

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q/A

Amendment No. 1

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Quarter Ended March 24, 2000

Commission File No. 1-13881

MARRIOTT INTERNATIONAL, INC.

Delaware
(State of Incorporation)

52-2055918
(I.R.S. Employer Identification Number)

10400 Fernwood Road
Bethesda, Maryland 20817
(301) 380-3000

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months, and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Class

Shares outstanding
at April 27, 2000

Class A Common Stock,
\$0.01 par value

239,619,008

MARRIOTT INTERNATIONAL, INC.
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EXPLANATORY NOTE

As a result of a printer's error, this report on Form 10-Q/A Amendment No. 1 amends our Form 10-Q previously filed on May 4, 2000, to reflect changes made to the Signatures page and the last paragraph of the Liquidity and Capital Resources section of Management's Discussion and Analysis.

Forward-Looking Statements

When used throughout this report, the words "believes," "anticipates," "expects," "intends," "estimates," "projects," and other similar expressions, which are predictions of or indicate future events and trends, identify forward-looking statements. Such statements are subject to a number of risks and uncertainties which could cause actual results to differ materially from those projected, including: competition within each of our business segments; business strategies and their intended results; the balance between supply of and demand for hotel rooms, timeshare units, senior living accommodations and corporate apartments; our ability to obtain new operating contracts and franchise agreements; our ability to develop and maintain positive relations with current and potential hotel and senior living community owners; the effect of international, national and regional economic conditions; the availability of capital to allow us and potential hotel and senior living community owners to fund investments; approval of the Boston Chicken, Inc. reorganization plan referred to below; satisfaction of the conditions to consummation of the litigation settlement transactions referred to below; and other risks described from time to time in our filings with the Securities and Exchange Commission, including those set forth on Exhibit 99 filed herewith. Given these uncertainties, we caution you not to place undue reliance on such statements. We also undertake no obligation to publicly update or revise any forward-looking statement to reflect current or future events or circumstances.

PART I -- FINANCIAL INFORMATION

Item 1. Financial Statements

MARRIOTT INTERNATIONAL, INC.
 CONDENSED CONSOLIDATED STATEMENT OF INCOME
 (\$ in millions, except per share amounts)
 (Unaudited)

	Twelve weeks ended	
	March 24, 2000	March 26, 1999
	-----	-----
SALES.....	\$ 2,167	\$ 1,895
OPERATING COSTS AND EXPENSES.....	1,974	1,702
	-----	-----
OPERATING PROFIT BEFORE CORPORATE EXPENSES AND INTEREST.....	193	193
Corporate expenses.....	(26)	(29)
Interest expense.....	(23)	(11)
Interest income.....	5	7
	-----	-----
INCOME BEFORE INCOME TAXES.....	149	160
Provision for income taxes.....	55	60
	-----	-----
NET INCOME.....	\$ 94	\$ 100
	=====	=====
DIVIDENDS DECLARED PER SHARE.....	\$.055	\$.05
	=====	=====
EARNINGS PER SHARE		
Basic Earnings Per Share.....	\$.39	\$.41
	=====	=====
Diluted Earnings Per Share.....	\$.37	\$.38
	=====	=====

See notes to condensed consolidated financial statements.

MARRIOTT INTERNATIONAL, INC.
CONDENSED CONSOLIDATED BALANCE SHEET
(\$ in millions)

	March 24, 2000 ----- (Unaudited)	December 31, 1999 -----
ASSETS		
Current assets		
Cash and equivalents.....	\$ 372	\$ 489
Accounts and notes receivable.....	805	740
Inventory.....	117	93
Other.....	270	278
	-----	-----
	1,564	1,600
	-----	-----
Property and equipment.....	3,098	2,845
Intangibles.....	1,799	1,820
Investments in affiliates.....	284	294
Notes and other receivables.....	508	473
Other.....	297	292
	-----	-----
	\$ 7,550	\$ 7,324
	=====	=====
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable.....	\$ 650	\$ 628
Other.....	1,019	1,115
	-----	-----
	1,669	1,743
	-----	-----
Long-term debt.....	2,068	1,676
Other long-term liabilities.....	1,023	997
Shareholders' equity		
Class A common stock, 255.6 million shares issued.....	3	3
Additional paid-in capital.....	2,755	2,738
Retained earnings.....	544	508
Treasury stock, at cost.....	(472)	(305)
Accumulated other comprehensive income.....	(40)	(36)
	-----	-----
	2,790	2,908
	-----	-----
	\$ 7,550	\$ 7,324
	=====	=====

See notes to condensed consolidated financial statements.

MARRIOTT INTERNATIONAL, INC.
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
(\$ in millions)
(Unaudited)

	Twelve weeks ended	
	March 24, 2000	March 26, 1999
OPERATING ACTIVITIES		
Net income.....	\$ 94	\$ 100
Adjustments to reconcile to cash provided by operations:		
Depreciation and amortization.....	41	33
Income taxes and other.....	53	50
Timeshare activity, net.....	(68)	(12)
Working capital changes.....	(99)	(36)
	21	135
	21	135
INVESTING ACTIVITIES		
Acquisitions.....	-	(51)
Dispositions.....	3	186
Capital expenditures.....	(247)	(205)
Note advances.....	(25)	(58)
Note collections and sales.....	4	5
Other.....	(19)	(38)
	(284)	(161)
	(284)	(161)
FINANCING ACTIVITIES		
Commercial paper activity, net.....	394	(13)
Issuance of other long-term debt.....	3	2
Repayment of other long-term debt.....	(4)	(27)
Issuance of Class A common stock.....	3	26
Dividends paid.....	(14)	(12)
Purchase of treasury stock.....	(236)	(5)
	146	(29)
	146	(29)
DECREASE IN CASH AND EQUIVALENTS.....	(117)	(55)
CASH AND EQUIVALENTS, beginning of period.....	489	390
	372	335
CASH AND EQUIVALENTS, end of period.....	\$ 372	\$ 335

See notes to condensed consolidated financial statements.

MARRIOTT INTERNATIONAL, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

1. Basis of Presentation

The accompanying condensed consolidated financial statements present the results of operations, financial position and cash flows of Marriott International, Inc. (together with its subsidiaries, we, us or the Company).

The accompanying condensed consolidated financial statements have not been audited. We have condensed or omitted certain information and footnote disclosures normally included in financial statements presented in accordance with generally accepted accounting principles. We believe the disclosures made are adequate to make the information presented not misleading. However, you should read the condensed consolidated financial statements in conjunction with the consolidated financial statements and notes to those financial statements included in our Annual Report on Form 10-K (our Annual Report) for the fiscal year ended December 31, 1999. Capitalized terms not otherwise defined in this quarterly report have the meanings specified in our Annual Report.

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the financial statements, and the reported amounts of sales and expenses during the reporting period. Accordingly, ultimate results could differ from those estimates.

In our opinion, the accompanying condensed consolidated financial statements reflect all adjustments necessary to present fairly our financial position as of March 24, 2000 and December 31, 1999 and the results of operations and cash flows for the twelve weeks ended March 24, 2000 and March 26, 1999. Interim results may not be indicative of fiscal year performance because of seasonal and short-term variations. We have eliminated all material intercompany transactions and balances between entities included in these financial statements.

2. Earnings Per Share

The following table reconciles the earnings and number of shares used in the basic and diluted earnings per share calculations (in millions, except per share amounts).

	Twelve weeks ended	
	March 24, 2000	March 26, 1999
Computation of Basic Earnings Per Share		
Net income.....	\$ 94	\$ 100
Weighted average shares outstanding.....	244.1	245.6
Basic Earnings Per Share.....	\$.39	\$.41
Computation of Diluted Earnings Per Share		
Net income.....	\$ 94	\$ 100
After-tax interest expense on convertible subordinated debt.....	-	2
Net income for diluted earnings per share.....	\$ 94	\$ 102
Weighted average shares outstanding.....	244.1	245.6
Effect of Dilutive Securities		
Employee stock option plan.....	6.1	9.0
Deferred stock incentive plan.....	5.1	5.2
Convertible subordinated debt.....	-	9.5
Shares for diluted earnings per share.....	255.3	269.3
Diluted Earnings Per Share.....	\$.37	\$.38

We compute the effect of dilutive securities using the treasury stock method and average market prices during the period. We use the if-converted method for convertible subordinated debt.

3. Acquisitions

ExecuStay Corporation. On February 17, 1999, we completed a cash tender offer for approximately 44 percent of the outstanding common stock of ExecuStay Corporation (ExecuStay), a leading provider of leased corporate apartments in the United States. On February 24, 1999, substantially all of the remaining common stock of ExecuStay was converted into nonvoting preferred stock of ExecuStay which we acquired, on March 26, 1999, for approximately 2.1 million shares of our Class A Common Stock. Our aggregate purchase price totaled \$116 million. We consolidated the operating results of ExecuStay from February 24, 1999, and have accounted for the acquisition using the purchase method of accounting. We are amortizing the resulting goodwill on a straight-line basis over 30 years.

4. Comprehensive Income

Total comprehensive income was \$89 million and \$90 million, respectively, for the twelve weeks ended March 24, 2000 and March 26, 1999. The principal difference between net income and total comprehensive income relates to foreign currency translation adjustments.

5. Intangible Assets

In 1996, MDS became the exclusive provider of distribution services to Boston Chicken, Inc. (BCI). On October 5, 1998, BCI and its Boston Market-controlled subsidiaries filed voluntary bankruptcy petitions for protection under Chapter 11 of the Federal Bankruptcy Code in the U.S. Bankruptcy Court in Phoenix (the Court). In December 1999, McDonald's Corporation (McDonald's) announced that it had reached a definitive agreement to purchase the majority of the assets of BCI, subject to confirmation of the pending BCI plan of reorganization, including Court approval. In March 2000, MDS reached an agreement with McDonald's on a new contract providing for continuation of distribution services to Boston Market restaurants. The new contract, which would replace MDS's existing distribution contract with BCI, will be subject to confirmation of BCI's pending plan of reorganization by the Court. Because the existing distribution contract will be terminated upon confirmation of the pending reorganization, MDS wrote off the unamortized balance of the existing investment, resulting in a \$15 million pretax charge in the first quarter of 2000. MDS continues to provide distribution services to BCI and has been receiving payment of post-petition receivables in accordance with the terms of its contract with BCI.

6. New Accounting Standards

We will adopt Financial Accounting Standard (FAS) No. 133, "Accounting for Derivative Instruments and Hedging Activities," which we do not expect to have a material effect on our consolidated financial statements, in or before the first quarter of 2001.

We will adopt the SEC's Staff Accounting Bulletin (SAB) No. 101, "Revenue Recognition in Financial Statements," in the second quarter of 2000. Implementation of SAB No. 101 is expected to have no impact on annual earnings but may shift the timing of revenue and profit recognition to later quarters during the year.

7. Business Segments

We are a diversified hospitality company operating in three business segments: Lodging, which includes the development, ownership, operation and franchising of lodging properties including vacation timesharing resorts; Senior Living Services, which consists of the development, ownership and operation of senior living communities; and Distribution Services, which

operates a wholesale food distribution business. We evaluate the performance of our segments based primarily on operating profit before corporate expenses and interest. We do not allocate income taxes at the segment level.

The following table shows our sales and operating profit by business segment for the twelve weeks ended March 24, 2000 and March 26, 1999.

	Twelve weeks ended	
	March 24, 2000	March 26, 1999
Sales		
Lodging.....	\$ 1,711	\$ 1,523
Senior Living Services.....	149	120
Distribution Services.....	307	252
	-----	-----
	\$ 2,167	\$ 1,895
	=====	=====
Operating profit before corporate expenses and interest		
Lodging.....	\$ 203	\$ 187
Senior Living Services.....	2	2
Distribution Services.....	(12)	4
	-----	-----
	\$ 193	\$ 193
	=====	=====

Sales of Distribution Services do not include sales (made at market terms and conditions) to our other business segments of \$39 million and \$37 million for the twelve weeks ended March 24, 2000 and March 26, 1999, respectively.

8. Contingencies

We issue guarantees to lenders and other third parties in connection with financing transactions and other obligations. These guarantees were limited, in the aggregate, to \$179 million at March 24, 2000, including guarantees involving major customers, with expected funding of zero. As of March 24, 2000, we had extended approximately \$336 million of loan commitments to owners of lodging and senior living properties. Letters of credit outstanding on our behalf at March 24, 2000, totaled \$76 million, the majority of which related to our self-insurance programs. At March 24, 2000, we had repurchase obligations of \$94 million related to notes receivable from timeshare interval purchasers, which have been sold with limited recourse.

New World Development and another affiliate of Dr. Cheng, a director of the Company, have severally indemnified us for guarantees by us of leases with minimum annual payments of approximately \$59 million.

On February 23, 2000, we entered into an agreement, which was subsequently embodied in a definitive agreement executed on March 9, 2000, to resolve pending litigation described below involving certain limited partnerships formed in the mid- to late 1980's. Consummation of the settlement is subject to numerous conditions, including the receipt of third-party consents and

court approval. The agreement was reached with lead counsel to the plaintiffs in the lawsuits described below, and with the special litigation committee appointed by the general partner of two of the partnerships, Courtyard by Marriott Limited Partnership (CBM I) and Courtyard by Marriott II Limited Partnership (CBM II). Because of the numerous conditions to be satisfied, including approval by the court and consent of the requisite holders of limited partnership units, there can be no assurances that the settlement transactions will be consummated and, if consummated, terms could differ materially from those described below.

Under the agreement, we will acquire, through an unconsolidated joint venture with Host Marriott, all of the limited partners' interests in CBM I and CBM II for approximately \$372 million. These partnerships own 120 Courtyard by Marriott hotels. The purchase price will be financed with \$185 million in mezzanine debt loaned to the joint venture by us and with equity contributed in equal shares by us and an affiliate of Host Marriott. We will continue to manage these 120 hotels under long-term agreements. Also, we and Host Marriott each have agreed to pay approximately \$31 million to the plaintiffs in the Texas Multi-Partnership lawsuit described below in exchange for dismissal of the complaints and full releases.

We recorded a pretax charge of \$39 million which was included in corporate expenses in the fourth quarter of 1999, to reflect anticipated settlement transactions. However, if the foregoing settlement transactions are not consummated, and either a less favorable settlement is entered into, or the lawsuits are tried and decided adversely to the Company, we could incur losses significantly different than the pretax charge associated with the settlement agreement described above.

Courtyard by Marriott II Limited Partnership Litigation

On June 7, 1996, a group of partners in CBM II filed a lawsuit against Host Marriott, the Company and others, Whitey Ford, et al. v. Host Marriott Corporation, et al., in the 285th Judicial District Court of Bexar County, - Texas, alleging breach of fiduciary duty, breach of contract, fraud, negligent misrepresentation, tortious interference, violation of the Texas Free Enterprise and Antitrust Act of 1983 and conspiracy in connection with the formation, operation and management of CBM II and its hotels. The plaintiffs sought unspecified damages. On January 29, 1998, two other limited partners, A.R. Milkes and D.R. Burklew, filed a petition in intervention seeking to convert the lawsuit into a class action, and a class was certified. In March 1999, Palm Investors, L.L.C., the assignee of a number of limited partnership units acquired through various tender offers, and Equity Resource, an assignee, through various of its funds, of a number of limited partnership units, filed pleas in intervention, which among other things added additional claims relating to the 1993 split of Marriott Corporation and to the 1995 refinancing of CBM II's indebtedness. On August 17, 1999, the general partner of CBM II appointed an independent special litigation committee to investigate the derivative claims described above and to recommend to the general partner whether it is in the best interests of CBM II for the derivative litigation to proceed. The general partner agreed to adopt the recommendation of the committee. Under Delaware law, the recommendation of a duly appointed independent litigation committee is binding on the general partner and the limited partners. Following certain adjustments to the underlying complaints, including the assertion as derivative claims some of the claims previously filed as individual claims, a final amended class action complaint was filed on January 6, 2000. Trial, which was scheduled to begin in late February, 2000, was postponed pending approval and consummation of the settlement described above.

Texas Multi-Partnership Lawsuit

On March 16, 1998, limited partners in several limited partnerships sponsored by Host Marriott or its subsidiaries filed a lawsuit, Robert M. Haas, Sr. and Irwin Randolph Joint Tenants, et al. v. Marriott International, Inc., et al., in the 57th Judicial District Court of Bexar County, Texas, alleging that the defendants conspired to sell hotels to the partnerships for inflated prices and that they charged the partnerships excessive management fees to operate the partnerships' hotels. The plaintiffs further allege that the defendants committed fraud, breached fiduciary duties and violated the provisions of various contracts. A Marriott International subsidiary manages each of the hotels involved and, as to some properties, the Company is the ground lessor and collects rent. The Company, several Marriott subsidiaries and J.W. Marriott, Jr. are among the several named defendants. The plaintiffs are seeking unspecified damages.

9. Subsequent Event

On April 28, 2000, we sold 14 senior living communities for cash proceeds of \$194 million. We simultaneously entered into long-term management agreements for the communities with a third party tenant which leases the communities from the buyer. In connection with the sale we provided a credit facility to the buyer to be used, if necessary, to meet its debt service requirements. Fundings under the facility are guaranteed by an unaffiliated third party. We also extended a limited credit facility to the tenant to cover operating shortfalls, if any.

Item 2. Management's Discussion and Analysis of Financial Condition and Results
of Operations

RESULTS OF OPERATIONS

The following discussion presents an analysis of results of our operations for the twelve weeks ended March 24, 2000 and March 26, 1999. Comparable REVPAR, room rate and occupancy statistics used throughout this report are based upon U.S. properties operated by us, except that data for Fairfield Inn also include comparable franchised units.

Twelve Weeks Ended March 24, 2000 Compared to Twelve Weeks Ended March 26, 1999

We reported net income of \$94 million for the 2000 first quarter on sales of \$2,167 million. This represents a six percent decrease in net income and a 14 percent increase in sales over the first quarter of 1999. Diluted earnings per share of \$.37 for the quarter decreased three percent as compared to the 1999 amount. Overall profit growth in 2000 was curtailed by a \$15 million pretax charge relating to our distribution services business (see "Intangible Assets" in the footnotes to the condensed consolidated financial statements included in Item 1. above). Systemwide sales increased to \$4.3 billion.

