 7 to 14 have no value.</b></p> </li> </ul>



<ul style="list-style-type: none"> <li>▪ The Creditors' Committee asserts that the creditors have a right to review the Plan Support Agreement. <u>See</u> Creditors' Committee Objection ¶ 47.</li> </ul>	<ul style="list-style-type: none"> <li>▪ The Debtors are not a party to the Plan Support Agreement, nor are they third-party beneficiaries. By email dated June 15, 2010, the Debtors circulated a copy of the executed Plan Support Agreement to the Creditors' Committee. In addition, the Plan Support Agreement will be attached as an Exhibit to the Disclosure Statement. The Debtors will insert the following language in the Disclosure Statement, at p. 8:  A copy of the Plan Support Agreement is annexed hereto as Exhibit "H".  Accordingly, the Debtors submit that although Starwood's objection is not properly an objection to the adequacy of the Disclosure Statement, the objection has been resolved.</li> </ul>
<ul style="list-style-type: none"> <li>▪ The Creditors' Committee asserts that the Disclosure Statement does not offer an explanation to support the conclusion that \$750,000 is sufficient to cover the expected wind-down expenses for ESI. <u>See</u> Creditors' Committee Objection ¶ 48(c).</li> </ul>	<ul style="list-style-type: none"> <li>▪ The expected wind-down expenses for ESI will be further detailed in the ESI Settlement Motion, to be filed with the Bankruptcy Court with appropriate notice to all parties. Accordingly, the Creditors' Committee will have an opportunity to object at such time. Therefore, this is not an appropriate objection to the Disclosure Statement Approval Motion.</li> </ul>
<ul style="list-style-type: none"> <li>▪ The Creditors' Committee asserts that the Disclosure Statement does not provide any explanation for the Special Servicer and the Operating Advisor being granted approval rights to amendments to the Plan. <u>See</u> Creditors' Committee Objection ¶ 48(d).</li> </ul>	<ul style="list-style-type: none"> <li>▪ The Special Servicer and Operating Advisor are parties to the Plan Support Agreement, whereby, among other things, the Special Servicer and the Operating Advisor have agreed to support the Plan. Accordingly, it is appropriate for the Special Servicer and Operating Advisor to have approval rights regarding certain amendments to the Plan.</li> </ul>

<ul style="list-style-type: none"> <li>▪ The Creditors' Committee asserts that the Plan provides approval rights to the Special Servicer and the Operating Advisor with respect to (i) revoking or withdrawing the Plan prior to the Confirmation Date, (ii) removing individual Debtors from the Plan, and (iii) consent rights over the Confirmation Order, but the Disclosure Statement does not provide reasons for granting such rights. <u>See</u> Creditors' Committee Objection ¶ 48(i).</li> </ul>	<ul style="list-style-type: none"> <li>▪ The Special Servicer and Operating Advisor are parties to the Plan Support Agreement, whereby, among other things, the Special Servicer and the Operating Advisor have agreed to support the Plan. Accordingly, it is appropriate for the Special Servicer and Operating Advisor to have certain approval rights.</li> </ul>
<ul style="list-style-type: none"> <li>▪ The Creditors' Committee asserts that the Disclosure Statement should provide an explanation of which current directors and officers of the Debtors will receive distributions under the NewCo Management Incentive Plan. <u>See</u> Creditors' Committee Objection ¶ 48(k).</li> </ul>	<ul style="list-style-type: none"> <li>▪ The NewCo Management Incentive Plan has not yet been developed and accordingly, no additional disclosure is necessary.</li> </ul>
<ul style="list-style-type: none"> <li>▪ The Creditors' Committee asserts that the Disclosure Statement should provide disclosure to justify the decision to add interest to the principal amount of the Investor Certificates in determining their value. <u>See</u> Creditors' Committee Objection ¶ 48(l).</li> </ul>	<ul style="list-style-type: none"> <li>▪ The Debtors believe that the Investor Certificates should be valued with amount of interest added to the principal amount. Pursuant to the terms of the Trust and Servicing Agreement waterfall provisions, the Investor Certificates are entitled to receive post-petition interest prior to a distribution to a junior certificate holder.</li> </ul>
<ul style="list-style-type: none"> <li>▪ The Creditors' Committee asserts that the Debtors should provide the same notice of the Disclosure Statement and Solicitation Procedures to the holders of claims against the Mezzanine Facilities as provided to the holders of the Mortgage Certificates. <u>See</u> Creditors' Committee Objection ¶ 48(n).</li> </ul>	<ul style="list-style-type: none"> <li>▪ The Debtors are not seeking to exclude the holders of the Mezzanine Facilities Claims from receiving notice of the Disclosure Statement and Solicitation Procedures; in fact, the Disclosure Statement and Solicitation Procedures are publicly filed documents and will be served as required by the Bankruptcy Rules. Specific language regarding notice to the holders of the Mortgage Certificates is provided in the Disclosure Statement to provide that the holders of the Mortgage Certificates will receive notice, even though they are not creditors of the Debtors. Accordingly, this objection should be overruled.</li> </ul>

<ul style="list-style-type: none"> <li>▪ The Creditors' Committee asserts that the Debtors will not serve the Plan Supplement on any creditor, but rather just four parties (the U.S. Trustee, the Creditors' Committee, the Special Servicer/Successor Trustee and the S.E.C.). <u>See</u> Creditors' Committee Objection ¶ 50.</li> </ul>	<ul style="list-style-type: none"> <li>▪ The Plan Supplement will be filed with the Court (<u>See</u> Plan § 1.123) and accordingly, appropriate notice will be provided to all parties-in-interest. The Creditors' Committee is incorrect in its assertion that only four parties will receive the Plan Supplement.</li> </ul>
<ul style="list-style-type: none"> <li>▪ The Creditors' Committee asserts that the Solicitation Package should include the Creditors' Committee's Letter in opposition to the Plan. <u>See</u> Creditors' Committee Objection ¶ 60.</li> </ul>	<ul style="list-style-type: none"> <li>▪ By email dated June 15, 2010, the Debtors invited the Creditors' Committee to provide a form of letter articulating its position with respect to the Fifth Amended Plan, which, barring any misstatements, the Debtors would be happy to include in the Solicitation Packages. The Debtors have received no response from the Creditors' Committee. Accordingly, there is no basis for this objection.</li> </ul>