SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

[X] ANNUAL 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 Fiscal Year Ended January 1, 1999 Commission File No. 1-13881

MARRIOTT INTERNATIONAL, INC.

Delaware	52-2055918
(State of Incorporation)	(I.R.S. Employer Identification Number)

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

Securities registered pursuant to Section 12(b) of the Act:

TITLE OF EACH CLASS	NAME OF EACH EXCHANGE ON WHICH REGISTERED
Class A Common Stock, $0.01 par value (244,566,605 shares outstanding as of January 31, 1999)	New York Stock Exchange Chicago Stock Exchange Pacific Stock Exchange Philadelphia Stock Exchange

The aggregate market value of shares of common stock held by non-affiliates at January 31, 1999 was $6,467,559,611.

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 [X] No [_]

Indicate by check mark if disclosure by delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [X]

Documents Incorporated by Reference

Portions of the Proxy Statement prepared for the 1999 Annual Meeting of Shareholders are incorporated by reference into Part III of this report.

PART I

Throughout this report, we refer to Marriott International, Inc., together with its subsidiaries, as "we," "us," or "the Company."

FORWARD-LOOKING STATEMENTS

We have made forward-looking statements in this document that are based on the beliefs and assumptions of our management, and on information currently available to our management. Forward-looking statements include the information concerning our possible or assumed future results of operations and statements preceded by, followed by or that include the words "believes," "expects," "anticipates," "intends," "plans," "estimates," or similar expressions.

Forward-looking statements involve risks, uncertainties and assumptions. Actual results may differ materially from those expressed in these forward-looking statements. You are cautioned not to put undue reliance on any forward-looking statements.

You should understand that the following important factors, in addition to those discussed in Exhibit 99 and elsewhere in this annual report, could cause results to differ materially from those expressed in such forward-looking statements.

- competition for each of our business segments;
- business strategies and their intended results;
- the balance between supply of and demand for hotel rooms, timeshare units and senior living accommodations;
- our continued 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;
- our ability, and the ability of other parties upon which our businesses also rely, to modify or replace on a timely basis, computer software and other systems in order to function properly prior to, in and beyond, the Year 2000; and
- other risks described from time to time in our filings with the Securities and Exchange Commission (the SEC).

ITEMS 1 AND 2. BUSINESS AND PROPERTIES

We are a worldwide operator and franchisor of hotels and senior living communities and provider of distribution services. Our operations are grouped in three business segments, Lodging, Senior Living Services and Distribution Services, which represented 79, 6, and 15 percent, respectively, of total sales in the fiscal year ended January 1, 1999.

In our Lodging segment, we operate, develop and franchise lodging facilities and vacation timesharing resorts under 12 separate brand names.

In our Senior Living Services segment we develop and presently operate 113 senior living communities offering independent living, assisted living and skilled nursing care for seniors in the United States.

Marriott Distribution Services (MDS) supplies food and related products to external customers and to internal operations throughout the United States.

Financial information by industry segment and geographic area as of January 1, 1999 and for the three fiscal years then ended, appears in the Business Segments note to our Consolidated Financial Statements included in this annual report.

FORMATION OF "NEW" MARRIOTT INTERNATIONAL - SPINOFF IN MARCH 1998.

We became a public company in March 1998, when we were "spun off" as a separate entity by the company formerly named "Marriott International, Inc." (Old Marriott). Our company - the "new" Marriott International - was formed to conduct the lodging, senior living and distribution services businesses formerly conducted by Old Marriott.

The Old Marriott shareholders approved the Spinoff and related transactions at a special meeting held in March 1998. Old Marriott received a ruling from the Internal Revenue Service that the Spinoff would be tax-free to Old Marriott and to our shareholders.

The Spinoff was effected through a dividend of one share of our common stock and one share of our Class A Common Stock for each share of Old Marriott Common Stock outstanding on March 20, 1998. As the result of a shareholders' vote at our 1998 annual meeting of shareholders, on May 21, 1998 we converted all of our outstanding shares of common stock into shares of Class A Common Stock on a one-for-one basis.

At the same time as the Spinoff, Old Marriott merged its remaining businesses - - food service and facilities management - with the similar businesses of Sodexho Alliance, S.A. (Sodexho Alliance) in the United States and Canada, to form Sodexho Marriott Services, Inc. (SMS). SMS also successfully completed a public cash tender offer for substantially all $720 million of Old Marriott's public debt. We are providing certain transitional administrative services to SMS, and MDS provides food distribution services to many of SMS's food service locations.