Marriott Lodging reported a nine percent increase in operating profit on 12 percent higher sales. Systemwide lodging sales increased to \$3.8 billion.

We added a total of 46 lodging properties (7,300 units) during the first quarter of 2000, and deflagged 6 properties (1,400 rooms), increasing our total properties to 1,920 (361,753 units). Properties by brand (excluding 6,200 rental units relating to ExecuStay) are as indicated in the following table.

	Properties as of March 24, 2000			
	Company-operated		Franchised	
	Properties	Rooms	Properties	Rooms
Marriott Hotels, Resorts and Suites.....	234	102,447	137	39,493
Ritz-Carlton.....	35	11,554	-	-
Renaissance Hotels, Resorts and Suites.....	76	30,284	23	8,456
Ramada International.....	7	1,325	19	4,246
Residence Inn.....	136	18,222	197	21,408
Courtyard.....	268	41,394	210	26,429
TownePlace Suites.....	28	2,898	40	3,897
Fairfield Inn.....	51	7,138	366	32,086
SpringHill Suites.....	7	804	34	3,349
Marriott Vacation Club International.....	45	4,796	-	-
Marriott Executive Apartments and other.....	7	1,527	-	-
Total.....	894	222,389	1,026	139,364

Across our Lodging brands, REVPAR for comparable company-operated U.S. properties grew by an average of 3.1 percent in 2000. Average room rates for these hotels rose 4.8 percent, while occupancy decreased to 75.6 percent. These results reflected a slow start to the year, as many travelers stayed home in early January due to Y2K concerns, followed by a steady pick up in demand as the first quarter progressed. Occupancy, average daily rate and REVPAR for each of our principal established brands is shown in the following table.

	Twelve weeks ended March 24, 2000 -----	Change vs. 1999 -----	
Marriott Hotels, Resorts and Suites			
Occupancy.....	75.9%	-1.2%	pts.
Average daily rate.....	\$ 147.97	+4.6%	
REVPAR.....	\$ 112.33	+3.0%	
Ritz-Carlton			
Occupancy.....	77.5%	-0.7%	pts.
Average daily rate.....	\$ 251.79	+6.1%	
REVPAR.....	\$ 195.14	+5.2%	
Renaissance Hotels, Resorts and Suites			
Occupancy.....	71.6%	+0.5%	pts.
Average daily rate.....	\$ 140.64	+4.2%	
REVPAR.....	\$ 100.67	+4.9%	
Residence Inn			
Occupancy.....	81.0%	-0.6%	pts.
Average daily rate.....	\$ 102.43	+3.4%	
REVPAR.....	\$ 82.95	+2.6%	
Courtyard			
Occupancy.....	76.2%	-1.8%	pts.
Average daily rate.....	\$ 96.09	+4.4%	
REVPAR.....	\$ 73.26	+2.1%	
Fairfield Inn			
Occupancy.....	65.6%	-2.6%	pts.
Average daily rate.....	\$ 59.44	+4.4%	
REVPAR.....	\$ 39.00	+0.5%	

Across Marriott's full-service lodging brands (Marriott Hotels, Resorts and Suites, Ritz-Carlton and Renaissance Hotels, Resorts and Suites), REVPAR for comparable company-operated U.S. properties grew by an average of 3.5 percent in the 2000 first quarter. Average room rates for these hotels rose nearly five percent, while occupancy declined one percentage point to 75 percent.

Our domestic select-service and extended-stay brands (Fairfield Inn, Courtyard, Residence Inn, SpringHill Suites and TownePlace Suites) have added a net of 162 properties, primarily franchises, since the first quarter of 1999.

REVPAR for comparable Residence Inn, Courtyard and Fairfield Inn brands increased 1.8 percent during the quarter. While REVPAR comparisons were stronger in the northeast and west, softer results in the midwest reflected industry supply growth in certain markets.

Results for international lodging operations rebounded in the 2000 first quarter, reflecting solid profit growth for properties in Asia and Egypt, as well as in Europe, despite a decline in the value of the Euro against the U.S. dollar.

Marriott Vacation Club International posted substantial profit growth in the 2000 first quarter on a 14 percent increase in contract sales. Results reflected strong sales in our quality-tier timeshare

resorts in Hawaii, California, Utah and Aruba. We also began selling fractional ownership interests at our first two Ritz-Carlton Club resorts in Aspen, Colorado and St. Thomas, U.S. Virgin Islands.

Marriott Senior Living Services (SLS) posted 24 percent sales growth in the 2000 first quarter, reflecting an increase in occupancy for comparable communities of five percentage points to 87 percent, and the net addition of 25 units since the first quarter 1999. Operating profit for the division was flat, as improved performance for established communities was offset by start-up costs for the new properties.

Marriott Distribution Services (MDS) posted 22 percent sales growth in the 2000 first quarter, reflecting the commencement of service to three large restaurant chains beginning this year. MDS reported a \$12 million operating loss in the 2000 first quarter due to the \$15 million pretax write-off of its investment in a contract with Boston Chicken, Inc. (BCI), a major customer currently undergoing reorganization in bankruptcy. McDonald's Corporation has entered into a definitive agreement to acquire substantially all of the assets of BCI, subject to confirmation of the related plan of reorganization by the Bankruptcy Court. MDS has reached an agreement with McDonald's to continue providing distribution services to Boston Chicken restaurants (see "Intangible Assets" in the footnotes to the condensed consolidated financial statements included in Item 1. above).

Corporate activity. Interest expense in first quarter 2000 increased by \$12 million as a result of borrowings to finance growth outlays and share repurchases. Corporate expenses decreased \$3 million due to systems-related modification costs of \$5 million associated with year 2000 incurred in the first quarter 1999, offset by incremental costs of \$2 million in 2000 associated with new corporate systems. The effective income tax rate decreased from 37.5 percent to 37.0 percent primarily due to the increased proportion of operations in countries with lower effective tax rates.

LIQUIDITY AND CAPITAL RESOURCES

We believe that we have access to sufficient financial resources to finance our growth, as well as to support our ongoing operations and meet debt service and other cash requirements. However, our ability to sell properties that we develop, and the ability of hotel or senior living community developers to build or acquire new Marriott-branded properties, which are important parts of our growth plans, are partially dependent on the availability and cost of capital. We monitor the status of the capital markets, and regularly evaluate the effect that changes in capital market conditions may have on our ability to execute our announced growth plans.

Cash and equivalents totaled \$372 million at March 24, 2000, a decrease of \$117 million from year end 1999. Net income is stated after recording depreciation expense of \$26 million and \$19 million for the twelve weeks ended March 24, 2000 and March 26, 1999, respectively, and after amortization expense of \$15 million and \$14 million, respectively, for the same time periods. EBITDA for the twelve weeks ended March 24, 2000 increased by \$9 million, or four percent, to \$213 million. EBITDA is an indicator of operating performance which can be used to measure the Company's ability to service debt, fund capital expenditures and expand its business. However, EBITDA is not an alternative to net income, operating profit, cash from operations, or any other operating or liquidity measure prescribed by generally accepted accounting principles.

Net cash used in investing activities totaled \$284 million for the twelve weeks ended March 24, 2000, and principally consisted of capital expenditures for lodging properties and notes receivable advances.

We purchased 8.2 million shares of our Class A Common Stock in the twelve weeks ended March 24, 2000, at a cost of \$243 million. As of March 24, 2000, we had been authorized by our Board of Directors to repurchase an additional 22.3 million shares.

In January 2000, we filed a "universal shelf" registration statement with the Securities and Exchange Commission which, together with the authority remaining under a universal shelf registration statement filed in April 1999, permitted us to offer to the public up to \$500 million of securities. On March 27, 2000, we sold \$300 million principal amount of 8-1/8 percent Series D Notes, which mature in 2005, in a public offering made under our shelf registration statements. We received net proceeds of approximately \$298 million from this offering, after paying underwriting discounts, commissions and offering expenses. After giving effect to the issuance of the Series D Notes, we have remaining capacity under our January 2000 shelf registration statement to offer to the public up to \$200 million of debt securities, common stock or preferred stock.

In 1996, MDS became the exclusive provider of distribution services to Einstein/Noah Bagel Corp. (ENBC), which operates over 460 bagel shops in 29 states. In March 2000, ENBC disclosed that its independent auditors had expressed substantial doubt about ENBC's ability to continue as a going concern, due to its inability to meet certain financial obligations. On April 27, 2000, ENBC and its majority-owned operating subsidiary filed voluntary bankruptcy petitions for protection under Chapter 11 of the Federal Bankruptcy Code in the U.S. Bankruptcy Court for the District of Arizona in Phoenix. On April 28, 2000, the Court approved a \$31 million debtor-in-possession credit facility to allow for operation of the companies during reorganization, and also approved the payment in the ordinary course of business of prepetition trade creditor claims, including those of MDS, subject to recovery by the debtors under certain circumstances. MDS continues to distribute to ENBC and has been receiving full payment in

accordance with the terms of its contractual agreement. If the contract were to terminate, or if ENBC were to cease or substantially reduce its operations, MDS may be unable to recover some or all of an aggregate of approximately \$18 million in contract investment, receivables and inventory.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

There have been no material changes to our exposures to market risk since December 31, 1999.

PART II -- OTHER INFORMATION

Item 1. Legal Proceedings

Incorporated by reference to the description of legal proceedings in the "Contingencies" footnote in the financial statements set forth in Part I, "Financial Information."

Item 2. Changes in Securities

None.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Submission of Matters to a Vote of Security Holders

None.

Item 5. Other Information

None.

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

Exhibit No.	Description
10.1	Settlement Agreement dated as of March 9, 2000 among A.R. Milkes, Robert M. Haas, Sr., and other plaintiffs and intervenors identified therein and the Company, Host Marriott Corporation, and other identified defendants, each by and through their respective counsel of record.
10.2	Amended and restated Marriott International, Inc. 1998 Comprehensive Stock and Cash Incentive Plan (incorporated by reference to Attachment A to the Company's definitive proxy statement filed on March 23, 2000).
12	Statement of Computation of Ratio of Earnings to Fixed Charges.
27	Financial Data Schedule for the Company.
99	Forward-Looking Statements.

(b) Reports on Form 8-K

On February 24, 2000, we filed a report describing a tentative agreement to resolve pending litigation involving certain limited partnerships which we expected to result in a pretax charge of \$30 million to \$40 million. The agreement became definitive on March 9, 2000, and as a result we recorded a \$39 million pretax charge in the fourth quarter of 1999. We also described our plans to form an unconsolidated joint venture with Host Marriott Corporation to acquire all of the limited partners' interests in Courtyard by Marriott Limited Partnership and Courtyard by Marriott II Limited Partnership, for approximately \$372 million.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

MARRIOTT INTERNATIONAL, INC.

5th day of May, 2000

/s/ Arne M. Sorenson

Arne M. Sorenson
Executive Vice President and
Chief Financial Officer

/s/ Linda A. Bartlett

Linda A. Bartlett
Vice President and Controller
(Principal Accounting Officer)

NO. 96-CI-08327

A. R. MILKES AND D. R. BURKLEW,	(S)	IN THE DISTRICT COURT
on behalf of themselves and all other	(S)	
limited partners of Courtyard by	(S)	
Marriott II Limited Partnership	(S)	
	(S)	
v.	(S)	
	(S)	
HOST MARRIOTT CORPORATION,	(S)	
MARRIOTT INTERNATIONAL, INC.	(S)	OF BEXAR COUNTY, TEXAS
CBM TWO CORPORATION,	(S)	
COURTYARD MANAGEMENT	(S)	
CORPORATION, HOST	(S)	
INTERNATIONAL INC.,	(S)	
STEPHEN RUSHMORE and	(S)	
HOSPITALITY VALUATION	(S)	
SERVICES, INC.	(S)	285th JUDICIAL DISTRICT

NO. 98-CI-04092

ROBERT M. HAAS, SR. and	(S)	IN THE DISTRICT COURT OF
IRWIN RANDOLPH,	(S)	
JOINT TENANTS, ET AL.	(S)	
	(S)	
VS.	(S)	
	(S)	
MARRIOTT INTERNATIONAL,	(S)	
INC., HOST MARRIOTT	(S)	
CORPORATION, CBM ONE	(S)	
CORPORATION, CBM TWO	(S)	
CORPORATION, COURTYARD	(S)	
MANAGEMENT CORPORATION,	(S)	
RIBM ONE CORPORATION,	(S)	
MARRIOTT RIBM TWO	(S)	
CORPORATION, RESIDENCE	(S)	
INN BY MARRIOTT, INC.,	(S)	
MARRIOTT FIBM ONE	(S)	
CORPORATION, FAIRFIELD	(S)	BEXAR COUNTY, TEXAS
FMC CORPORATION, INC.,	(S)	
MARRIOTT DESERT SPRINGS	(S)	
CORPORATION, MARRIOTT	(S)	
DESERT SPRINGS DEVELOPMENT	(S)	

CORPORATION, MARRIOTT	(S)	
HOTEL SERVICES, INC.,	(S)	
MARRIOTT MARQUIS	(S)	
CORPORATION, MARRIOTT	(S)	
HOTELS, INC., HOST	(S)	
INTERNATIONAL, INC.,	(S)	
J.W. MARRIOTT, JR.,	(S)	
STEPHEN RUSHMORE and	(S)	
HOSPITALITY VALUATION	(S)	57TH JUDICIAL DISTRICT

SETTLEMENT AGREEMENT

This Settlement Agreement, dated as of March 9, 2000, is made and entered into by and among the following parties: (i) the representative Plaintiffs, A.R. Milkes, Donald Burklew, Charles Carey, Linda McGuire-Raskin, Mortimer Goodkin, Wesley Tinker, Robert M. Haas, Sr., and Marsha Hendler, individually and on behalf of each of the members of the Courtyard by Marriott II Limited Partnership ("CBM II LP") Class certified by the Order of the Honorable Michael Peden, dated June 23, 1998, as modified on July 21, 1998 (the "Milkes Plaintiffs"), by and through their counsel of record in the lawsuit styled Cause No. 96-CI-08327; A.R. Milkes and D.R. Burklew v. Host Marriott Corporation, et al.; in the 285th Judicial District Court, Bexar County, Texas (the "Milkes Litigation"); (ii) each of the individual named Plaintiffs in the lawsuit styled Cause No. 98-CI-04092; Robert M. Haas, Sr., et al. v. Host Marriott Corporation, et al.; in the 57th Judicial District Court of Bexar County, Texas (the "Haas Litigation"), together with all putative class members (the "Haas Plaintiffs"), by and through their counsel of record in the Haas Litigation; (iii) the Palm and Equity Intervenors as defined herein, by and through their counsel of record in the Milkes and Haas Litigation; and (iv) the Defendants, Host Marriott Corporation, Marriott International, Inc., CBM One LLC (successor by merger to CBM One Corporation), CBM Two LLC (successor by merger to CBM Two Corporation), Host

International, Inc., Courtyard by Marriott II Limited Partnership, RIBM One LLC (successor by merger to RIBM One Corporation), RIBM Two LLC (successor by merger to Marriott RIBM Two Corporation), Residence Inn by Marriott, Inc., FIBM One LLC (successor by merger to Marriott FIBM One Corporation), Fairfield FMC Corporation, Inc., HMC Desert LLC (successor by merger to Marriott Desert Springs Corporation), Marriott Desert Springs Development Corporation, Marriott Hotel Services, Inc., Marriott Marquis Corporation, Marriott Hotels, Inc., Courtyard Management Corporation and J.W. Marriott, Jr., by and through their counsel of record in the Milkes and Haas Litigations. The Milkes Plaintiffs, the Haas Plaintiffs, the Palm Intervenors, the Equity Intervenors and the Defendants are collectively referred to as the "Settling Parties." This Settlement Agreement is intended by the Settling Parties to fully, finally and forever resolve, discharge and settle the Released Claims, as defined herein, upon and subject to the terms and conditions hereof.

WHEREAS:

I. RECITALS

A. THE MILKES LITIGATION

On June 7, 1996, Whitey Ford and 136 other limited partners in CBM II LP instituted suit. On September 20, 1996, the suit was amended to include 443 CBM II LP limited partners. By March 17, 1997, approximately 454 CBM II LP limited partners had joined the Milkes Litigation.

On January 29, 1998, representative Plaintiffs, A.R. Milkes and D.R. Burklew, filed a class action lawsuit, on behalf of themselves and a proposed class of current and former CBM II LP limited partners, against certain defendants. On June 23, 1998, the Court certified the Milkes Litigation as a Class action pursuant to the Texas Rules of Civil Procedure 42(a) and (b) with

the Class defined as "all limited partners in the CBM II LP as of January 31, 1998; excluding, however, the defendants, their parent corporations, subsidiaries and affiliates, and their predecessors and successors in interest, and the present officers, directors, or employees of any defendant or of any predecessor or successor in interest of any Defendant" (the "CBM II LP Class").

The Court appointed as representative Plaintiffs, A.R. Milkes, D.R. Burklew, Charles Carey, Mortimer Goodkin, Linda McGuire-Raskin, Wesley Tinker, Robert M. Haas, Sr. and Marsha Hendler, and by Order dated July 21, 1998, named as Lead Class Counsel, David Berg and the law firm of Berg, Androphy & Wilson. The Court further designated, as co-counsel for the CBM II LP Class, Stephen Hackerman and the law firm of Hackerman, Peterson, Frankel & Manela; David E. Warden, and the law firm of Yetter & Warden; James L. Branton, and the law firm of Branton & Hall; James Moriarty and the law firm of Moriarty & Associates, PC; J. Boyd Page and the law firm of Page & Bacek, LLP; Linda Broocks and the law firm of Ogden, Gibson, White & Broocks, LLP; Charles E. Dorr and the law firm of Charles E. Dorr, P.C.; Roy Barrera, Sr. and the law firm of Nicholas & Barrera, P.C.; and J.A. Canales and the law firm of Canales & Simonson. Lead Class Counsel and co-counsel are hereinafter collectively referred to as "Plaintiffs' Counsel."

