



## **STRATEGIC HOTELS & RESORTS, INC. COMPENSATION COMMITTEE CHARTER**

### Committee Membership

The Compensation Committee (the “Committee”) of the Board of Directors (the “Board”) of Strategic Hotels & Resorts, Inc. (the “Company”) shall consist solely of three or more members of the Board, each of whom the Board has determined has no material relationship with the Company and each of whom is otherwise “independent” under the rules of the New York Stock Exchange.

Members shall be appointed by the Board based on nominations recommended by the Company’s Corporate Governance and Nominating Committee. Members shall serve at the pleasure of the Board and for such term or terms as the Board may determine or until earlier resignation or death. Any member of the Committee may be removed by the Board in its discretion.

### Committee Purpose and Responsibilities

The Committee shall have the purpose and direct responsibility to:

1. Review and approve corporate goals and objectives relevant to the compensation of the Company’s Chief Executive Officer (“CEO”), evaluate the CEO’s performance in light of those goals and objectives and, either as a committee or together with the other independent directors (as directed by the Board), determine and approve the CEO’s compensation level based on this evaluation. In determining the long-term incentive component of CEO compensation, the Committee shall consider, among other factors, the Company’s performance and relative shareholder return, the CEO’s individual performance, including progress on strategic objectives, the value of similar incentive awards to CEOs at comparable companies and the awards given to the CEO in past years.
2. Review and approve compensation for executive officers other than the CEO, incentive-compensation plans and equity-based plans, including the long term incentive plan, oversee the activities of the individuals and committees responsible for administering these plans, and discharge any responsibilities imposed on the Committee by any of these plans.
3. Approve any new equity compensation plan or any material change to an existing plan where shareholder approval has not been obtained.
4. In consultation with management, oversee regulatory compliance with respect to compensation matters, including overseeing the Company’s policies on structuring compensation programs to preserve tax deductibility, and, as and when required, establishing performance goals and certifying that performance goals have been attained for purposes of Section 162(m) of the Internal Revenue Code.

5. Review and approve severance, termination, change-in-control, employment or similar arrangements (or termination payments to be made thereunder) for any executive officer of the Company.
6. Periodically review the Company's compensation policies to assess whether such policies encourage excessive or otherwise undesirable risk-taking.
7. The Committee shall make a recommendation to the Board as to the "Say-on-Frequency" proposal to be recommended to the Company's shareholders. The Committee shall review and report to the Board the results of any "Say-on-Pay" and "Say-on-Frequency" votes of shareholders and any recommendations of the Committee in respect thereof.
8. Oversee the drafting and review and discuss with management the Compensation Discussion & Analysis ("CD&A") and related disclosures required by the Securities and Exchange Commission ("SEC"), including specific Committee review and input regarding:
  - the discussion of factors important to understanding the objectives, policies and philosophy underlying the executive compensation programs;
  - the allocation of various types of compensation, including short-term and long-term compensation;
  - the specific items of corporate performance taken into account in setting compensation policies and decisions;
  - the factors considered in decisions to increase or decrease executive compensation;
  - the information presented in the Summary Compensation Table and other supporting tabular disclosures, including narrative descriptions as required;
  - the results of the most recent "Say-on-Pay" shareholder vote on executive compensation; and
  - information and descriptive narrative provided in other disclosures, including post-employment payments, director compensation and Committee governance.

The Committee will also review and decide whether to recommend the final CD&A to the Board for inclusion in the Company's annual report (Form 10-K) or proxy statement.

9. Prepare and approve the Compensation Committee Report required by the rules of the SEC to be furnished with the Company's annual report or proxy statement, including:
  - a statement providing whether the Committee reviewed and discussed the CD&A with management;
  - a statement providing whether, based on the aforementioned review and discussion, the Committee recommended to the Board that the CD&A be included in the Company's annual report or proxy statement; and

- a list of the Committee members below the Compensation Committee Report disclosure.
10. Prepare and issue the evaluation required under “Performance Evaluation” below.
  11. Report to the Board, on a regular basis, the activities and actions undertaken by the Committee. The Committee shall also report promptly to the Board regarding any significant matter arising from the Committee's work, including awards for top executives and special executive employment, compensation and retirement arrangements.
  12. Periodically review, as and when determined appropriate, executive compensation programs and total compensation levels, including:
    - determining whether program elements are properly coordinated and achieve intended objectives;
    - conducting comparative analyses of total compensation relative to market;
    - quantifying maximum payouts to executives under performance-based incentive plans and total payments under a variety of termination conditions, including upon a change-in-control; and
    - the impact of the tax and accounting treatment of the various forms of compensation.
  13. In consultation with the Corporate Governance and Nominating Committee, review, approve and recommend to the Board, director compensation programs and stock ownership guidelines.
  14. Perform any other duties or responsibilities expressly delegated to the Committee by the Board from time to time relating to the Company’s compensation programs.

#### Committee Structure and Operations

The Board shall designate one member of the Committee as its chairperson. In the event of a tie vote on any issue, the chairperson’s vote shall decide the issue. The Committee shall meet at least three times a year at a time and place determined by the Committee chairperson, with further meetings to occur, or actions to be taken by unanimous written consent, when deemed necessary or desirable by the Committee or its chairperson. Members of the Committee may participate in a meeting of the Committee by means of a conference call or similar communications equipment by means of which all persons participating in the meeting can hear each other. The Committee shall designate a secretary of each meeting who shall provide minutes of Committee meetings to the Board.

The Committee may invite such members of management to its meetings as it deems appropriate, consistent with the maintenance of the confidentiality of compensation discussions. The CEO may not attend any meeting where the CEO’s performance or compensation is discussed, unless specifically invited by the Committee.

### Delegation to Subcommittee

The Committee may, in its discretion, delegate all or a portion of its duties and responsibilities to a subcommittee of the Committee or any director or directors. Without limitation on the foregoing, the Committee may delegate the approval of certain transactions to a subcommittee consisting solely of members of the Committee who are (i) “Non-Employee Directors” for the purposes of Rule 16b-3 under the Securities Exchange Act of 1934, as in effect from time to time, and (ii) “outside directors” for the purposes of Section 162(m) of the Internal Revenue Code, as in effect from time to time.

### Performance Evaluation

The Committee shall prepare and review with the Board an annual performance evaluation of the Committee, which evaluation shall compare the performance of the Committee with the requirements of this charter. The Committee shall review and reassess this Charter at least annually and, if appropriate, propose changes to the Board with respect to any modifications deemed necessary or desirable by the Committee. The performance evaluation by the Committee shall be conducted in such manner as the Committee deems appropriate. The report to the Board may take the form of an oral report by the chairperson of the Committee or any other member of the Committee designated by the Committee to make this report.

### Resources and Authority of the Committee

The Committee shall have the resources and authority appropriate to discharge its duties and responsibilities, including the authority to select, retain, terminate, and approve the fees and other retention terms of special counsel or other experts or consultants, as it deems appropriate, without seeking approval of the Board or management. With respect to compensation consultants retained to assist in the evaluation of director, CEO or senior executive compensation, this authority shall be vested solely in the Committee.

*Adopted by Resolution of the Board of Directors  
March 14, 2007*

*Amended – March 21, 2012*