LODGING

Our lodging business included 1,686 operated or franchised properties with 328,293 units at January 1, 1999, under 12 distinct brands. Although managed by an overall lodging management organization, each brand serves a distinct tier of the lodging industry, as follows: Marriott Hotels, Resorts and Suites (full-service); Ritz-Carlton (luxury); Renaissance (full-service); New World (full-service); Ramada International (moderate-price, full-service); Residence Inn (extended-stay); Courtyard hotels (moderate-price); SpringHill Suites (upper moderate-price, all-suites); TownePlace Suites (moderate-price, extended-stay); Fairfield Inn (economy); Marriott Vacation Club International (vacation timesharing); and serviced apartments including those operated internationally under the Marriott Executive Residences brand.

Company-Operated Lodging Properties

At January 1, 1999, we operated a total of 803 properties (203,836 units) across our 12 lodging brands under long-term management or lease agreements with property owners (together, the Operating Agreements).

Terms of our management agreements vary, but typically include base and incentive management fees and reimbursement of costs (both direct and indirect) of operations. Such agreements are generally for initial periods of 20 to 30 years, with options to renew for up to 50 additional years. Our lease agreements also vary, but typically include fixed annual rentals plus additional rentals based on a percentage of annual revenues in excess of a fixed amount. Many of the Operating Agreements are subordinated to mortgages or other liens securing indebtedness of the owners. Additionally, a number of the Operating Agreements permit the owners to terminate the agreement if financial returns fail to meet defined levels and we have not cured such deficiencies.

For units that we manage, we are responsible for hiring, training and supervising the managers and employees required to operate the facilities and for purchasing supplies, for which we are reimbursed by the owners. We provide centralized reservation services, and national advertising, marketing and promotional services, as well as various accounting and data processing services. We prepare and implement annual budgets for lodging facilities that we operate. We are also responsible for allocating funds, generally a fixed percentage of revenue, for periodic renovation of buildings and replacement of furnishings. We believe that our ongoing refurbishment program is adequate to preserve the competitive position and earning power of the hotels.

Franchised Lodging Properties

We have franchising programs that permit the use of certain of our brand names and our lodging systems by other hotel owners and operators. Under these programs, we receive an initial application fee and continuing royalty fees, which typically range from four percent to six percent of room revenues for all brands, plus two percent to three percent of food and beverage revenues for full-service hotels. In addition, franchisees contribute to our national marketing and advertising programs, and pay fees for use of our centralized reservation systems. At January 1, 1999, we had 883 franchised properties (124,457 units).

Summary of Properties by Brand

The following table shows properties and units that we operated or franchised at January 1, 1999. A total of 35 Courtyard, Renaissance and Marriott Hotels, Resorts and Suites properties (10,017 rooms) shown on the table were "reflagged" from Ramada International and New World during 1998.

	Company-operated		Franchised	
Brand	Properties	Units	Properties	Units
Marriott Hotels, Resorts and Suites	208	91,795	143	42,809
Ritz-Carlton	35	11,784	-	-
Renaissance	69	27,350	14	5,414
New World	7	3,651	-	-
Ramada International	8	1,514	38	6,421
Residence Inn	124	16,527	170	18,523
Courtyard	245	37,369	170	20,507
TownePlace Suites	8	812	9	887
Fairfield Inn and SpringHill Suites	54	7,472	339	29,896
Marriott Vacation Club International	37	3,938	-	-
Marriott Executive Residences and other	8	1,624	-	-
Total	803	203,836	883	124,457

We plan to open 200 hotels (approximately 30,000 rooms) during 1999. 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. Nonetheless, our ability to sell properties that we develop, and the ability of hotel or senior living community developers to build or acquire new Marriott properties, which are important parts of our growth plans, are partially dependent on the availability and price of capital.

Marriott Hotels, Resorts and Suites primarily serve business and leisure travelers and meeting groups at locations in downtown and suburban areas, near airports and at resort locations. Most Marriott full-service hotels contain from 300 to 500 rooms. Marriott full-service hotels typically have swimming pools, gift shops, convention and banquet facilities, a variety of restaurants and lounges and parking facilities. The 19 convention hotels (approximately 19,800 rooms) are larger and contain up to 1,900 rooms. The 35 Marriott resort hotels (approximately 15,000 rooms) have additional recreational facilities, such as tennis courts and golf courses. The 10 Marriott Suites (approximately 2,600 rooms) are full-service suite hotels that typically contain approximately 250 suites, each consisting of a living room, bedroom and bathroom. Marriott Suites have only limited meeting space.