A Notice of Pendency of Class Action was sent, in a form and manner approved by the Court (the "CBM II LP Notice of Pendency"), to members of the CBM II LP Class, advising them of the pendency of the Milkes Litigation and giving them the right to request exclusion therefrom, and notifying them that any CBM II LP Class member who failed to request exclusion as provided in the CBM II LP Notice of Pendency would be bound by any judgment subsequently rendered therein. Certain limited partners of CBM II LP, namely the Equity and

Palm Intervenors, requested exclusion from the CBM II LP Class. The CBM II LP Notice of Pendency satisfied the requirements of Texas Rule of Civil Procedure 42 regarding, among other things, the rights of CBM II LP Class members to request exclusion from the Milkes Litigation, and no additional opportunity to request exclusion is required.

After opting-out of the CBM II LP Class, on March 11, 1999, Palm Investors, LLC, as a limited partner in CBM II LP and as an alleged assignee of all right, title and interest formerly held by certain CBM II LP limited partners, by and through its counsel of record, R. James George and the law firm of George & Donaldson, LLP ("Palm's Counsel"), intervened in the Milkes Litigation (the "Palm Intervenors"). Similarly, on March 25, 1999, Equity Resource Fund X, Equity Resource Fund XV, Equity Resource Fund XVI, Equity Resource Fund XVII, Equity Resource Fund XX, Equity Resource Fund XXI, Equity Resource Bay Fund, Equity Resource Bridge Fund and Equity Resource Pilgrim Fund, by and through their counsel of record, J. Patrick Deely and the law firm of Cheslock, Deely & Rapp ("Equity's Counsel"), filed their Plea in Intervention, on behalf of themselves and as alleged assignees of all right, title and interest formerly held by certain CBM II LP limited partners (the "Equity Intervenors").

On August 27, 1999, CBM Two LLC, the General Partner of CBM II LP, appointed a Special Litigation Committee (the "SLC"), consisting of the Honorable William H. Webster and the Honorable Charles B. Renfrew, to investigate, review and analyze the facts and circumstances surrounding the alleged derivative claims asserted on behalf of CBM II LP in the Milkes Litigation. The SLC retained, as its counsel, Richard C. Tufaro and the law firm of Milbank, Tweed, Hadley & McCloy, LLP (the "SLC's Counsel").

On January 19, 2000, the Court signed an Order granting J.W. Marriott, Jr.'s Special Appearance and dismissing him from the Milkes Litigation.

The Milkes Litigation alleges, among other things, that the Defendants, or some of them: (1) breached and knowingly participated in breaches of fiduciary duties to the limited partners in CBM II LP and to CBM II LP; (2) defrauded and conspired to defraud the CBM II LP limited partners and CBM II LP; (3) conspired against the CBM II LP limited partners and CBM II LP; (4) violated the TEXAS FREE ENTERPRISE & ANTITRUST ACT OF 1983; (5) breached certain contracts; and (6) tortiously interfered with certain contracts. Defendants denied all allegations contained in the Milkes Lawsuit and have raised numerous affirmative defenses thereto, including, without limitation, the statutes of limitations.

B. THE HAAS LITIGATION

On March 16, 1998, Robert M. Haas, Sr. and Irwin Randolph, joint tenants, et al., filed suit against Defendants, Marriott International, Inc., Host Marriott Corporation, CBM One LLC (successor by merger to CBM One Corporation), CBM Two LLC (successor by merger to CBM Two Corporation), Host International, Inc., Courtyard by Marriott II Limited Partnership, RIBM One LLC (successor by merger to RIBM One Corporation), RIBM Two LLC (successor by merger to Marriott RIBM Two Corporation), Residence Inn by Marriott, Inc., FIBM One LLC (successor by merger to Marriott FIBM One Corporation), Fairfield FMC Corporation, Inc., HMC Desert LLC (successor by merger to Marriott Desert Springs Corporation), Marriott Desert Springs Development Corporation, Marriott Hotel Services, Inc., Marriott Marquis Corporation, Marriott Hotels, Inc., Courtyard Management Corporation, J.W. Marriott, Jr., Stephen Rushmore and Hospitality Valuation Services, Inc. Thereafter, on March 18, 1999, Jack L. Walker and Maury F. Weiss, individually and on behalf of certain limited partners in Courtyard by Marriott Limited Partnership ("CBM I LP"), filed a Class Action Petition in Intervention against Defendants. On March 26, 1999, Palm Investors, LLC, on behalf of itself and as an alleged assignee of all rights, title and interests formerly held by certain limited partners in CBM I LP, by and through Palm's Counsel, filed its Plea in Intervention. On April 5, 1999, Equity Resource Fund XI, Equity Resource Fund XIV, Equity Resource Fund XV, Equity Resource Fund XVII, Equity Resource Fund XX, Equity Resource Fund XXI, Equity Resource Bay Fund, Equity Resource Bridge Fund and Equity Resource Pilgrim Fund, on behalf of themselves and as alleged

assignees of all rights, titles and interests formally held by limited partners in CBM I LP, Palm's Counsel, filed its Plea in Intervention. On April 5, 1999, Equity Resource Fund XI, Equity Resource Fund XIV, Equity Resource Fund XV, Equity Resource Fund XVII, Equity Resource Fund XX, Equity Resource Fund XXI, Equity Resource Bay Fund, Equity Resource Bridge Fund and Equity Resource Pilgrim Fund, on behalf of themselves and as alleged assignees of all rights, titles and interests formally held by limited partners in CMB I LP, by and through Equity's Counsel, filed its Plea in Intervention. Thereafter, Intervenor Walker and Weiss moved for certification of a class of certain limited partners of CBM I LP, which was denied by the Court.

On August 17, 1999, CBM One LLC, the General Partner of CBM I LP, appointed the SLC to investigate, review and analyze the facts and circumstances surrounding the alleged derivative claims asserted on behalf of CBM I LP in the Haas Litigation.

The Haas Litigation involves the following limited partnerships: CBM I LP, Marriott Residence Inn Limited Partnership ("Residence Inn I LP"), Marriott Residence Inn II Limited Partnership ("Residence Inn II LP"), Fairfield Inn by Marriott Limited Partnership ("Fairfield Inn LP"), Desert Springs Marriott Limited Partnership ("Desert Springs LP") and Atlanta Marriott Marquis Limited Partnership and Atlanta Marriott Marquis II Limited Partnership (collectively "Atlanta Marquis LP"), which are collectively referred to as the Haas Litigation limited partnerships. The Complaint and Pleas in Intervention in the Haas Litigation allege, among other things, that the Defendants, or some of them: (1) breached and knowingly participated in breaches of fiduciary duties to various limited partners and partnerships in the Haas Litigation limited partnerships; (2) defrauded and conspired to defraud various limited partners and partnerships in the Haas Litigation limited partnerships; (3) conspired against

various limited partners and partnerships in the Haas Litigation limited partnerships; (4) violated the TEXAS FREE ENTERPRISE & ANTITRUST ACT OF 1983; (5) breached certain contracts; and (6) tortiously interfered with certain contracts. Defendants denied all allegations contained in the Haas Litigation, and have raised numerous defenses thereto, including, without limitation, the statutes of limitations.

II. PRETRIAL PROCEEDINGS AND DISCOVERY IN THE MILKES AND HAAS LITIGATIONS

Extensive discovery and investigation have been conducted in the Milkes Litigation and, to a lesser degree, the Haas Litigation, including, inter alia: (i) inspecting hundreds of thousands of pages of documents produced by the Defendants and non-parties; (ii) deposing numerous present and former employees of the Defendants; (iii) deposing Plaintiffs; (iv) deposing non-party witnesses; (v) employing and consulting with experts, including reviewing and producing expert reports and attending and taking expert depositions; (vi) reviewing public and on-line filings; and (vii) researching applicable law with respect to the claims asserted in the Milkes and Haas Litigations. Discovery in the Milkes Litigation included documents and deposition testimony relevant to claims in the Haas Litigation. Settlement discussions, individually, with a mediator and with the SLC, have been intense and protracted.

III. THE BENEFITS OF SETTLEMENT

Plaintiffs' Counsel believe that the claims asserted in the Milkes and Haas Litigations have merit. They all recognize and acknowledge, however, the risks and uncertainties associated with the continued prosecution of this time-consuming litigation, and therefore, believe, that in consideration of all the circumstances, the proposed Settlement set forth in this Settlement Agreement confers substantial benefits upon the Plaintiffs and that the Settlement is fair,

adequate, reasonable and in the best interest of the Plaintiffs, the Palm Intervenors and the Equity Intervenors. The SLC and the SLC's Counsel also believe that, with respect to CBM I LP subject to Paragraph 9.3 below, and CBM II LP, the Settlement is fair, adequate and reasonable and it is in the best interests of the Settling Parties for the SLC to resolve the derivative claims relating to CBM I LP and CBM II LP.

IV. DEFENDANTS' DENIALS OF WRONGDOING AND LIABILITY

The Defendants have denied and continue to deny each and all of the claims and contentions of wrongdoing or liability against them arising out of the conduct, statements, acts or omissions alleged, or that could have been alleged, in the Milkes and Haas Litigations. The Defendants also have denied and continue to deny, inter alia, that: (1) any Defendant has breached any contracts or fiduciary duties; (2) any fraud, deceit or misrepresentations occurred in connection with the formation, operation or management of any hotel or hotel limited partnership connected with any of these Defendants; and (3) anyone was harmed by any conduct alleged in the Milkes and Haas Litigations.

Nonetheless, although each deny wrongdoing of any kind whatsoever and without admitting liability, the Defendants have concluded that the further conduct of the Milkes and Haas Litigations would be protracted and expensive, and that it is desirable that the Milkes and Haas Litigations be fully and finally settled in the manner and upon the terms and conditions set forth in this Settlement Agreement in order to limit the burden, expense, inconvenience and distraction caused by the Milkes and Haas Litigations and to repurchase the CBM I LP Units and CBM II LP Units. The Defendants also have taken into account the uncertainties and risks inherent in complex litigation.

V. THE TERMS OF THE SETTLEMENT AGREEMENT AND THE AGREEMENT OF SETTLEMENT

NOW, THEREFORE, IT IS HEREBY STIPULATED AND AGREED by and among the Plaintiffs, the Palm Intervenors, the Equity Intervenors, the SLC and the Defendants, by and through their counsel of record in the Milkes and Haas Litigations, that, subject to the approval of the Court, the Milkes and Haas Litigations and the Released Claims shall be finally and fully compromised and settled, and the Milkes and Haas Litigations shall be dismissed on the merits and with prejudice as to the Defendants, upon and subject to the terms and conditions of this Settlement Agreement, as follows:

1. Definitions

As used in this Settlement Agreement the following terms have the meanings specified below:

1.1 "Atlanta Marquis LP" means the Atlanta Marriott Marquis Limited Partnership and Atlanta Marriott Marquis II Limited Partnership.

1.2 "Atlanta Marquis LP's Counsel" means Lawrence P. Kolker and the law firm of Wolf, Haldenstein, Adler, Freeman & Herz, LLP, and Martin D. Chitwood and the law firm of Chitwood and Harley.

1.3 "Atlanta Marquis LP Notice" means the Notice of Proposed Settlement of Class Action and Settlement Hearing to be given to the Atlanta Marquis LP Class which will be certified as part of the Atlanta Marquis LP Settlement, and to the Palm Intervenors and the Equity Intervenors, if any, who formerly owned units in Atlanta Marquis LP.

1.4 "Atlanta Marquis LP Plaintiffs" means all persons named as parties in the Haas Litigation and who formerly owned units in the Atlanta Marquis LP.

1.5 "Atlanta Marquis LP Proof of Claim" means the Atlanta Marquis LP Proof of Claim and Release.

1.6 "Atlanta Marquis LP Settlement" means the settlement of the Sturm Litigation.

1.7 "Atlanta Marquis LP Settlement Amount" means the aggregate of \$4.25 million or \$8,018.86 for each of the former 530 Atlanta Marquis LP Units that does not opt-out of the Atlanta Marquis Settlement and executes the Atlanta Marquis LP Proof of Claim, reduced, however, by \$8,018.86 for each Atlanta Marquis LP Unit below 530 which fails to settle as provided herein.

1.8 "Atlanta Marquis LP Unit" means a unit of limited partnership interest in Atlanta Marquis LP.

1.9 "CBM I LP" means the Courtyard by Marriott Limited Partnership.

1.10 "CBM I LP Consent Form" means the form contained in the CBM I LP Purchase Offer/Consent Solicitation Statement to be completed and returned to the Claims Administrator to vote on the Proposed CBM I LP Partnership Agreement Amendments and CBM I LP Merger.

1.11 "CBM I LP Purchase Offer/Consent Solicitation Statement" means the Purchase/Offer Consent Solicitation Statement which may be set forth in one or more documents, to be prepared by the Joint Venture and CBM I LP for inclusion in the CBM I LP Notice and, following Court approval of the CBM I LP Notice, distributed to the limited partners of CBM I LP seeking (i) their written consent to the CBM I LP Merger and the Proposed CBM I LP Partnership Agreement Amendments; and (ii) their assignment, transfer and conveyance to the Joint venture or one or more of its designees of all right, title and interest in all CBM I LP Units, half-CBM I LP Units and other fractional CBM I LP Units owned by such person, together with all right, title and interest held, owned or claimed in CBM I LP, free and clear of all pledges, security interests, liens and other encumbrances whatsoever.

1.12 "CBM I LP Merger" means the merger of a subsidiary of the Joint Venture with and into CBM I LP, with CBM I LP surviving, pursuant to an agreement and plan of merger to be entered into and attached to the CBM I LP Purchase Offer/Consent Solicitation Statement, as more particularly described in Paragraph 2.9(b) hereof.

1.13 "CBM I LP Notice" means the Notice of Proposed Settlement of Class Action and Settlement Hearing and the CBM I LP Purchase Offer/Consent Solicitation Statement and Consent Form which will be approved by the Court and given to the CBM I LP Class which will be certified as part of the CBM I LP Settlement, and to the Palm Intervenors and Equity Intervenors who own CBM I LP Units.

1.14 "CBM I LP Plaintiffs" means all persons named as parties in the Haas Litigation who own units in and/or a claim concerning CBM I LP, other than the Palm Intervenors and the Equity Intervenors, and all putative members of the CBM I LP Class to be certified in the Haas Litigation.

1.15 "CBM I LP Proof of Claim" means the CBM I LP Proof of Claim, Assignment and Release.

1.16 "CBM I LP Settlement" means the satisfaction of all the Settlement terms and conditions as set forth herein.

1.17 "CBM I LP Settlement Amount" means the aggregate of \$154,249,500.00 or \$134,130.00 for each of the 1,150 CBM I LP Units, \$67,065 for each half-CBM I LP Unit, or a reduced pro-rata amount for each other fractional CBM I LP Unit, that is assigned, transferred and conveyed to the Joint Venture or to one or more its designees pursuant to this Settlement Agreement and for which a CBM I LP Proof of Claim is provided pursuant to the CBM I LP Unit Acquisition, the aggregate amount reduced, however, by \$134,130.00 per CBM I LP Unit, or a pro-rata amount for each half-CBM I LP Unit or fractional CBM I LP Unit below 1,150 CBM I LP Units which is not so assigned, transferred or conveyed (including the 15 CBM I LP Units held by CBM One LLC) and reduced further by the amount, if any, a holder of any CBM I LP Unit owes on the purchase price of such unit.

1.18 "CBM I LP Unit" means a unit of limited partnership interest in CBM I LP.

1.19 "CBM I LP Unit Acquisition" means the acquisition by the Joint Venture or one of more of its designees of the CBM I LP Units held by the CBM I LP Plaintiffs, the Palm Intervenors, the Equity Intervenors and Insiders (excluding CBM One LLC).

1.20 "CBM I LP Unit Acquisition Closing Date" means the date on which the CBM I LP Unit Acquisition is consummated.

1.21 "CBM II LP" means the Courtyard by Marriott II Limited Partnership.

1.22 "CBM II LP Consent Form" means the form contained in the CBM II LP Purchase Offer/Consent Solicitation Statement to be completed and returned to the Claims Administrator to vote on the Proposed CBM II LP Partnership Agreement Amendments and CBM II LP Merger.

1.23 "CBM II LP Purchase Offer/Consent Solicitation Statement" means the Purchase/Offer Consent Solicitation Statement, which may be set forth in one or more documents, to be prepared by the Joint Venture and CBM II LP for inclusion in the CBM II LP Notice and, following Court approval of the CBM II LP Notice, distributed to the limited partners of CBM II LP seeking (i) their written consent to the CBM II LP Merger and the Proposed CBM II LP Partnership Agreement Amendments; and (ii) their assignment, transfer and conveyance to the Joint Venture or one or more of its designees of all right, title and interest in all CBM II LP Units, half-CBM II LP Units and other fractional CBM II LP Units owned by such person, together with all right, title and interest held, owned or claimed in CBM II LP, free and clear of all pledges, security interests, liens and other encumbrances whatsoever.

1.24 "CBM II LP Merger" means the merger of a subsidiary of the Joint Venture with and into CBM II LP, with CBM II LP surviving, pursuant to an agreement and plan of merger to be entered into and attached to the CBM II LP Purchase Offer/Consent Solicitation Statement, as more particularly described in Paragraph 3.8(b) hereof.

1.25 "CBM II LP Notice" means the Notice of Proposed Settlement of Class Action and Settlement Hearing and the CBM II LP Purchase Offer/Consent Solicitation Statement and Consent Form will be approved by the Court and given to the CBM II LP Class, and to the Palm Intervenors and the Equity Intervenors who own CBM II LP Units.

1.26 "CBM II LP Plaintiffs" means all persons named as parties in the Milkes

Litigation, who own units in and/or a claim concerning CBM II LP, other than the Palm Intervenors and the Equity Intervenors, together with all members of the CBM II LP Class certified in the Milkes Litigation.

1.27 "CBM II LP Proof of Claim" means the CBM II LP Proof of Claim, Assignment and Release.

1.28 "CBM II LP Settlement" means the satisfaction of all the Settlement terms and conditions as set forth herein.

1.29 "CBM II LP Settlement Amount" means the aggregate of \$217,499,730.00 or \$147,959.00 for each of the 1,470 CBM II LP Units, \$73,979.50 for each half-CBM II LP Unit, or a reduced pro-rata amount for each other fractional CBM II LP Unit, that is assigned, transferred and conveyed to the Joint Venture or to one or more of its designees pursuant to this Settlement Agreement and for which a CBM II LP Proof of Claim is provided pursuant to the CBM II LP Unit Acquisition, the aggregate amount reduced, however, by \$147,959.00 per CBM II LP Unit, or a pro-rata amount for each half-CBM II LP Unit or fractional CBM II LP Unit below 1,470 CBM II LP Units which is not so assigned, transferred or conveyed (including 21.5 CBM II LP Units held by CBM Two LLC) and reduced further by the amount, if any, a holder of any CBM II LP Unit owes on the purchase price of such unit.

1.30 "CBM II LP Unit" means a unit of limited partnership interest in CBM II LP.

1.31 "CBM II LP Unit Acquisition" means the acquisition by the Joint Venture or one or more of its designees of the CBM II LP Units held by the CBM II LP Plaintiffs, the Palm Intervenors, the Equity Intervenors and Insiders (excluding CBM Two LLC).

1.32 "CBM II LP Unit Acquisition Closing Date" means the date on which the CBM II LP Unit Acquisition is consummated.

1.33 "Claims Administrator" means GEMISYS, Proxy Department, 7103 South Revere Parkway, Englewood, Colorado 80112.

1.34 "Defendants" means Host Marriott Corporation, Marriott International, Inc., CBM One LLC (successor by merger to CBM One Corporation), CBM Two LLC (successor by merger to CBM Two Corporation), Host International, Inc., Courtyard by Marriott II Limited Partnership, RIBM One LLC (successor by merger to RIBM One Corporation), RIBM Two LLC (successor by merger to Marriott RIBM Two Corporation), Residence Inn by Marriott, Inc., FIBM One LLC (successor by merger to Marriott FIBM One Corporation), Fairfield FMC Corporation, Inc., Marriott Desert Springs LLC (successor by merger to Marriott Desert Springs Corporation), Marriott Desert Springs Development Corporation, Marriott Hotel Services, Inc., Marriott Marquis Corporation, Marriott Hotels, Inc., Courtyard Management Corporation and J.W. Marriott, Jr.

1.35 "Defendants' Counsel" means those attorneys and law firms representing the Defendants in the Litigation.

1.36 "Desert Springs LP" means the Desert Springs Marriott Limited Partnership.

1.37 "Desert Springs LP Notice" means the Notice of Proposed Settlement of Class Action and Settlement Hearing to be given to the Desert Springs LP Class which will be certified as part of the Desert Springs LP Settlement, and to the Palm Intervenors and the Equity Intervenors who formerly owned units in Desert Springs LP.

1.38 "Desert Springs LP Plaintiffs" means all persons named as parties in the Haas Litigation who formerly owned units in and/or a claim concerning the Desert Springs LP, other than the Palm Intervenors and the Equity Intervenors, and all putative members of the Desert Springs LP Class to be certified in the Haas Litigation.

1.39 "Desert Springs LP Proof of Claim" means the Desert Springs LP Proof of Claim and Release.

1.40 "Desert Springs LP Settlement" means the satisfaction of all the Settlement terms and conditions as set forth herein.

1.41 "Desert Springs LP Settlement Amount" means the aggregate of \$12,111,000.00, or (i) \$21,900.54 per unit to former holders of the 206 former Desert Springs LP units who are currently Plaintiffs in the Haas Litigation that do not opt-out of the Desert Springs LP Class and executes the Desert Springs LP Proof of Claim, the aggregate amount reduced, however, by \$21,900.54 for each unit below 206 which fails to settle as provided herein; and (ii) \$10,950.27 per unit to the former holders of the 694 remaining former units of Desert Springs LP as of December 28, 1998 that do not opt-out of the Desert Springs LP Class and execute the Desert Springs LP Proof of Claim, the aggregate amount reduced, however, by \$10,950.27 for each unit below 694 which fails to settle as provided herein.

1.42 "Effective Date" means the business day on which the Judgment Order becomes Final.

1.43 "Equity Intervenors" shall mean Equity Resource Fund X, Equity Resource Fund XII, Equity Resource Fund XIV, Equity Resource Fund XV, Equity Resource Fund XVI, Equity Resource Fund XVII, Equity Resource Fund XX, Equity Resource Fund XXI, Equity Resource Bay Fund, Equity Resource Bridge Fund, and Equity Resource Pilgrim Fund, and any affiliate who purchased units in CBM I LP, CBM II LP, Residence Inn I LP, Residence Inn II LP, Fairfield Inn LP, Desert Springs LP, or Atlanta Marquis LP (if any).

1.44 "Equity's Counsel" means J. Patrick Deely and the law firm of Cheslock, Deely & Rapp.

1.45 "Escrow Agent" means Chase Bank of Texas, N.A.

1.46 "Fairfield Inn LP" means the Fairfield Inn by Marriott Limited Partnership.

1.47 "Fairfield Inn LP Notice" means the Notice of Proposed Settlement of Class Action and Settlement Hearing to be given to the Fairfield Inn LP Class which will be certified as part of the Fairfield Inn LP Settlement, and to the Palm Intervenors and the Equity Intervenors who own units in Fairfield Inn LP.

1.48 "Fairfield Inn LP Plaintiffs" means all persons named as parties in the Haas Litigation and who own units in and/or a claim concerning Fairfield Inn LP, other than the Palm Intervenors and the Equity Intervenors, and all putative members of the Fairfield Inn LP Class to be certified in the Haas Litigation.

1.49 "Fairfield Inn LP Proof of Claim" means the Fairfield Inn LP Proof of Claim and Release.

1.50 "Fairfield Inn LP Settlement" means the satisfaction of all the Settlement terms and conditions as set forth herein.

1.51 "Fairfield Inn LP Settlement Amount" means the aggregate of \$19,032,504.06, or \$228.38 for each of the 83,337 Fairfield Inn LP partnership units that does not opt-out of the Fairfield Inn LP Class and executes the Fairfield Inn LP Proof of Claim, the aggregate amount reduced, however, by \$228.38 for each unit below 83,337 which fails to settle as provided herein.

1.52 "Final" when referring to the Judgment Order or an appeal of the Judgment Order means that: (a) the Judgment Order is a final, appealable judgment; and (b) either (i) the time for filing or noticing of any appeal or other judicial review of the Judgment Order has expired without any such appeal or other review of the judgment having been commenced, or (ii) if an

appeal or other review of the Judgment Order has been filed, such appeal or other review is finally concluded and is no longer subject to review by any court, whether by appeal, writ of certiorari or otherwise, and such appeal or other review has been resolved in such manner as to permit the consummation of the Settlement as contemplated by the Judgment Order; provided (iii) that an appeal of the Judgment Order relating solely to the amount, allocation or other issue relating to an award of attorneys' fees to Plaintiffs' Counsel and/or Atlanta Marquis LP's Counsel shall not affect the finality of the Judgment Order for purposes of this Settlement and the Judgment Order shall be deemed "Final" notwithstanding such an appeal.

1.53 "Haas Litigation" means the lawsuit styled: Cause No. 98-CI-04092; Robert M. Haas, Sr., et al v. Host Marriott Corporation, et al; in the 57th Judicial District Court of Bexar County, Texas (the "Court").

1.54 "Hearing Order" means the Order with Respect to Hearing on the Settlement, Notice, and Plaintiffs' Counsels' and Atlanta Marquis LP's Counsels' Applications for Attorneys' Fees and Reimbursement of Litigation Costs and Expenses.

1.55 "Host Marriott" means, individually and collectively, Host Marriott Corporation, a Maryland corporation, and Host Marriott, L.P., a Delaware limited partnership of which Host Marriott Corporation is the general partner, and their respective successors and assigns.

1.56 "Insiders" means those persons or entities related to Defendants and identified on Exhibit "A."

1.57 "Interest" means simple interest at the rate for one year certificates of deposit as published in the Wall Street Journal "Money Rates" to be adjusted (but not compounded) on a weekly basis on Monday of each week.

1.58 "Joint Venture" means a to-be-formed Delaware limited liability company owned by Rockledge and by an indirect wholly-owned subsidiary of Marriott International, and each other Person in which it directly or indirectly will have an ownership interest, and their respective successors and assigns.

1.59 "Judgment Order" means the judgment order to be rendered by the Court in the Milkes and Haas Litigations approving the fairness of the Settlement, dismissing the Milkes and Haas Litigations with prejudice, extinguishing as to the Released Persons the Released Claims and permanently barring and enjoining such persons from asserting such Released Claims, and addressing such other matters as the Court deems necessary and appropriate.

1.60 "Marriott International" means Marriott International, Inc., a Delaware Corporation, and its successors and assigns.

1.61 "Milkes Litigation" means the lawsuit styled: Cause No. 96-CI-08327; A.R. Milkes and D.R. Burklew v. Host Marriott Corporation, et al.; in the 285th Judicial District Court of Bexar County, Texas (the "Court").

1.62 "Net Settlement Amount" means:

(a) as to each Plaintiff, the pro-rata portion of the settlement amount due to such Plaintiff for a particular partnership, less Plaintiffs' Counsel's Attorneys' Fees,; and reduced further by the amount, if any, such Plaintiff owes on the purchase price of its unit.

(b) as to the Palm Intervenors, the pro-rata portion of the settlement amount due to the Palm Intervenors for a particular partnership, without any deduction for Plaintiffs' Counsel's Attorneys' Fees, it being understood that the Palm Intervenors shall be separately responsible for payment of attorneys' fees and litigation costs and expenses to Palm's Counsel and that no request for reimbursement from the Settlement Fund will be made by Palm's Counsel to the Court;

(c) as to the Equity Intervenors, the pro-rata portion of the settlement amount due to the Equity Intervenors for a particular partnership, without regard to any deduction for Plaintiffs' Counsel's Attorneys' Fees, it being understood that the Equity Intervenors shall be separately responsible for payment of attorneys' fees and litigation costs and expenses to Equity's Counsel and that no request for reimbursement from the Settlement Fund will be made by Equity's Counsel to the Court;

(d) as to the Insiders, the pro-rata portion of the settlement amount due to Insiders in the CBM I LP Settlement or the CBM II LP Settlement, without regard to deduction for Plaintiffs' Counsel's Attorneys' Fees, it being understood that the Insiders were not represented by Plaintiffs' Counsel and will make no separate application for reimbursement of

attorneys' fees or litigation costs.

1.63 "Net Settlement Fund" means the Settlement Fund less (a) Plaintiffs' Counsel's Attorneys' Fees; and (b) any and all payments to the Equity Intervenors, the Palm Intervenors and/or the Insiders as set forth herein.

1.64 "Palm Intervenors" shall mean Palm Investors, LLC and any affiliates who purchased CBM II LP or CBM I LP Units.

1.65 "Palm's Counsel" means R. James George and the law firm of George & Donaldson, LLP.

1.66 "Person" means a natural person or entity, corporation, partnership, limited partnership, association, joint stock company, limited liability company, estate, legal representative, trust, unincorporated association, government or any political subdivision or agency thereof, or any business or legal entity, and its respective spouses, heirs, predecessors, successors, representatives, agents or assigns.

1.67 "Plaintiffs" means collectively all CBM I LP Plaintiffs, all CBM II LP Plaintiffs, all Residence Inn I LP Plaintiffs, all Residence Inn II LP Plaintiffs, all Fairfield Inn Plaintiffs, and all Desert Springs LP Plaintiffs.

1.68 "Plaintiffs' Counsel" means David Berg and the law firm of Berg, Androphy & Wilson; Stephen Hackerman and the law firm of Hackerman, Peterson, Frankel & Manela; David E. Warden, and the law firm of Yetter & Warden; James L. Branton, and the law firm of Branton & Hall; James Moriarty and the law firm of Moriarty & Associates, PC; J. Boyd Page and the law firm of Page & Bacek, LLP; Linda Broocks and the law firm of Ogden, Gibson, White & Broocks, LLP; Charles E. Dorr and the law firm of Charles E. Dorr, P.C.; Roy Barrera, Sr. and the law firm of Nicholas & Barrera, P.C.; and J.A. Canales and the law firm of Canales &

Simonson.

1.69 "Plaintiffs' Counsel's Attorneys' Fees" means the attorneys' fees and reimbursement of litigation costs and expenses awarded by the Court to Plaintiffs' Counsel less \$4.25 million, the amount by which Plaintiffs' Counsel has agreed to reduce their attorneys' fees pursuant to Paragraph 13.1 herein.

1.70 "Plan of Allocation" means a plan or formula of allocation of the Settlement Fund to be approved by the Court whereby the Settlement Fund and the Net Settlement Fund shall be distributed as set forth herein.

1.71 "Proposed CBM I LP Partnership Agreement Amendments" means the amendments to the Amended and Restated Agreement of Limited Partnership of CBM I LP, as amended, as requested by the Joint Venture or any of the Defendants in order to permit, implement or facilitate the CBM I LP Settlement or any of the transactions constituting a part thereof (including, without limitation, the CBM I LP Unit Acquisition and the CBM I LP Merger), which amendments shall be described in the CBM I LP Purchase Offer/Consent Solicitation Statement approved by the Court as part of the CBM I LP Notice.

1.72 "Proposed CBM II LP Partnership Agreement Amendments" means the amendments to the Amended and Restated Agreement of Limited Partnership of CBM II LP, as amended, as requested by the Joint Venture or any of the Defendants in order to permit, implement or facilitate the CBM II LP Settlement or any of the transactions constituting a part thereof (including, without limitation, the CBM II LP Unit Acquisition and the CBM II LP Merger), which amendments shall be described in the CBM II LP Purchase/Offer/Consent Solicitation Statement approved by the Court as part of the CBM II LP Notice.

1.73 "Released Claims" means all those claims which are released, settled and discharged as part of this Settlement as described on Exhibits B, C, D, E, F, and G, attached hereto and incorporated herein by reference.

1.74 "Released Atlanta Marquis LP Claims" means all those claims which are released, settled and discharged as part of the Atlanta Marquis LP Settlement.

1.75 "Released CBM I LP Claims" means all those claims which are released, settled and discharged as part of the CBM I LP Settlement, and which are described on Exhibit B, attached hereto and incorporated herein by reference.

1.76 "Released CBM II LP Claims" means all those claims which are released, settled and discharged as part of the CBM II LP Settlement, and which are described on Exhibit C, attached hereto and incorporated herein by reference.

1.77 "Released Desert Springs LP Claims" means all those claims which are released, settled and discharged as part of the Desert Springs LP Settlement, and which are described on Exhibit D,, attached hereto and incorporated herein by reference.

1.78 "Released Fairfield Inn LP Claims" means all those claims which are released, settled and discharged as part of the Fairfield Inn LP Settlement, and which are described on Exhibit E, attached hereto and incorporated herein by reference.

1.79 "Released Persons" means: (i) each and all of the Defendants and their predecessors, successors, parents, subsidiaries, divisions, affiliates and related entities; (ii) each of the foregoing persons' or entities' respective past or present directors, officers, employees, partners, members, principals, trustees, agents, servants, appraisers, including, but not limited to, Stephen Rushmore and Hospitality Valuation Services, Inc., underwriters, issuers, shareholders, insurers, co-insurers, reinsurers, independent contractors, controlling shareholders, wholesalers,

resellers, distributors, retailers, attorneys, accountants, auditors, consultants, investment bankers, advisors, personal representatives, affiliates, predecessors, successors, parents, subsidiaries, divisions, assigns, spouses, heirs, executors, administrators, associates, and related or affiliated entities; and (iii) any members of the foregoing persons' immediate families, or any trust of which any of the foregoing persons is the settlor or which is for the benefit of any of the foregoing persons and/or member(s) of his or her family.

1.80 "Released Residence Inn I LP Claims" means all those claims which are released, settled and discharged as part of the Residence Inn I LP Settlement, and which are described on Exhibit F, attached hereto and incorporated herein by reference.

1.81 "Released Residence Inn II LP Claims" means all those claims which are released, settled and discharged as part of the Residence Inn II LP Settlement, and which are described on Exhibit G, attached hereto and incorporated herein by reference.

1.82 "Residence Inn I LP" means the Marriott Residence Inn Limited Partnership.

1.83 "Residence Inn I LP Notice" means the Notice of Proposed Settlement of Class Action and Settlement Hearing to be given to the Residence Inn I LP Class which will be certified as part of the Residence Inn I LP Settlement, and to the Palm Intervenors and the Equity Intervenors who own units in Residence Inn I LP.

1.84 "Residence Inn I LP Plaintiffs" means all persons named as parties in the Haas Litigation who own units in and/or a claim concerning the Residence Inn I LP, other than the Palm Intervenors and the Equity Intervenors, and all putative members of the Residence Inn I LP Class to be certified in the Haas Litigation.

1.85 "Residence Inn I LP Proof of Claim" means the Residence Inn I LP Proof of Claim and Release.

1.86 "Residence Inn I LP Settlement" means the satisfaction of all the Settlement terms and conditions as set forth herein.

1.87 "Residence Inn I LP Settlement Amount" means the aggregate of \$14,981,728.00, or \$228.38 for each of the 65,600 Residence Inn I LP partnership units that does not opt-out of the Residence Inn I LP Class and executes the Residence Inn I LP Proof of Claim, the aggregate amount reduced, however, by \$228.38 for each unit below 65,600 which fails to settle as provided herein.

1.88 "Residence Inn II LP" means the Marriott Residence Inn II Limited Partnership.

1.89 "Residence Inn II LP Notice" means the Notice of Proposed Settlement of Class Action and Settlement Hearing to be given to the Residence Inn II LP Class which will be certified as part of the Residence Inn II LP Settlement, and to the Palm Intervenors and the Equity Intervenors who own units in Residence Inn II LP.

1.90 "Residence Inn II LP Plaintiffs" means all persons named as parties in the Haas Litigation who own units in and/or a claim concerning Residence Inn II LP, other than the Palm Intervenors and the Equity Intervenors, and all putative members of the Residence Inn II LP Class to be certified in the Haas Litigation.

1.91 "Residence Inn II LP Proof of Claim" means the Residence Inn II LP Proof of Claim and Release.

1.92 "Residence Inn II LP Settlement" means the satisfaction of all the Settlement terms and conditions as set forth herein.

1.93 "Residence Inn II LP Settlement Amount" means the aggregate of \$15,986,600.00, or \$228.38 for each of the 70,000 Residence Inn II LP partnership units that does not opt-out of the Residence Inn II LP Class and executes the Residence Inn II LP Proof of

Claim, the aggregate amount reduced, however, by \$228.38 for each unit below 70,000 which fails to settle as provided herein.