We operate conference centers located throughout the United States. Some of the centers are used exclusively by employees of the sponsoring organization, while others are marketed to outside meeting groups and individuals. The centers typically include meeting room space, dining facilities, guestrooms and recreational facilities.

Room operations contributed the majority of hotel sales for the fiscal year 1998 with the remainder coming from food and beverage operations, recreational facilities and other services. Although business at many resort properties is seasonal depending on location, overall hotel profits have been relatively stable and include only moderate seasonal fluctuations.

Marriott Hotels, Resorts and Suites
Geographic Distribution at January 1, 1999

	Hotels	
United States (40 states and the District of Columbia).....	266	(108,565 rooms)
Non-U.S. (36 countries and territories)		
Americas (Non-U.S.).....	19	
United Kingdom.....	26	
Continental Europe.....	19	
Asia.....	9	
Africa and the Middle East.....	9	
Australia.....	3	
Total Non-U.S.....	85	(26,039 rooms)

Ritz-Carlton hotels and resorts are renowned for their distinctive architecture and the quality of their facilities, dining and guest service. Most Ritz-Carlton hotels have 200 to 500 guest rooms and typically include meeting and banquet facilities, a variety of restaurants and lounges, gift shops, swimming pools and parking facilities. Guests at most of the 10 Ritz-Carlton resorts have access to additional recreational amenities, such as tennis courts and golf courses.

Ritz-Carlton Luxury Hotels and Resorts
Geographic Distribution at January 1, 1999

	Hotels	
United States (11 states).....	20	(7,177 rooms)
Non-U.S. (14 countries and territories).....	15	(4,607 rooms)

Renaissance is a global quality tier brand which targets business travelers, group meetings and leisure travelers. Renaissance hotels are generally located in downtown locations of major cities, in suburban office parks, near major gateway airports and in destination resorts. Most hotels contain 300 to 500 rooms; however, a few of the convention hotels are larger, and some hotels in non-gateway markets, particularly in Europe, are smaller. Renaissance hotels typically include an all-day dining restaurant, a specialty restaurant, club floors and lounge, boardrooms, convention and banquet facilities. There are eight Renaissance Resorts which have additional recreational facilities including golf, tennis and water sports.

Renaissance Hotels
Geographic Distribution at January 1, 1999

	Hotels	
United States (15 states and the District of Columbia)	34	(15,573 rooms)
Non-U.S. (25 countries and territories)		
Americas (Non-U.S.)	7	
United Kingdom	4	
Continental Europe	16	
Asia	15	
Africa and the Middle East	6	
Australia	1	
Total Non-U.S.	49	(17,191 rooms)

New World primarily targets international business travelers. New World hotels are located exclusively in the Asia-Pacific region and are concentrated in the major business districts of gateway cities in China and Southeast Asia. With hotels in the key gateway markets to China of Beijing and Shanghai, New World has expanded into China's secondary business centers. New World hotels typically range in size from 300 to 600 rooms and offer multiple restaurants and lounges, executive floors and a variety of recreational, banquet and meeting facilities. At January 1, 1999, seven New World hotels (3,651 rooms) were located in three countries outside the U.S. During 1998, five New World hotels (3,025 rooms) were reflagged as Marriott or Renaissance hotels.

Ramada International is a moderately priced brand targeted at business and leisure travelers. Each full-service Ramada International property includes a restaurant, a cocktail lounge and full-service meeting and banquet facilities. Ramada International hotels are located primarily in Europe in major and secondary cities, near major international airports and suburban office park locations. We also receive a royalty fee from Cendant Corporation (successor to HFS, Inc.) and Ramada Franchise Canada Limited for the use of the Ramada name in the United States and Canada, respectively.

Ramada International
Geographic Distribution at January 1, 1999

	Hotels	
Continental Europe	31	
Asia	7	
Americas (Non-U.S.)	3	
Africa and the Middle East	4	
Australia	1	
Total (17 countries and territories)	46	(7,935 rooms)

Residence Inn is the U.S. market leader among extended-stay lodging products, which caters primarily to business, government and family travelers who stay more than five consecutive nights. Residence Inns generally have 80 to 130 studio and two-story penthouse suites. Most inns feature a series of residential style buildings with landscaped walkways, courtyards and recreational areas. The inns do not have restaurants but offer complimentary continental breakfast. Each suite contains a fully equipped kitchen, and many suites have wood-burning fireplaces.