1.94 "Rockledge" means Rockledge Hotel Properties, Inc., a Delaware corporation in which Host Marriott owns approximately 95% of the economic interests and which is the owner, directly or indirectly, of 99% of each of CBM One LLC, CBM Two LLC, RIBM One LLC, RIBM Two LLC and FIBM One LLC, the general partners of CBM I LP, CBM II LP, Residence Inn I LP, Residence Inn II LP and Fairfield Inn LP, respectively, by virtue of their mergers with CBM One Corporation, CBM Two Corporation, RIBM One Corporation, Marriott RIBM Two Corporation and Marriott FIBM One Corporation, respectively, and its successors and assigns. Rockledge has joined in this Settlement Agreement as an additional party hereto.

1.95 "Settlement" means the resolution of the Milkes and Haas Litigations, according to the terms and conditions set forth in this Settlement Agreement.

1.96 "Settlement Agreement" means this Settlement Agreement.

1.97 "Settlement Fund" means the total of the CBM I LP Settlement Amount, CBM II LP Settlement Amount,, Residence Inn I LP Settlement Amount, Residence Inn II LP Settlement Amount,, Fairfield Inn LP Settlement Amount, and Desert Springs LP Settlement Amount, plus any Interest pursuant to Paragraphs 11.2 and 17.1, less \$4.25 Million to be taken out of any award of attorneys' fees to Plaintiffs' Counsel as set forth herein.

1.98 "Settling Parties" means, collectively, each of the Defendants, the Plaintiffs, the Palm Intervenors, the Equity Intervenors and the SLC, by and through their respective counsel of record in the Haas and Milkes Litigations.

1.99 "SLC" means the Special Litigation Committee appointed by the General Partners of CBM I LP and CBM II LP.

1.100 "Sturm Litigation" means the lawsuit styled Civil Action No. 1:97-CV-3706-TWT; Hiram and Ruth Sturm, et al v. Marriott Marquis Corporation, et al; In the United States District Court for the Northern District of Georgia.

1.101 "Sturm Plaintiffs" means all persons named as parties in the Sturm Litigation who formerly owned units in and/or a claim concerning the Atlanta Marquis LP, other than the Equity Intervenors, and all putative members of the class to be certified in the Sturm Litigation.

2. CBM I LP Settlement

2.1 As part of the CBM I LP Settlement, and subject to the terms and conditions contained herein, the Joint Venture will pay or cause to be paid the CBM I LP Settlement Amount on behalf of and for the benefit of the CBM I LP Plaintiffs, the Palm Intervenors, the Equity Intervenors and the Insiders (other than CBM One LLC).

2.2 As part of the CBM I LP Settlement, and subject to the terms and conditions contained herein, Plaintiffs' Counsel, with the advice and consent of Defendants' Counsel, will move for and be granted certification of a settlement class consisting of all CBM I LP Unit holders, excluding, however, the Equity Intervenors and the Palm Intervenors (the "CBM I LP Class").

2.3 As part of the CBM I LP Settlement, and subject to the terms and conditions contained herein, the CBM I LP Plaintiffs, the Palm Intervenors and the Equity Intervenors will RELEASE, ACQUIT and FOREVER DISCHARGE the Released Persons from the Released CBM I LP Claims as of the Effective Date. The Released CBM I LP Claims are defined in Exhibit B, attached hereto and incorporated herein by reference.

2.4 As part of the CBM I LP Settlement, and subject to the terms and conditions contained herein, the CBM I LP Plaintiffs, the Palm Intervenors, the Equity Intervenors and the

Insiders (other than CBM One LLC) will assign, transfer and convey to the Joint Venture, or to one or more of its designees, all CBM I LP Units, half-units and other fractional units, together with all right, title and interest held, owned or claimed in CBM I LP.

2.5 As part of the CBM I LP Settlement, and subject to the terms and conditions contained herein, each CBM I LP Plaintiff, Palm Intervenor and Equity Intervenor will be given an opportunity to vote on those certain Proposed CBM I LP Partnership Agreement Amendments which will be described in the CBM I LP Purchase Offer/Consent Solicitation Statement to be sent to each CBM I LP Plaintiff, Palm Intervenor and Equity Intervenor.

2.6 As part of the CBM I LP Settlement, and subject to the terms and conditions contained herein, each CBM I LP Plaintiff, Palm Intervenor and Equity Intervenor will be given the opportunity to vote on the CBM I LP Merger which will be described in the CBM I LP Purchase Offer/Consent Solicitation Statement sent to all CBM I LP Plaintiffs, Palm Intervenor and Equity Intervenor.

2.7 As part of the CBM I LP Settlement, and subject to the terms and conditions contained herein, and before payment of any CBM I LP Settlement Amount is made to any such person, each CBM I LP Plaintiff, Palm Intervenor, Equity Intervenor and Insider will execute and timely return the CBM I LP Proof of Claim in the form and manner described therein.

2.8 Defendants have the unilateral option, at their sole discretion prior to the entry of the Judgment Order, to terminate the CBM I LP Settlement, without cost or expense, other than notice costs relating to the CBM I LP Settlement, if: (1) holders of more than ten percent (10%) of the CBM I LP Units opt-out of the CBM I LP Settlement; or (2) holders of a majority of the CBM I LP Units (other than those owned by Insiders) fail to vote in favor of or given written consent to the CBM I LP Merger or the Proposed CBM I LP Partnership Agreement

Amendments; or (3) Defendants fail to receive any necessary third party consents; or (4) any of the terms or conditions of Paragraph 10 are not satisfied.

2.9 Subject to the terms and conditions set forth herein (including, without limitation, the conditions set forth in Paragraphs 10.1 and 10.2 hereof), the CBM I LP Settlement will be effected through a fully-integrated two-step process approved by the Court as described in this Paragraph 2.9.

(a) CBM I LP Unit Acquisition. The first step of the CBM I LP

Settlement shall be the acquisition by the Joint Venture or one or more of its designees of the CBM I LP Units held by the CBM I LP Plaintiffs, the Palm Intervenors, the Equity Intervenors and the Insiders (other than CBM One LLC) and the release of the Released Persons from the Released CBM I LP Claims by the CBM I LP Plaintiffs, the Palm Intervenors and the Equity Intervenors (the "CBM I LP Unit Acquisition"). In the CBM I LP Unit Acquisition, the Joint Venture shall pay or cause to be paid, at the appropriate time as provided herein, to each CBM I LP Plaintiff, Palm Intervenor, Equity Intervenor and Insider (other than CBM One LLC) after receipt by the Claims Administrator of a valid CBM I LP Proof of Claim as described in Paragraph 1.15 hereof prior to the CBM I LP Unit Acquisition Closing Date, an amount with respect to each CBM I LP Unit (or half-CBM I LP Unit or other fractional CBM I LP Unit) so acquired equal to its pro-rata proportion of the Net Settlement Amount with respect to CBM I LP. To receive the Net Settlement Amount with respect to CBM I LP, a CBM I LP Plaintiff, Palm Intervenor, Equity Intervenor or Insider (other than CBM One LLC), as the case may be, shall have executed and delivered the CBM I LP Proof of Claim prior to the CBM I LP Unit Acquisition Date, pursuant to which such person shall have (A) assigned, transferred and conveyed to the Joint Venture or one or more of its designees all right, title and interest in all CBM I LP Units, half-CBM I LP

Units and other fractional CBM I LP Units owned by such person, together with all rights, title and interest held, owned or claimed in CBM I LP, free and clear of all pledges, security interests, liens and other encumbrances whatsoever, and (B) released the Released Persons from the Released CBM I LP Claims. The CBM I LP Unit Acquisition shall be effective as of the Effective Date, and the CBM I LP Unit Acquisition Closing Date shall be as soon as practicable following the Effective Date.

(b) CBM I LP Merger. The second step of the Settlement with

respect to CBM I LP shall be the merger of a subsidiary of the Joint Venture with and into CBM I LP, with CBM I LP surviving as the surviving limited partnership (the "CBM I LP Merger"), pursuant to an agreement and plan of merger to be entered into among CBM I LP, the Joint Venture and such merger subsidiary and attached to the CBM I LP Purchase Offer/Consent Solicitation Statement. In the CBM I LP Merger, (A) the general partner interest held by CBM One LLC and each CBM I LP Unit held directly or indirectly by the Joint Venture (including, without limitation, the CBM I LP Units acquired in the CBM I LP Unit Acquisition) shall remain outstanding and shall be unaffected by the CBM I LP Merger, (B) the interests in the merger subsidiary shall be converted into CBM I LP Units, (C) each CBM I LP Unit held by a CBM I LP Plaintiff, Palm Intervenor, Equity Intervenor, or Insider (other than CBM One LLC) who has not executed and delivered to the Claims Administrator a CBM I LP Proof of Claim prior to the CBM I LP Unit Acquisition Closing Date shall be converted into the right to receive cash in an amount equal to their pro-rata proportion of the Net Settlement Amount with respect to CBM I LP, and (D) each remaining CBM I LP Unit, being a CBM I LP Unit held by a Person who has opted-out of the CBM I LP Class and elected not to participate in the CBM I LP Settlement, shall be converted into the right to receive cash in an amount equal to the value of such CBM I LP

Unit, determined in the following manner: (I) two independent, nationally recognized hotel valuation firms approved by the Court and identified in the CBM I LP Merger Agreement shall appraise the market value of the hotels owned by CBM I LP as of the Effective Date, which appraisals shall be completed within 60 days after the effective time of the CBM I LP Merger and set forth in a report certified by a MAI appraiser as having been prepared in accordance with the requirements of the Standards of Professional Practice of the Appraisal Institute and the Uniform Standards of Professional Appraisal Practice of the Appraisal Foundation (which may be based on site visits to 10 or more hotels and a limited scope review deemed appropriate by such appraisal firm); and (II) the value of such CBM I LP Unit shall be equal to the amount that would be distributed with respect to such CBM I LP Unit if the CBM I LP hotels were sold for an amount equal to the average of the appraised values determined by the two appraisers, all outstanding indebtedness of CBM I LP and its subsidiaries were repaid in full in accordance with its terms (including any applicable defeasance costs and prepayment penalties), all other liabilities of CBM I LP and its subsidiaries were paid in full (including all amounts due under the CBM I LP management agreement), and CBM I LP thereafter were liquidated and the liquidation proceeds were distributed among the CBM I LP partners in accordance with the terms of the CBM I LP Partnership Agreement. The amount to be received in the CBM I LP Merger by the holders of the CBM I LP Units who have opted-out of the CBM I LP Class and elected not to participate in the CBM I LP Settlement will not include any amount with respect to any claims against the Defendants. The CBM I LP Merger shall be consummated and be effective on the CBM I LP Unit Acquisition Closing Date immediately following consummation of the CBM I LP Unit Acquisition, and thereafter the holders of CBM I LP Units who have not yet delivered a CBM I LP Proof of Claim and holders of CBM I LP Units who have opted-out of the

CBM I LP Class and elected not to participate in the CBM I LP Settlement shall no longer hold any equity interest in CBM I LP.

2.10 CBM I LP Plaintiffs who elect not to participate ("Opt-Out CBM I LP Plaintiffs") will be informed in the proposed CBM I LP Notice that in addition to the payment described in Paragraph 2.9(b)(D), they are free to pursue individual claims against the Defendants by hiring independent counsel, which will not include any counsel who have appeared for the CBM I LP Plaintiffs in the Haas Litigation.

2.11 Notwithstanding the failure of any CBM I LP Plaintiff, Palm Intervenors, Equity Intervenors or Insiders to execute and deliver the CBM I LP Proof of Claim, upon the Judgment Order becoming Final, such CBM I LP Plaintiffs, Palm Intervenors, Equity Intervenors and Insiders will be deemed to have: (1) released the Released CBM I LP Claims against the Released Persons; and (2) assigned, transferred and conveyed to the Joint Venture or one or more of its designees, all CBM I LP Units, half-units and other fractional units in CBM I LP.

3. CBM II LP Settlement

3.1 As part of the CBM II LP Settlement, and subject to the terms and conditions contained herein, the Joint Venture will pay or cause to be paid the CBM II LP Settlement Amount on behalf of and for the benefit of the CBM II LP Plaintiffs, the Palm Intervenors, the Equity Intervenors and the Insiders (other than CBM Two LLC).

3.2 As part of the CBM II LP Settlement, and subject to the terms and conditions contained herein, the CBM II LP Plaintiffs, the Palm Intervenors and Equity Intervenors will RELEASE, ACQUIT and FOREVER DISCHARGE the Released Persons from the Released CBM II LP Claims as of the Effective Date. The Released CBM II LP Claims are defined in Exhibit C, attached hereto and incorporated herein by reference.

3.3 As part of the CBM II LP Settlement, and subject to the terms and conditions contained herein, the CBM II LP Plaintiffs, the Palm Intervenors, the Equity Intervenors and the Insiders (other than CBM Two LLC) will assign, transfer and convey to the Joint Venture or to one or more of its designees, all CBM II LP Partnership Units, half-units and other fractional units, together with all rights, title and interest held, owned or claimed in CBM II LP.

3.4 As part of the CBM II LP Settlement, and subject to the terms and conditions contained herein, each CBM II LP Plaintiff, Palm Intervenor and Equity Intervenor will be given an opportunity to vote on those certain Proposed CBM II LP Partnership Agreement Amendments which will be described in the CBM II LP Purchase Offer/Consent Solicitation Statement to be sent to each CBM II LP Plaintiff, Palm Intervenor and Equity Intervenor.

3.5 As part of the CBM II LP Settlement, and subject to the terms and conditions contained herein, each CBM II LP Plaintiff, Palm Intervenor and Equity Intervenor will be given an opportunity to vote on the CBM II LP Merger which will be described in the CBM II LP Purchase/Offer Consent Solicitation Statement sent to all CBM II LP Plaintiffs, Palm Intervenors and Equity Intervenors.

3.6 As part of the CBM II LP Settlement, and subject to the terms and conditions contained herein, and before payment of any CBM II LP Settlement Amount is made to any such person, each CBM II LP Plaintiff, Palm Intervenor, Equity Intervenor and Insider will execute and timely return the CBM II LP Proof of Claim in the form and manner described therein.

3.7 Defendants have the unilateral option, at their sole discretion prior to the entry of the Judgment Order, to terminate the CBM II LP Settlement, without cost or expense, other than notice costs relating to the CBM II LP Settlement, if: (1) holders of more than ten percent (10%) of the CBM II LP Units opt-out of the CBM II LP Settlement; or (2) holders of a majority of the

CBM II LP Units (other than those owned by Insiders) fail to vote in favor of or give written consent to the CBM II LP Merger or the Proposed CBM II LP Partnership Agreement Amendments; or (3) Defendants fail to receive any necessary third party consents; or (4) the terms and conditions of Paragraph 10 are not satisfied.

3.8 Subject to the terms and conditions set forth herein (including, without limitation, the conditions set forth in Paragraphs 10.1 and 10.2 hereof), the CBM II LP Settlement will be effected through a fully-integrated two-step process approved by the Court as described in this Paragraph 3.8.

(a) CBM II LP Unit Acquisition. The first step of the CBM II LP

Settlement shall be the acquisition by the Joint Venture or one or more of its designees of the CBM II LP Units held by the CBM II LP Plaintiffs, the Palm Intervenors, the Equity Intervenors and Insiders (other than CBM Two LLC) and the release of the Released Persons from the Released CBM II LP Claims by the CBM II LP Plaintiffs, the Palm Intervenors, the Equity Intervenors and the Insiders (the "CBM II LP Unit Acquisition"). In the CBM II LP Unit Acquisition, the Joint Venture shall pay or cause to be paid, at the appropriate time as provided herein, to each CBM II LP Plaintiff, Palm Intervenors, Equity Intervenors and Insiders (other than CBM Two LLC) after receipt by the Claims Administrator of a valid CBM II LP Proof of Claim as described in Paragraph 1.76 hereof, prior to the CBM II LP Unit Acquisition Closing Date, an amount with respect to each CBM II LP Unit (or half-CBM II LP Unit or other fractional CBM II LP Unit) so acquired equal to their pro-rata proportion of the Net Settlement Amount with respect to CBM II LP. To receive the Net Settlement Amount with respect to CBM II LP, a CBM II LP Plaintiff, Palm Intervenors, Equity Intervenors and Insider (other than CBM Two LLC), as the case may be, shall have executed and delivered the CBM II LP Proof of Claim, prior to the CBM II LP Unit

Acquisition Closing Date, pursuant to which such person shall have (A) assigned, transferred and conveyed to the Joint Venture or one or more of its designees all rights, title and interest in all CBM II LP Units, half-CBM II LP Units and other fractional CBM II LP Units owned by such person, together with all rights, title and interest held, owned or claimed in CBM II LP, free and clear of all pledges, security interests, liens and other encumbrances whatsoever, and (B) released the Released Persons from the Released CBM II LP Claims. The CBM II LP Unit Acquisition shall be effective as of the Effective Date and shall be consummated as soon as practicable following the Effective Date.

(b) CBM II LP Merger. The second step of the Settlement with respect

to CBM II LP shall be the merger of a subsidiary of the Joint Venture with and into CBM II LP, with CBM II LP surviving as the surviving limited partnership (the "CBM II LP Merger"), pursuant to an agreement and plan of merger to be entered into among CBM II LP, the Joint Venture and such merger subsidiary and attached to the CBM II LP Purchase Offer/Consent Solicitation Statement. In the CBM II LP Merger, (A) the general partner interest held by CBM One LLC and each CBM II LP Unit held directly or indirectly by the Joint Venture (including, without limitation, the CBM II LP Units acquired in the CBM II LP Unit Acquisition) shall remain outstanding and shall be unaffected by the CBM II LP Merger, (B) the interests in the merger subsidiary shall be converted into CBM II LP Units, (C) each CBM II LP Unit held by a CBM II LP Plaintiff, a Palm Intervenor, an Equity Intervenor or Insider (other than CBM Two LLC) who has not executed and delivered to the Claims Administrator a CBM II LP Proof of Claim prior to the CBM II LP Unit Acquisition Closing Date shall be converted into the right to receive cash in an amount equal to their pro-rata proportion of the Net Settlement Amount with respect to CBM II LP, and (D) each remaining CBM II LP Unit, being a CBM II LP Unit held by a Person who has

opted-out of the CBM II LP Class and elected not to participate in the CBM II LP Settlement, shall be converted into the right to receive cash in an amount equal to the value of such CBM II LP Unit, determined in the following manner: (I) two independent, nationally recognized hotel valuation firms approved by the Court and identified in the CBM II LP merger agreement shall appraise the market value of the hotels owned by CBM II LP as of the Effective Date, which appraisals shall be completed within 60 days after the effective time of the CBM II LP Merger and set forth in a report certified by a MAI appraiser as having been prepared in accordance with the requirements of the Standards of Professional Practice of the Appraisal Institute and the Uniform Standards of Professional Appraisal Practice of the Appraisal Foundation (which may be based on site visits to 10 or more hotels and a limited scope review deemed appropriate by such appraisal firm); and (II) the value of such CBM II LP Unit shall be equal to the amount that would be distributed with respect to such CBM II LP Unit if the CBM II LP hotels were sold for an amount equal to the average of the appraised values determined by the two appraisers, all outstanding indebtedness of CBM II LP and its subsidiaries were repaid in full in accordance with its terms (including any applicable defeasance costs and prepayment penalties), all other liabilities of CBM II LP and its subsidiaries were paid in full (including all amounts due under the CBM II LP Management Agreement), and CBM II LP thereafter were liquidated and the liquidation proceeds were distributed among the CBM II LP partners in accordance with the terms of the CBM II LP Partnership Agreement. The amount to be received in the CBM II LP Merger by the holders of the CBM II LP Units who have opted-out of the CBM II LP Class and elected not to participate in the CBM II LP Settlement will not include any amount with respect to any claims against the Defendants. The CBM II LP Merger shall be consummated and be effective on the CBM II LP Unit Acquisition Closing Date immediately following consummation

of the CBM II LP Unit Acquisition and thereafter the holders of CBM II LP Units who have not yet delivered a CBM II LP Proof of Claim and holders of CBM II LP Units who have opted-out of the CBM II LP Class and elected not to participate in the CBM II LP Settlement shall no longer hold any equity interest in CBM II LP.

3.9 CBM II LP Plaintiffs who elect not to participate ("Opt-Out CBM II LP Plaintiffs") will be informed in the CBM II LP Notice that in addition to the payment described in Paragraph 3.8(b)(D), they are free to pursue individual claims against the Defendants by hiring independent counsel, which will not include any counsel who have appeared for the CBM II LP Plaintiffs in the Milkes Litigation.

3.10 Notwithstanding any CBM II LP Plaintiff, Palm Intervenors, Equity Intervenors or Insiders failure to execute and deliver the CBM II LP Proof of Claim, upon the Judgment Order becoming Final, such CBM II LP Plaintiffs, Palm Intervenors, Equity Intervenors and Insiders will be deemed to have: (1) released the Released CBM II LP Claims against the Released Persons; and (2) assigned, transferred and conveyed to the Joint Venture or one or more of its designees, all CBM II LP Partnership Units, half-units and other fractional units in CBM II LP.

4. The Residence Inn I LP Settlement

4.1 As part of the Residence Inn I LP Settlement, and subject to the terms and conditions contained herein, Plaintiffs' Counsel, with the advice and consent of Defendants' Counsel, will move for and be granted certification of a settlement class consisting of all Residence Inn I LP unit holders, excluding, however, the Equity Intervenors who own units in Residence Inn I LP (the "Residence Inn I LP Class").

4.2 As part of the Residence Inn I LP Settlement, and subject to the terms and conditions contained herein, Rockledge and Marriott International or its designee, will pay or cause to be paid the Residence Inn I LP Settlement Amount.

4.3 As part of the Residence Inn I LP Settlement, and subject to the terms and conditions contained herein, the Residence Inn I LP Plaintiffs, the Palm Intervenors and the Equity Intervenors will RELEASE, ACQUIT and FOREVER DISCHARGE the Released Persons from the Residence Inn I LP Released Claims as of the Effective Date. The Residence Inn I LP Released Claims are described on Exhibit F attached hereto and incorporated herein by reference.

4.4 As part of the Residence Inn I LP Settlement, and subject to the terms and conditions contained herein, and before payment of any Residence Inn I LP Settlement Amount is made to any such person, each Residence Inn I LP Plaintiff and Equity Intervenors will execute and timely return the Residence Inn I LP Proof of Claim in the form and manner described therein.

4.5 As part of the Residence Inn I LP Settlement, and subject to the terms and conditions contained herein, Defendants will waive the right to receive payment in the future of \$29,781,000.00 in deferred management fees presently owed to the manager pursuant to the terms of the Residence Inn I LP Management Agreement.

4.6 Defendants have the unilateral option, at their sole discretion prior to entry of the Judgment Order, to terminate the Residence Inn I LP Settlement, without cost or expense, other than notice costs relating to the Residence Inn I LP Settlement, if holders of more than ten percent (10%) of the 65,600 units outstanding in Residence Inn I LP opt-out of the Residence Inn I LP Settlement. If the Residence Inn I LP Settlement proceeds with fewer than one hundred

percent (100%) of the 65,600 units participating, the amount of the Residence Inn I LP Settlement Amount shall be reduced by \$228.38 for every such non-participating unit.

4.7 Residence Inn I LP Plaintiffs who elect not to participate ("Opt-Out Residence Inn I Plaintiffs") will be informed in the proposed Residence Inn I LP Notice that they will receive no settlement payment but are free to pursue individual claims against the Defendants by hiring independent counsel, which will not include any counsel who have appeared for the Residence Inn I LP Plaintiffs in the Haas Litigation.

4.8 The Residence Inn I LP Settlement is also subject to Paragraph 10 hereof.

4.9 Notwithstanding the failure of any Residence Inn I LP Plaintiff, Palm Intervenors or Equity Intervenors to execute and deliver the Residence Inn I LP Proof of Claim, upon the Judgment Order becoming Final, such Residence Inn I LP Plaintiffs, Palm Intervenors and Equity Intervenors will be deemed to have released the Released Residence Inn I LP Claims against the Released Persons.

5. The Residence Inn II LP Settlement

5.1 As part of the Residence Inn II LP Settlement, and subject to the terms and conditions contained herein, Plaintiffs' Counsel, with the advice and consent of Defendants' Counsel, will move for and be granted certification of a settlement class consisting of all Residence Inn II LP unit holders, excluding, however, the Equity Intervenors who own units in Residence Inn II LP (the "Residence Inn II LP Class").

5.2 As part of the Residence Inn II LP Settlement, and subject to the terms and conditions contained herein, Rockledge and Marriott International or its designee, will pay or cause to be paid the Residence Inn I LP Settlement Amount.

5.3 As part of the Residence Inn II LP Settlement, and subject to the terms and

conditions contained herein, the Residence Inn II LP Plaintiffs, the Palm Intervenors and the Equity Intervenors will RELEASE, ACQUIT and FOREVER DISCHARGE the Released Persons from the Residence Inn II LP Released Claims as of the Effective Date. The Residence Inn II LP Released Claims are described on Exhibit G attached hereto and incorporated herein by reference.

5.4 As part of the Residence Inn II LP Settlement, and subject to the terms and conditions contained herein, and before payment of any Residence Inn II LP Settlement Amount is made to any such person, each Residence Inn II LP Plaintiff and Equity Intervenors will execute and return the Residence Inn II LP Proof of Claim in the form and manner described therein.

5.5 As part of the Residence Inn II LP Settlement, and subject to the terms and conditions contained herein, Defendants will waive the right to receive payment in the future of \$22,693,000.00 in deferred management fees presently owed to the manager pursuant to the terms of the Residence Inn II LP Management Agreement.

5.6 Defendants have the unilateral option, at their sole discretion prior to the entry of the Judgment Order, to terminate the Residence Inn II LP Settlement, without cost or expense, other than notice costs relating to the Residence Inn II LP Settlement, if holders of more than ten percent (10%) of the 70,000 units outstanding in Residence Inn II LP opt-out of the Residence Inn II LP Settlement. If the Residence Inn II LP Settlement proceeds with fewer than one hundred percent (100%) of the 70,000 units participating, the amount of the Residence Inn II LP Settlement Amount shall be reduced by \$228.38 for every such non-participating unit.

5.7 Residence Inn II LP Plaintiffs who elect not to participate ("Opt-Out Residence Inn II Plaintiffs") will be informed in the proposed Residence Inn II LP Notice that they will

receive no settlement payment but are free to pursue individual claims against the Defendants by hiring independent counsel, which will not include any counsel who have appeared for Residence Inn II LP Plaintiffs in the Haas Litigation.

5.8 The Residence Inn II LP Settlement is also subject to Paragraph 10 herein.

5.9 Notwithstanding the failure of any Residence Inn II LP Plaintiff, Palm Intervenors or Equity Intervenors to execute and deliver the Residence Inn II LP Proof of Claim, upon the Judgment Order becoming Final, such Residence Inn II LP Plaintiffs, Palm Intervenors and Equity Intervenors will be deemed to have released the Released Residence Inn II LP Claims against the Released Persons.

6. The Fairfield Inn LP Settlement

6.1 As part of the Fairfield Inn LP Settlement, and subject to the terms and conditions contained herein, Plaintiffs' Counsel, with the advice and consent of Defendants' Counsel, will move for and be granted certification of a settlement class consisting of all Fairfield Inn LP unit holders, excluding, however, the Equity Intervenors who own units in Fairfield Inn LP (the "Fairfield Inn LP Class").

6.2 As part of the Fairfield Inn LP Settlement, and subject to the terms and conditions contained herein, Rockledge and Marriott International or its designee, will pay or cause to be paid the Fairfield Inn LP Settlement Amount.

6.3 As part of the Fairfield Inn LP Settlement, and subject to the terms and conditions contained herein, the Fairfield Inn LP Plaintiffs, the Palm Intervenors and Equity Intervenors will RELEASE, ACQUIT and FOREVER DISCHARGE the Released Persons from the Fairfield Inn LP Released Claims as of the Effective Date. The Fairfield Inn LP Released Claims are described on Exhibit E attached hereto and incorporated herein by reference.

6.4 As part of the Fairfield Inn LP Settlement, and subject to the terms and conditions contained herein, and before payment of any Fairfield Inn LP Settlement Amount is made to any such person, each Fairfield Inn LP Plaintiff and Equity Intervenor will execute and return the Fairfield Inn LP Proof of Claim in the form and manner described therein.

6.5 As part of the Fairfield Inn LP Settlement, and subject to the terms and conditions contained herein, Defendants will waive the right to receive payment in the future of \$23,483,000.00 in deferred management fees presently owed to the manager pursuant to the terms of the Fairfield Inn LP Management Agreement.

6.6 Defendants have the unilateral option, at their sole discretion prior to entry of the Judgment Order, to terminate the Fairfield Inn LP Settlement, without cost or expense, other than notice costs relating to the Fairfield Inn LP Settlement, if holders of more than ten percent (10%) of the 83,337 units outstanding in Fairfield Inn LP opt-out of the Fairfield Inn LP Settlement. If the Fairfield Inn LP Settlement proceeds with fewer than one hundred percent (100%) of the 83,337 units participating, the amount of the Fairfield Inn LP Settlement Amount shall be reduced by \$228.38 for every such non-participating unit.

6.7 Fairfield Inn LP Plaintiffs who elect not to participate ("Opt-Out Fairfield Inn LP Plaintiffs") will be informed in the proposed Fairfield Inn LP Notice that they will receive no settlement payment but are free to pursue individual claims against the Defendants by hiring independent counsel, which will not include any counsel who have appeared for the Fairfield Inn LP Plaintiffs in the Haas Litigation.

6.8 The Fairfield Inn LP Settlement is subject to Paragraph 10 herein.

6.9 Notwithstanding the failure of any Fairfield Inn LP Plaintiff, Palm Intervenor or Equity Intervenor to execute and deliver the Fairfield Inn LP Proof of Claim, upon the

Judgment Order becoming Final, such Fairfield Inn LP Plaintiffs, Palm Intervenor and Equity Intervenor will be deemed to have released the Released Fairfield Inn LP Claims against the Released Persons.

7. The Desert Springs LP Settlement

7.1 As part of the Desert Springs LP Settlement, and subject to the terms and conditions contained herein, Plaintiffs' Counsel, with the advice and consent of Defendants' Counsel, will move for and be granted certification of a settlement class consisting of all former Desert Springs LP unit holders in two sub-classes: (1) the former holders of the 206 units in Desert Springs LP who have individually appeared in the Haas Litigation; and (2) all other former Desert Springs LP Unit holders, excluding the Equity Intervenor who formerly owned units in Desert Springs LP (collectively the "Desert Springs LP Class").

7.2 As part of the Desert Springs LP Settlement, and subject to the terms and conditions contained herein, Host Marriott and Marriott International or its designee will pay or cause to be paid the Desert Springs LP Settlement Amount.

7.3 As part of the Desert Springs LP Settlement, and subject to the terms and conditions contained herein, the Desert Springs LP Plaintiffs, the Palm Intervenor and the Equity Intervenor will RELEASE, ACQUIT and FOREVER DISCHARGE the Released Persons from the Desert Springs LP Released Claims as of the Effective Date. The Desert Springs LP Released Claims are described on Exhibit D attached hereto and incorporated herein by reference.

7.4 As part of the Desert Springs LP Settlement, and subject to the terms and conditions contained herein, and before payment of any Desert Springs LP Settlement Amount is made to any such person, each Desert Springs LP Plaintiff and Equity Intervenor will execute

and return the Desert Spring LP Proof of Claim in the form and manner described therein.

7.5 Defendants have the unilateral option, at their sole discretion prior to entry of the Judgment Order, to terminate the Desert Springs LP Settlement, without cost or expense, other than notice costs relating to the Desert Springs LP Settlement, if the holders of more than ten percent (10%) of the 900 former units outstanding in Desert Springs LP opt-out of the Desert Springs LP Settlement. If the Desert Springs LP Settlement proceeds with fewer than one hundred percent (100%) of the holders of the 900 former units participating, the amount of the Desert Springs LP Settlement Amount shall be reduced by the amount set forth in Paragraph 1.41 for every such non-participating unit.

7.6 Desert Springs LP Plaintiffs who elect not to participate in the Desert Springs LP Class ("Opt-Out Desert Springs LP Plaintiffs") will be informed in the proposed Desert Springs LP Notice that they will receive no settlement payment but are free to pursue individual claims against the Defendants by hiring independent counsel, which will not include any counsel who have appeared for the Desert Springs LP Plaintiffs in the Haas Litigation.

7.7 The Desert Springs LP Settlement is subject to Paragraph 10 herein.

7.8 Notwithstanding the failure of any Desert Springs LP Plaintiff, Palm Intervenors or Equity Intervenors to execute and deliver the Desert Springs LP Proof of Claim, upon the Judgment Order becoming Final, such Desert Springs LP Plaintiffs, Palm Intervenors and Equity Intervenors will be deemed to have released the Released Desert Springs LP Claims against the Released Persons.

8. The Atlanta Marquis LP Settlement

8.1 As part of this Settlement, Plaintiffs' Counsel and Equity's Counsel will dismiss without prejudice any and all claims in the Haas Litigation relating to Atlanta Marquis LP and inform the Atlanta Marquis Plaintiffs that (i) they are dismissing all claims relating to Atlanta Marquis LP; and (ii) they will be class members in the Sturm Litigation with respect to the Atlanta Marquis LP Settlement.

8.2 As part of the Atlanta Marquis LP Settlement, Atlanta Marquis LP's Counsel, with the advice and consent of Defendants' Counsel, will move for and be granted certification of a settlement class consisting of all parties in the Sturm Litigation who formerly owned units in Atlanta Marquis LP and all other former Atlanta Marquis LP unit holders (the "Atlanta Marquis LP Class"), excluding, however, Equity Intervenors who owned units in Atlanta Marquis LP.

8.3 As part of the Atlanta Marquis LP Settlement, Host Marriott and Marriott International or its designee, will pay or cause to be paid the Atlanta Marquis LP Settlement Amount.

8.4 As part of the Atlanta Marquis LP Settlement, the Sturm Plaintiffs will RELEASE, ACQUIT and FOREVER DISCHARGE the Released Persons.

8.5 As part of the Atlanta Marquis LP Settlement, and before payment of any Atlanta Marquis LP Settlement Amount is made to any such person, each Sturm Plaintiff will execute and return the Atlanta Marquis LP Proof of Claim in the form and manner described therein.

8.6 Defendants have the unilateral option, at their sole discretion prior to entry of the Judgment Order to terminate the Atlanta Marquis LP Settlement, without cost or expense, other than notice costs relating to the Atlanta Marquis LP Settlement, if holders of more than ten

percent (10%) of the former 530 unit holders in Atlanta Marquis LP opt-out of the Atlanta Marquis LP Settlement. If the Atlanta Marquis LP Settlement proceeds with fewer than one hundred percent (100%) of the 530 units participating, the amount of the Atlanta Marquis LP Settlement Amount shall be reduced by \$8,018.86 for every such non-participating unit.

8.7 Sturm Plaintiffs who elect not to participate ("Opt-Out Atlanta Marquis LP Plaintiffs") will be informed in the Atlanta Marquis LP Notice that they will receive no settlement payment but are free to pursue individual claims against the Defendants by hiring independent counsel, which will not include any counsel who have appeared for the Atlanta Marquis LP Plaintiffs or the Sturm Plaintiffs.

9. The SLC

9.1 The SLC agrees that the terms of the CBM II LP Settlement (including, without limitation, the terms and conditions of the CBM II LP Unit Acquisition and the CBM II LP Merger) are fair and reasonable and include a fair and reasonable settlement of any and all derivative claims, expressed or implied, made on behalf of CBM II LP in the Milkes Litigation. If holders of ten percent (10%) or less of the CBM II LP Units opt-out of the CBM II LP Settlement, or, at Defendants' sole option, if holders of more than ten percent (10%) opt-out and Defendants waive, in writing, the condition set forth in Paragraph 10.2(a) as to CBM II LP, the SLC agrees to release, on behalf of CBM II LP and in favor of all Defendants, any and all such derivative claims.