Residence Inns
Geographic Distribution at January 1, 1999

	Hotels	
United States (44 states)	289	(34,270 rooms)
Canada	4	(704 rooms)
Mexico	1	(76 rooms)

Courtyard is our moderate-price limited-service hotel product. Aimed at individual business and leisure travelers as well as families, Courtyard hotels maintain a residential atmosphere and typically have 80 to 150 rooms. Well landscaped grounds include a courtyard with a pool and social areas. Most hotels feature meeting rooms, limited

restaurant and lounge facilities, and an exercise room. The operating systems developed for these hotels allow Courtyard to be price competitive while providing better value through superior facilities and guest service.

Courtyard Hotels
Geographic Distribution at January 1, 1999

	Hotels	
United States (42 states and the District of Columbia).....	383	(52,633 rooms)
Non-U.S. (seven countries).....	32	(5,243 rooms)

SpringHill Suites is our newly announced all-suite brand in the upper-moderate priced tier of lodging products. SpringHill Suites feature suites that are 25 percent larger than a typical hotel guest room and offer a broad range of amenities, including complimentary continental breakfast and exercise facilities. In October 1998, we announced plans to convert our Fairfield Suites open or under construction to the SpringHill Suites brand. At January 1, 1999 17 properties (1,674 rooms) were located in 13 states.

TownePlace Suites is a moderately priced, extended-stay hotel product that is designed to appeal to business and leisure travelers. The standard TownePlace Suites hotel consists of two interior-corridor buildings containing 95 units consisting of high quality one- and two-bedroom suites. Each suite has a fully equipped kitchen and separate living area. Each hotel provides housekeeping services and has on-site exercise facilities, an outdoor pool, 24-hour staffing and laundry facilities. At January 1, 1999, 17 TownePlace Suites (1,699 rooms) were located in nine states.

Fairfield Inn is our economy lodging product which competes directly with major national economy motel chains. Aimed at cost-conscious individual business and leisure travelers, a typical Fairfield Inn has 65 to 135 rooms and offers a swimming pool, complimentary continental breakfast and free local phone calls. At January 1, 1999, 376 Fairfield Inns (35,694 rooms) were located in 46 states.

Marriott Vacation Club International develops, sells and operates vacation timesharing resorts. Profits are generated from three primary sources: (1) selling fee simple and other forms of timeshare intervals, (2) operating the resorts and (3) financing consumer purchases of timesharing intervals.

Many timesharing resorts are located adjacent to Marriott hotels, and timeshare owners have access to certain hotel facilities during their vacation. Owners can trade their annual interval for intervals at other Marriott timesharing resorts or for intervals at certain timesharing resorts not otherwise sponsored by the Company through an affiliated exchange company. Owners also can trade their unused interval for points in the Marriott Rewards program, enabling them to stay at over 1,500 Marriott hotels worldwide.

At January 1, 1999, we had 16 resorts in active sales, including one in Aruba, our newest addition in the Caribbean; one in Palm Beach Shores, our second Vacation Ownership resort in South Florida; and one in Mallorca, Spain our second European resort. Additionally, we announced a joint venture with American Skiing Company, the largest operator of alpine ski, snowboard and golf resorts in the U.S., which will enable us to develope vacation ownership properties at premier, alpine resort locations across the country. During 1998 we added over 20,000 new owners, taking the number of our vacation owners to over 120,000.

Marriott Vacation Club International
Geographic Distribution at January 1, 1999

	Resorts	Units
Continental United States.....	32	3,284
Hawaii.....	1	232
Caribbean.....	2	262
Europe.....	2	160
Total.....	37	3,938

Serviced apartments provide temporary housing for business executives and others who need quality accommodations outside their home country, usually for 30 or more days. Some serviced apartments operate under the Marriott Executive Residences brand which is designed specifically for the long-term international traveler. At January 1, 1999, eight serviced apartment properties (1,624 units), including two Marriott Executive Residences, were located

in five countries and territories. In January, 1999, we announced the acquisition of ExecuStay Corporation, which will expand our operations in the area of serviced apartments. See "Recent Developments" below for a more detailed discussion.