9.2 The CBM II LP Notice shall state that if holders of ten percent (10%) or less of the CBM II LP Units opt-out of the CBM II LP Settlement, or, at Defendants' sole option, if holders of more than ten percent (10%) of the CBM II LP Units opt-out and Defendants waive, in writing, the condition set forth in Paragraph 10.2(a) as to CBM II LP, the SLC agrees to

release upon the Effective Date, on behalf of CBM II LP and in favor of all Defendants, any and all such derivative claims.

9.3 Based on the information received by the SLC to date, the terms of the CBM I LP Settlement (including, without limitation, the terms and conditions of the CBM I LP Unit Acquisition and the CBM I LP Merger) appear to the SLC to be fair and reasonable and to include a fair and reasonable settlement of any and all derivative claims, expressed or implied, made on behalf of CBM I LP in the Haas Litigation. It further appears to the SLC to be fair and reasonable to release, and subject to the SLC's due diligence review, the SLC shall release, on behalf of CBM I LP, in favor of all Defendants, any such derivative claims if ten percent (10%) or less of the CBM I LP Units opt-out of the CBM I LP Settlement, or, at Defendants' sole option, if more than ten percent (10%) opt-out and Defendants waive, in writing, the condition set forth in Paragraph 10.2(a) as to CBM I LP.

9.4 Subject to the SLC's due diligence review, which shall be concluded before the CBM I LP Notice is provided to the Court, the CBM I LP Notice shall state that if holders of ten percent (10%) or less of the CBM I LP Units opt-out of the CBM I LP Settlement, or, at Defendants' sole option, if holders of more than ten percent (10%) of the CBM I LP Units opt-out and Defendants waive, in writing, the condition set forth in Paragraph 10.2(a) as to CBM I LP, the SLC agrees to release upon the Effective Date, on behalf of CBM I LP and in favor of all Defendants, any and all such derivative claims.

9.5 The fees and expenses of the SLC, the SLC's Counsel and any experts retained by the SLC shall be paid by the Defendants or their designees.

10. Conditions to the Effectiveness of the Settlement

10.1 Conditions Prior to Notice. Defendants' obligation to proceed

with this

Settlement Agreement and consummate the transactions contemplated in connection therewith is subject to the condition precedent that any and all necessary consents from third parties shall have been obtained and remain in full force and effect; provided that Host Marriott, Rockledge and Marriott International shall have the right, in their sole and absolute discretion, to waive any such condition, in writing, as to any or all of such consents, which may include the following:

(a) If required, the lenders under the Amended and Restated Credit Agreement dated as of August 5, 1998 (as amended to the date hereof) under which Host Marriott is the borrower;

- (b) If required, the lender under the Loan Agreement dated as of March 21, 1997 (as amended to the date hereof), under which CBM I LP is the borrower (and any Rating Comfort Letter (as defined therein) required in connection with the Settlement shall have obtained);
- (c) If required, the holders of a majority of the outstanding principal amount of Senior Secured Notes due 2008 issued by CBM II LP;
- (d) If required, any ground lessor (other than Marriott International or any affiliate thereof) with respect to any hotel owned by either of CBM I LP or Courtyard II Associates; and
- (e) If required, Hospitality Properties Trust (or its successors or assigns) shall have waived its right to purchase any partnership interest in CBM I LP or CBM II LP pursuant to that certain Purchase-Sale and Option Agreement by and among HMM Courtyard Properties, Inc., HMM Properties, Inc., and Hospitality Properties, Inc., dated as of February 3, 1995, as amended to the date hereof.
- (f) If required, permission by the Securities and Exchange Commission ("SEC") to mail the definitive Purchase Offer/Consent Solicitation Statement to the holders of CBM I LP Units and CBM II LP Units or the SEC staff shall have decided not to review the Purchase Offer/Consent Solicitation Statements.

Following execution of this Settlement Agreement, Defendants will use reasonable

efforts to obtain such consents/permission within sixty (60) days, and notify Plaintiffs' Counsel, Equity's Counsel and Palm's Counsel in writing when such consents have been obtained. If Defendants determine in their sole discretion that such consents/permission cannot be obtained, unless Defendants elect in their sole discretion to waive the requirement of obtaining such consent/permission in writing, Defendants shall notify Plaintiffs' Counsel, Palm's Counsel and Equity's Counsel in writing, at which time this Settlement Agreement and the Settlement shall be null and void and without cost or expense (including Interest expense) to any party, and without further action, the Defendants, the Joint Venture and Rockledge shall be relieved of any obligations under this Settlement Agreement. If Defendants Counsel has not, within 120 days of the execution of this Settlement Agreement, notified Plaintiffs' Counsel, Palm's Counsel and Equity's Counsel that (i) such consents/permission have been obtained; (ii) such consents/permission have been waived; or (iii) such consents/permission cannot be obtained, then Plaintiffs' Counsel has the option to notify Defendants' Counsel in writing that the Settlement shall be null and void without cost or expense (including Interest expense) to any party, and Palm's Counsel and/or Equity's Counsel has the option to notify Defendants' Counsel in writing that the Palm Intervenors and/or the Equity Intervenors (as the case may be) withdraw from the Settlement without cost or expense (including Interest expense) to any party; provided that such notice from Plaintiffs' Counsel, Palm's Counsel and/or Equity's Counsel is sent prior to notice being sent by Defendants' Counsel that the consents/permission have been obtained or waived.

10.2 Conditions Following Notice. Assuming all conditions in Paragraph

10.1 have been satisfied or waived, and following the approval by the Court of certification of the CBM I

LP Class, the Residence Inn I LP Class, the Residence Inn II LP Class, the Fairfield Inn LP Class, and the Desert Springs LP Class, and the sending to the Plaintiffs of the appropriate Notices, Defendants shall be obligated to proceed with this Settlement only if each of the following events shall have occurred and remain in effect within the time set for all Plaintiffs, the Palm Intervenors and Equity Intervenors to return the Consent Forms and/or Proof of Claims or opt-out of the Settlements:

- (a) Holders of ten percent (10%) or less of the units held by limited partners (other than Insiders) in CBM I LP, CBM II LP, Residence Inn I LP, Residence Inn II LP, Desert Springs LP and Atlanta Marquis LP shall have elected not to participate in ("opted-out" of) the Settlement;
- (b) Limited partners holding a majority of the CBM I LP Units (excluding CBM I LP Units held by Insiders) shall have submitted valid written CBM I LP Consent Forms voting in favor of the CBM I LP Merger and the Proposed CBM I LP Partnership Agreement Amendments; and
- (c) Limited partners holding a majority of the CBM II LP Units (excluding the CBM II LP Units held by Insiders) shall have submitted valid written CBM II LP Consent Forms voting in favor of the CBM II LP Merger and the Proposed CBM II LP Partnership Agreement Amendments.

If any of the above conditions are not satisfied, unless Host Marriott, Rockledge and Marriott International elect, in writing, in their sole and absolute discretion, to waive any such condition and proceed with all, or any one or more, or any combination of the CBM I LP Settlement, CBM II LP Settlement, Residence Inn I LP Settlement, Residence Inn II LP Settlement, Desert Springs LP Settlement and Atlanta Marquis LP Settlement, solely at the option of Host Marriott, Rockledge and Marriott International, set forth in writing, this Settlement Agreement and the Settlement as to all or any such Partnerships shall be null and void and without cost or expense to any party (including Interest expense) (and except for the Notice

costs, as set forth elsewhere herein), and without further action, the Defendants, the Joint Venture and Rockledge shall be relieved of any obligations under this Settlement Agreement.

10.3 Plaintiffs' Counsel has substantially completed its due diligence regarding the Settlement subject to receipt within fourteen (14) days of the remaining documents previously requested from Defendants.

11. Payment of the Settlement Fund

11.1 On or before the third business day following the entry by the Court of the executed Judgment Order, the Joint Venture, Rockledge, Host Marriott and Marriott International, or one or more of their designees, shall pay or cause to be paid by wire transfer the Settlement Fund to the Escrow Agent, which will be deposited by the Escrow Agent in an interest-bearing account pursuant to the Escrow Agreement in substantially the form attached as Exhibit H. In the event that the Judgment Order does not become Final because an appeal or other review of the Judgment Order has been filed, the Escrow Agent will return the Settlement Fund, with interest, to the Joint Venture, Rockledge, Host Marriott and Marriott International, in amounts as jointly instructed by these four entities, by wire transfer, within two (2) business days after the date the Escrow Agent receives documentation of such event. The Joint Venture, Rockledge, Host Marriott and Marriott International or one or more of their designees, will pay or cause to be paid by wire transfer the Settlement Fund back to the Escrow Agent within three (3) business days after the order or judgment by the appellate court affirming the Judgment Order becomes Final.

11.2 In the event that the Settlement Fund is returned to the Joint Venture, Rockledge,

Host Marriott Corporation and Marriott International pursuant to Paragraph 11.1 above, the Defendants agree to accrue Interest on the Fairfield Inn LP Settlement Amount, Residence Inn I LP Settlement Amount, Residence Inn II LP Settlement Amount and Desert Springs LP Settlement Amount until such time as the Settlement Fund, with such accrued Interest (including Interest earned on that portion of the Settlement Fund relating to such Settlement Amounts pursuant to Paragraph 11.1 above), is paid back to the Escrow Agent pursuant to Paragraph 11.1 above.

11.3 The Escrow Agent shall not be authorized to distribute any amount from the Settlement Fund to any Plaintiff, Palm Intervenor, Equity Intervenor, Insider, or Plaintiffs' Counsel until after the Effective Date, and in accordance with the Plan of Allocation and the Court's order with respect to the payment of Plaintiffs' Counsel's Attorneys' Fees and reimbursement of expenses.

11.4 The Escrow Agent will not distribute any amount from the Settlement Fund to any Plaintiff, Palm Intervenor, Equity Intervenor or Insider unless and until a fully executed Proof of Claim is received by the Claims Administrator and provided to Defendants' Counsel and Plaintiffs' Counsel.

11.5 If the Settlement does not become effective, all such Interest shall inure to the benefit of the Joint Venture, Rockledge, Host Marriott and Marriott International and shall be returned to the Joint Venture, Rockledge, Host Marriott and Marriott International in such proportions as they shall agree among themselves and in accordance with the provisions of Paragraph 11.1, less any amounts necessary to pay the fees and expenses of the Escrow Agent and the Claims Administrator.

11.6 The Escrow Agent shall not use or disburse any funds from the Settlement Fund

except as provided for in this Settlement Agreement, the Escrow Agreement, as permitted by Order of the Court or with the written consent of the Parties.

11.7 In addition to the other terms and conditions contained herein, the receipt by any Plaintiff, Palm Intervenor, Equity Intervenor or Insider of any payment from the Settlement Fund or the execution, negotiation or deposit of any check transferring or paying any amount from the Settlement Fund shall constitute: (1) a full and final release of the Released Claims; and (2) an assignment, conveyance and transfer of all CBM I LP and CBM II LP Units, half-units and other fractional units owned by that person or its designees.

11.8 The Settlement Fund shall be deemed and considered to be in custodia legis of the Court, and shall remain subject to the jurisdiction of the Court, until such time as the Settlement Fund shall be distributed pursuant to this Settlement Agreement and/or further Order(s) of the Court.

11.9 In the event that this Settlement Agreement is not approved, is terminated, canceled, or fails to become effective for any reason, then none of the Joint Venture, Rockledge, Host Marriott and Marriott International shall be under any obligation to pay the Settlement Fund. In the event that the Judgment Order does not become Final, or is reversed, or substantially modified on appeal, then none of the Joint Venture, Rockledge, Host Marriott and Marriott International shall be under any obligation to repay to the Escrow Agent the Settlement Fund and this Settlement Agreement shall be terminated with the Joint Venture, Rockledge, Host Marriott and Marriott International having no obligation to pay the Settlement Fund.

12. Distribution of the Settlement Amounts and Settlement Documents

12.1 The Escrow Agent, subject to the supervision, direction and approval of the Court, and subject to all the terms and conditions contained herein, shall administer and oversee

the distribution of the Settlement Fund to the Plaintiffs, Palm Intervenors, Equity Intervenors, Insiders, and Plaintiffs' Counsel, pursuant to this Settlement Agreement, the Escrow Agreement and the Plan of Allocation approved by the Court.

12.2 Payment of the Settlement Fund in the manner provided in the Plan of Allocation shall be deemed conclusive against any claim by any person or entity receiving such payment.

12.3 Seven (7) days after the Effective Date, the Escrow Agent will be authorized to distribute from the Settlement Fund to Plaintiffs' Counsel Plaintiffs' Counsel's Attorneys' Fees.

12.4 Seven (7) days after the Effective Date, the Escrow Agent will be authorized to distribute from the Settlement Fund to the Palm Intervenors, Equity Intervenors and Insiders who have executed and timely returned their Proof of Claims to the Claims Administrator before the Effective Date, their pro-rata portion of the CBM I LP Settlement Amount, CBM II LP Settlement Amount, Residence Inn I LP Settlement Amount, Residence Inn II LP Settlement Amount, Fairfield Inn LP Settlement Amount, and/or Desert Springs LP Settlement Amount, as the case may be, with no proportionate reduction for Plaintiffs' Counsels' Attorneys' Fees.

12.5 For any Plaintiff who has submitted a valid Proof of Claim to the Claims Administrator on or before the Effective Date, within seven (7) business days following the Effective Date, the Escrow Agent shall distribute to that person or entity their pro-rata portion of the Net Settlement Fund as set forth in the Plan of Allocation. For any Plaintiff, Palm Intervenors, Equity Intervenors or Insider who submits a valid Proof of Claim after the Effective Date, within seven (7) business days following the receipt of the Proof of Claim by the Claims Administrator, the Escrow Agent shall distribute to that person or entity their Net Settlement Amount; provided that for any Plaintiff who has not returned a Proof of Claim to the Claims Administrator within ninety (90) days following the Effective Date, Plaintiffs' Counsel, as the

case may be, may execute a Proof of Claim on behalf of that Plaintiff and distribute to that Plaintiff that Plaintiff's pro-rata portion of the Net Settlement Fund as set forth in the Plan of Allocation and the Judgment Order.

12.6 Completed and executed Proof of Claims, the CBM I LP Consent Forms and the CBM II LP Consent Forms (collectively "Settlement Documents") shall be sent to the Claims Administrator. Until the Effective Date, the Claims Administrator shall hold all Settlement Documents and not distribute such documents to Defendants; provided, however, that the Claims Administrator shall give at least weekly (and otherwise, upon request) accountings of the status of same to all counsel for the Settling Parties and will advise all counsel, in writing, with sufficient back-up proof, including copies of the Consent Forms and Proof of Claims, when the conditions set forth in Paragraph 10 of the Settlement Agreement have been satisfied with respect to CBM I LP and CBM II LP. On the day following the Effective Date, the Claims Administrator shall release to the Defendants the Settlement Documents it has received to date. After the Effective Date, the Claims Administrator shall, every two (2) days, release to the Defendants all Settlement Documents it receives.

12.7 The Defendants and Defendants' Counsel shall have no responsibility for or liability whatsoever with respect to the investment or distribution of the Settlement Fund, the determination, administration, calculation or payment of claims, or any losses incurred in connection therewith, or with the formulation or implementation of the Plan of Allocation, or the giving of any notice with respect to same.

12.8 It is understood and agreed by the Settling Parties that any proposed Plan of Allocation of the Settlement Fund including, but not limited to, any adjustments to be set forth therein, is not a part of this Settlement Agreement, and may be considered by the Court

separately from the Court's consideration of the fairness, reasonableness and adequacy of the Settlement set forth in this Settlement Agreement, and any order or proceedings relating to the Plan of Allocation or any appeal from any order relating thereto or any reversal or modification thereof shall not operate to terminate or cancel this Settlement Agreement or affect or delay the finality of the Judgment Order and the Settlement of the Milkes and Haas Litigations as set forth herein.

12.9 Each Plaintiff, Palm Intervenor, Equity Intervenor and Insider shall be deemed to have submitted to the jurisdiction of the Court with respect to all matters relating to the allocation of the Settlement Fund and/or any such person's interest therein.

12.10 All proceedings with respect to the Settlement described by this Settlement Agreement and the determination of all controversies relating thereto, including disputed questions of law and all such fact with respect to the validity of claims, shall be subject to the jurisdiction of the Court.

12.11 Payment of the fees and expenses of the Escrow Agent and Claims Administrator shall be made (i) first, out of any interest accrued on the Settlement Fund during the time the Settlement Fund is in escrow, and (ii) to the extent such accrued interest is insufficient to cover such fees and expenses, by Defendants.

12.12 Any disputes concerning the identity of the proper Person(s) to receive any or all of a Plaintiffs' Net Settlement Amount, if not otherwise resolved, will be finally determined by the Court. In the event of such a dispute, the Escrow Agent will retain the Net Settlement Amount relating to such Person(s) in the Settlement Fund until it receives a written order of the Court.

13. Agreement to Reduce Attorneys' Fees.

13.1 In exchange for the waiver of deferred fees identified in Paragraphs 4.5, 5.5 and 6.5, Plaintiffs' Counsel hereby agrees to reduce their attorneys' fees by \$4.25 million from the amount of attorneys' fees ultimately awarded by the Court. The amount to be contributed to the Settlement Fund to pay the attorneys' fees awarded to Plaintiffs' Counsel shall be reduced accordingly. Anything to the contrary notwithstanding, however, such reduction shall not reduce the amounts to be contributed to or distributed from the Settlement Fund for and on behalf of the Plaintiffs. The Settling Parties and Plaintiffs' Counsel hereby agree that for all purposes, including, without limitation, federal and state income tax purposes, the \$4.25 million shall not be treated as having been paid.

14. Hearing Order, Notice And Settlement Hearing

14.1 Promptly after execution of this Settlement Agreement, after all necessary consents prior to Notice (as set forth in Paragraph 10.1) have been obtained, and after the SLC has completed its due diligence review, Plaintiffs' Counsel shall move for certification of a settlement class of the limited partners (other than Defendants) in CBM I LP, CBM II LP, Residence Inn I LP, Residence Inn II LP, Fairfield Inn LP and Desert Springs LP, as set forth herein.

14.2 Plaintiffs' Counsel, with the advice and consent of Defendants' Counsel, shall prepare the Notices and the Plan of Allocation. Defendants' Counsel, with the advice and consent of Plaintiffs' Counsel, shall prepare the Hearing Order, Consent Solicitations, Consent Forms and Proof of Claims. Thereafter, Plaintiffs' Counsel shall submit to the Court a motion for authorization to disseminate the Notice, Proof of Claim, Consent Solicitations and Consent Forms as appropriate. The Motion shall include (i) a proposed form of, method for, and date of dissemination of the Notices, Proof of Claims, Consent Solicitations and Consent Forms; (ii) a proposed date for the return of the Proof of Claim and Consent Form; and (iii) a proposed hearing date.

14.3 Defendants will pay the costs of sending the Notice to the CBM I LP, CBM II LP, Residence Inn I LP, Residence Inn II LP, Fairfield Inn LP and Desert Springs LP Class Members and to the Palm Intervenors and Equity Intervenors.

15. Plaintiffs' Counsels' Fees And Reimbursement of Litigation Costs

and Expenses

15.1 Plaintiffs' Counsel intend to submit an application or applications (the "Fee and Expense Application") to the Court for an award from the Settlement Fund. The amount of attorneys' fees and litigation costs and expenses awarded by the Court to Plaintiffs' Counsel shall be in the sole discretion of the Court.

15.2 Plaintiffs' Counsel agree that they will seek fees, reimbursement of all litigation costs and expenses, and any other costs and expenses solely from the Settlement Fund and not from Defendants. In no event will Defendants be obligated or required to pay any amount in excess of the Settlement Fund, except as provided herein

15.3 The procedure for and the allowance or disallowance by the Court of any Fee and

Expense Applications by Plaintiffs' Counsel are not part of the Settlement set forth in this Settlement Agreement, and may be considered by the Court separately from the Court's consideration of the fairness, reasonableness and adequacy of the Settlement set forth in this Settlement Agreement, and any order or proceeding relating to Plaintiffs' Counsels' application(s) for the award of attorneys' fees and reimbursement of litigation costs and expenses, or any appeal from any order relating thereto or reversal or modification thereof, shall not operate to terminate or cancel this Settlement Agreement, or affect or delay the finality of the Judgment Order and the Settlement of the Milkes and Haas Litigations as set forth herein.

16. Continued Interest in the CBM I and CBM II Partnerships

16.1 Prior to the Judgment Order becoming Final, all Plaintiffs, Palm Intervenors, Equity Intervenors and Insiders shall continue to own their interest in CBM I LP and CBM II LP. Prior to entry of the Judgment Order, the General Partner of CBM I LP and CBM II LP shall make such distributions of Cash Available for Distribution as defined and provided for in the CBM I LP and CBM II LP Partnership Agreements, for the period prior to the Judgment Order; it being understood and agreed that there may be a delay in such distribution to the extent the Judgment Order is entered in the middle of an accounting period or the General Partner is otherwise unable to finally determine the amount of the distribution. In such case, the General Partner shall provide to the Court an estimate as to the amount of the distribution anticipated for the period prior to the Judgment Order at the time of the Fairness Hearing to approve the Settlement. The appropriateness of the determination of the Cash Available for Distribution in CBM I LP and CBM II LP for the period from execution of this Settlement Agreement to the entry of the Judgment Order shall be considered by the Court as part of the approval of the Settlement, and any claims relating to such distributions shall be covered by the Released Claims.

16.2 Following entry of a Judgment Order, and until the Judgment Order becomes Final, assuming there is no appeal, the benefits of ownership of the Units shall inure to the benefit of the Joint Venture and the Defendants, and no further Cash Available for Distribution shall be distributed by the General Partners of CBM I LP or CBM II LP to the Plaintiffs or Palm Intervenors or Equity Intervenors, and Plaintiffs and the Palm Intervenors and Equity Intervenors waive any claim for such distributions.

16.3 Following the entry of the Judgment Order, and in the event of an appeal, the

owners of CBM I LP Units and owners of CBM II LP Units (collectively, the "Units") will remain owners, and retain all benefits of the ownership of the Units (including, but not limited to any distributions) until the Judgment Order becomes Final; and (ii) the General Partners of CBM I LP and CBM II LP shall make such distributions of Cash Available for Distribution as provided for and defined in the CBM I LP and CBM II LP partnership agreements, to the owners of the Units, for the period from the entry of the Judgment Order and ending when the Judgment Order becomes Final, it being understood and agreed that such period will constitute a fiscal period for purposes of determining Cash Available for Distribution as provided for, defined in and has been customary pursuant to the CBM I LP and CBM II LP partnership agreements; and it being further understood and agreed that there may be a delay in such distribution to the extent the Judgment Order becomes Final in the middle of an accounting period or the General Partner is otherwise unable to finally determine the amount of the distribution prior to the Judgment Order becoming Final.

17. Interest Prior to Notice

17.1 If Defendants have not obtained the consents/permission required by Paragraph 10.1 of this Settlement Agreement within sixty (60) days of the execution of this Settlement Agreement, Defendants shall pay from the sixty-first day forward, Interest on the Settlement Fund. Interest under this provision shall cease to run as of the date Defendants' Counsel notifies Plaintiffs' Counsel, Equity's Counsel and Palm's Counsel in writing that the required consents/permission have been obtained, or the condition has been waived by Defendants. Assuming that consents/permission required by Paragraph 10.1 have been obtained or waived at some time after the sixty-first day, and that the Judgment Order is thereafter entered, Defendants will cause to be deposited pursuant to the provisions of Paragraph 11.1 of this Settlement

Agreement, the Settlement Fund, plus the Interest accumulated pursuant to this Paragraph. If the Settlement with respect to any Partnership is not consummated as a result of a failure of any of the conditions set forth in Paragraph 10, Defendants shall have no obligations under this Paragraph 17.1 with respect to such Partnerships.

18. Binding Nature of This Settlement Agreement

18.1 This Settlement Agreement, and each and every term and obligation hereunder, shall not be subject to limitation, impairment, modification, or termination for any reason (except as expressly set forth herein), including, without limitation, the following:

- (a) Any judicial, legislative or other governmental action, decision or announcement of any type, including but not limited to the tax laws, regulations, rules or opinions, which allegedly relates to any of the terms of this Settlement or to any issue, claim, allegation or defense which has been or might have been asserted in the Milkes and/or Haas Litigations;
- (b) Any change, whether adverse or positive, in the financial condition, assets, liabilities, business, or any other corporate or personal activity of any of the Settling Parties; or
- (c) Any allegedly newly discovered facts, legal issues, events or allegations of any type which allegedly relate to any of the terms of this Settlement or to any Released Claims.

18.2 Except as otherwise provided herein, in the event the Settlement is terminated, modified in any material respect, or fails to become effective for any reason, then the Parties to this Settlement Agreement shall be deemed to have reverted to their respective status in the Milkes Litigation and Haas Litigation as of the date and time immediately prior to the execution of this Settlement Agreement and, except as otherwise expressly provided, the Parties shall proceed in all respects as if this Settlement Agreement, the Settlement Documents and any related orders had not been entered.

19. Miscellaneous Provisions

19.1 The signatories to this Settlement Agreement certify that they are authorized to enter into and sign this Settlement Agreement.

19.2 The Settling Parties agree to cooperate to the extent necessary to effectuate and implement all terms and conditions of this Settlement Agreement and to exercise their best efforts promptly to accomplish the foregoing terms and conditions of this Settlement Agreement.

19.3 Plaintiffs' Counsel and the SLC's Counsel agree, and shall represent to the Court, that the Settlement provided herein is fair, reasonable and adequate, and that it is in the best interests of the Plaintiffs to enter into this Settlement Agreement in full and final Settlement of the Milkes and Haas Litigations and the release of all Released Claims.

19.4 This Settlement Agreement, the Settlement and any Court Orders provided herein, whether or not consummated, and any act performed or document executed pursuant to or in furtherance of this Settlement Agreement or the Settlement and any negotiations or proceedings relating thereto, shall not be: (i) deemed or construed to be or used as an admission of, or evidence of, the validity of any Released Claim, or of any wrongdoing or liability of any Released Person or any other person; (ii) deemed or construed to be or used as an admission of, or evidence of, any fault or omission of any of the Released Persons or of any other person in any civil, criminal or administrative proceeding in any court, administrative agency or other tribunal; or (iii) deemed or construed or used to evidence any presumption, concession or admission by, or to establish liability of, any Released Person. Nothing herein, however, shall prevent any of the Released Persons from filing or otherwise using this Settlement Agreement, the Final Judgment Order or related documents in any action that may be brought against them in order to support a defense or counterclaim based on principles of res judicata, collateral

estoppel, release, judgment, bar, reduction or any other theory of claim preclusion or issue preclusion or similar defense or counterclaim. The Defendants have denied and continue to deny each and all of the claims alleged in the Milkes and Haas Litigation.

19.5 Plaintiffs' Counsel agree that any agreements made during the course of the Milkes and Haas Litigations relating to the confidentiality of information and requirements for return or destruction of documents shall survive this Settlement Agreement.

19.6 All of the Exhibits to this Settlement Agreement are material and integral parts hereof and are fully incorporated herein.

19.7 This Settlement Agreement may be amended or modified only by a written instrument signed by or on behalf of all Settling Parties or their successors-in-interest, and approved by the Court.

19.8 This Settlement Agreement and the Exhibits attached hereto constitute the entire agreement between and among the Settling Parties with respect to the Settlement of the Milkes and Haas Litigations and the other matters contained herein, and no representations, warranties or inducements have been made to any party concerning this Settlement Agreement or its Exhibits other than the representations, warranties and covenants contained and memorialized in such documents. Except as otherwise provided herein, as between the Plaintiffs, Palm Intervenors, Equity Intervenors and Defendants, each party shall bear its own costs.

19.9 This Settlement Agreement may be executed in one or more counterparts and by facsimile signatures. For each such document, all executed counterparts and each of them shall be deemed to be one and the same instrument. Plaintiffs' Counsel, Palm's Counsel, Equity's Counsel and Defendants' Counsel shall exchange among themselves original signed counterparts and a complete set of original executed counterparts of this Settlement Agreement shall be filed

with the Court.

19.10 This Settlement Agreement shall be binding upon, and inure to the benefit of, the successors and assigns of the Plaintiffs, Palm Intervenors, Equity Intervenors, Defendants, the Joint Venture and Rockledge.

19.11 The Court shall retain jurisdiction with respect to implementation and enforcement of the terms of this Settlement Agreement, and the Plaintiffs, Palm Intervenors, Equity Intervenors, Defendants, the Joint Venture and Rockledge submit to the jurisdiction of the Court for purposes of implementing and enforcing the Settlement embodied in this Settlement Agreement.

19.12 This Settlement Agreement shall be considered to have been negotiated, executed and delivered, and to be wholly performed, in the State of Texas, and the rights and obligations of the Settling Parties shall be construed and enforced in accordance with, and governed by, the internal, substantive laws of the State of Texas without giving effect to that State's choice of law principles. Venue of any disputes arising out of or by virtue of this Stipulation shall be in the 285th Judicial District Court of Bexar County, Texas.

19.13 The Settling Parties agree that no single party shall be deemed to have drafted this Settlement Agreement or any portion thereof and that these documents are the collaborative effort of all the Plaintiffs' Counsel, Palm's Counsel, Equity's Counsel and the Defendants' Counsel.

19.14 The waiver by any party of any breach by any other party of any term of this Settlement Agreement shall not be deemed or construed as a waiver with respect to any other party, or of any other breach, whether prior to, subsequent to or contemporaneous with this Settlement Agreement.

19.15 This Settlement Agreement shall be deemed to have been executed upon the last date of execution by the undersigned.

19.16 Plaintiffs' Counsel shall be solely responsible for filing all informational and other tax returns necessary to report any net taxable income earned by the Settlement Fund and shall file all informational and other tax returns necessary to report any income earned by the Settlement Fund and shall be solely responsible for taking out of the Settlement Fund, as and when legally required, any tax payments, including interest and penalties due on income earned by the Settlement Fund. All taxes (including any interest and penalties) due with respect to the income earned by the Settlement Fund shall be paid from the Settlement Fund. Defendants shall have no responsibility to make any filings relating to the Settlement Fund and will have no responsibility to pay tax on income earned by the Settlement Fund or pay any taxes on the Settlement Fund, unless the Settlement is not consummated and the Settlement Fund is returned. In the event the Settlement is not consummated, the Defendants shall be responsible for the payment of all taxes (including any interest or penalties) on said income.

19.17 Counsel for all the Settling Parties will jointly move to have the Haas Litigation designated as a complex case and transferred to the Honorable Michael Peden, Judge of the 285th Judicial District Court of Bexar County, Texas.

19.18 In entering this Settlement Agreement, the Plaintiffs, the Palm Intervenors and Equity Intervenors, by and through their counsel of record in the Milkes and Haas Litigations, expressly acknowledge, represent, warrant, covenant and agree that in entering into this Settlement Agreement, they are relying solely on their own independent analysis, beliefs and judgment concerning the value of CBM I LP and CBM II LP, and the value of the Released

Claims in CBM I LP, CBM II LP, Residence Inn I LP, Residence Inn II LP, Fairfield Inn LP and Desert Springs LP , and expressly waive, disclaim, abandon and relinquish any reliance (actual, perceived or otherwise) on any Defendant in electing to consummate the transactions made the subject of this Settlement Agreement, other than as expressly contained herein.

19.19 Any notice, demand or request which may be permitted, required or desired to be given in connection herewith shall be in writing and directed to the other parties and their counsel by certified mail, return receipt requested, postage prepaid, or by telecopy or by personal delivery at the last known business addresses of counsel for each party to this Settlement Agreement. In the event such notice or other communication is effected by personal delivery, or by telecopy, the date and hour of actual delivery shall fix the time of notice. In the event of delivery of notice by certified United States mail, the notice shall be effective three (3) business days after the date upon which the sealed envelope containing the notice is deposited in the United States mail, properly addressed and with postage prepaid.

19.20 In the event that any suit arising out of this Settlement Agreement is brought by any party to this Settlement Agreement, the prevailing party or parties shall be entitled to recover their reasonable attorneys' fees and expenses incurred as a result of such suit.

19.21 Marriott International and Host Marriott hereby jointly and severally, unconditionally and irrevocably guarantee the full and timely performance by the Joint Venture and Rockledge of their obligations hereunder.

19.22 The headings of any section are formal and not substantive.

AGREED TO THIS 9TH DAY OF MARCH, 2000.
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Settlement Agreement - Page 71

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AND COURTYARD BY MARRIOTT LIMITED PARTNERSHIP

MARRIOTT INTERNATIONAL, INC.
 COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES
 (\$ in millions, except ratio)

	Twelve weeks ended March 24, 2000 -----
Income before income taxes	\$ 149
Loss/(income) related to equity method investees	1
	----- 150
Add/(deduct):	
Fixed charges	45
Interest capitalized	(8)
Distributed income of equity method investees	1
	----- \$ 188 =====
Earnings available for fixed charges	
Fixed charges:	
Interest expensed and capitalized (1)	\$ 31
Estimate of the interest within rent expense	14

Total fixed charges	\$ 45 =====

Ratio of earnings to fixed charges	4.2 =====

(1) "Interest expensed and capitalized" includes amortized premiums, discounts and capitalized expenses related to indebtedness.

3-MOS	3-MOS	3-MOS
DEC-29-2000	DEC-31-1999	DEC-31-1999
JAN-01-2000	JAN-02-1999	JAN-02-1999
MAR-24-2000	MAR-26-1999	MAR-26-1999
	372	0
0	0	0
805	0	0
0	0	0
117	0	0
1,564	0	0
0	3,098	0
7,550	0	0
1,669	0	0
0	0	0
0	0	0
0	3	0
7,550	2,787	0
2,167	2,167	1,895
0	0	0
1,974	1,702	0
0	0	0
0	0	0
23	11	11
149	160	160
55	60	60
94	100	100
0	0	0
0	0	0
0	0	0
94	100	100
0.39	0.41	0.41
0.37	0.38	0.38

Forward-Looking Statements

The following factors, among others, could cause actual results to differ materially from those contained in forward-looking statements made in this report or presented elsewhere by management.

Dependence on Others: Our present growth strategy for development of additional lodging and senior living facilities entails entering into and maintaining various arrangements with present and future property owners, including Host Marriott Corporation, Crestline Capital Corporation and New World Development Company Limited. There can be no assurance that any of our current strategic arrangements will continue, or that we will be able to enter into future collaborations.

Contract Terms for New Units: The terms of the operating contracts, distribution agreements, franchise agreements and leases for each of our lodging facilities and senior living communities are influenced by contract terms offered by our competitors at the time such agreements are entered into. Accordingly, we cannot assure you that contracts entered into or renewed in the future will be on terms that are as favorable to us as those under existing agreements.

Competition: The profitability of hotels, vacation timeshare resorts, senior living communities, corporate apartments, and distribution centers we operate is subject to general economic conditions, competition, the desirability of particular locations, the relationship between supply of and demand for hotel rooms, vacation timeshare resorts, senior living facilities, corporate apartments, distribution services, and other factors. We generally operate in markets that contain numerous competitors and our continued success will depend, in large part, upon our ability to compete in such areas as access, location, quality of accommodations, amenities, specialized services, cost containment and, to a lesser extent, the quality and scope of food and beverage services and facilities.

Supply and Demand: The lodging industry may be adversely affected by (1) supply additions, (2) international, national and regional economic conditions, (3) changes in travel patterns, (4) taxes and government regulations which influence or determine wages, prices, interest rates, construction procedures and costs, and (5) the availability of capital to allow us and potential hotel and senior living community owners to fund investments. Our timeshare and senior living service businesses are also subject to the same or similar uncertainties and, accordingly, we cannot assure you that the present level of demand for timeshare intervals and senior living communities will continue, or that there will not be an increase in the supply of competitive units, which could reduce the prices at which we are able to sell or rent units.

Internet Reservation Channels: Some of our hotel rooms are booked through internet travel intermediaries such as Travelocity and Priceline. As this percentage increases, these intermediaries may be able to obtain higher commissions, reduced room rates or other significant contract concessions from us. Moreover, some of these internet travel intermediaries are attempting to commoditize hotel rooms, by increasing the importance of price and general indicators of quality (such as "three-star downtown hotel") at the expense of brand identification. These agencies hope that consumers will eventually develop brand loyalties to their reservations system rather than to our lodging brands. If this happens our business and profitability may be significantly harmed.