Other Activities

Marriott Golf manages 25 golf course facilities for us and for other golf course owners.

We operate 17 systemwide hotel reservation centers, 10 of them in the U.S. and seven internationally, that handle reservation requests for Marriott lodging brands worldwide, including franchised units. We own one of the U.S. facilities and lease the others.

Our Architecture and Construction Division assists in the design, development, construction and refurbishment of lodging properties and senior living communities and is paid a fee by the owners of such properties.

Competition

We encounter strong competition both as a lodging operator and a franchisor. There are over 500 lodging management companies in the United States, including several that operate more than 100 properties. These operators are primarily private management firms, but also include several large national chains that own and operate their own hotels and also franchise their brands. Management contracts are typically long-term in nature, but most allow the hotel owner to replace the management firm if certain financial or performance criteria are not met.

Affiliation with a national or regional brand is prevalent in the U.S. lodging industry. In 1998, the majority of U.S. hotel rooms were brand-affiliated. Most of the branded properties are franchises, under which the operator pays the franchisor a fee for use of its hotel name and reservation system. The franchising business is fairly concentrated, with the three largest franchisors operating multiple brands accounting for a significant proportion of all U.S. rooms.

Outside the United States branding is much less prevalent, and most markets are served primarily by independent operators. We believe that chain affiliation will increase in overseas markets as local economies grow, trade barriers are reduced, international travel accelerates and hotel owners seek the economies of centralized reservation systems and marketing programs.

We have approximately a seven percent share of the U.S. hotel market (based on number of rooms), less than a one percent share of the lodging market outside the United States and a six percent share of annual worldwide timesharing sales of about $6 billion. We believe that our hotel brands are attractive to hotel owners seeking a management company or franchise affiliation, because our hotels typically generate higher occupancies and Revenue per Available Room (REVPAR) than direct competitors in most market areas. We attribute this performance premium to our success in achieving and maintaining strong customer preference. Approximately 40 percent of our ownership resort sales come from additional purchases by or referrals from existing owners. We believe that the location and quality of our lodging facilities, our national marketing programs, reservation systems and our emphasis on guest service and satisfaction are contributing factors across all of our brands.

We regularly upgrade our properties to maintain their competitiveness. The vast majority of rooms in the Marriott lodging system either opened or have been refurbished in the past five years. We also strive to update and improve the products and services we offer. We believe that by operating a number of hotels in each of our brands, we stay in direct touch with customers and react to changes in the marketplace more quickly than chains which rely exclusively on franchising.

The Marriott Rewards and Marriott Miles programs enhance repeat guest business by rewarding frequent travelers with free stays at Marriott hotels or free travel on 13 participating airlines. Marriott Rewards is a multi-brand frequent guest program which covers eight Marriott brands. We believe that the frequent stay programs generate substantial repeat business that might otherwise go to competing hotels.

MARRIOTT SENIOR LIVING SERVICES

Through our Senior Living Services business, we develop and operate both "independent full-service" and "assisted living" senior living communities and provide related senior care services. Most are rental communities with monthly rates that depend on the amenities and services provided. We are the largest U.S. operator of senior living communities in the quality tier. The senior living services market is one of the fastest growing segments of the U.S. economy and we are expanding our Senior Living Services division to meet this growing demand.

As shown in the table below at January 1, 1999, we operated 113 senior living communities in 27 states.

	Communities	Units (1)
Independent full-service		
- owned	3	1,193
- operated under long-term agreements	42	11,275
	45	12,468
Assisted living		
- owned	28	3,027
- operated under long-term agreements	40	5,049
	68	8,076
Total senior living communities	113	20,544

(1) Units represent independent living apartments plus beds in assisted living and nursing centers.

At January 1, 1999, we operated 45 independent full-service senior living communities, which offer both independent living apartments and personal assistance units for seniors. Most of these communities also offer licensed nursing care.

At January 1, 1999 we also operated 68 assisted living senior living communities under the names "Brighton Gardens by Marriott," "Village Oaks," and "Marriott MapleRidge" (our new name for communities formerly branded as "Hearthside"). Assisted living senior living communities are for seniors who would benefit from assistance with daily activities such as bathing, dressing or medication. Brighton Gardens is a quality tier assisted living concept which generally has 90 assisted living suites and in certain locations, 30 to 45 nursing beds in a community. In some communities, separate on-site centers also provide specialized care for residents with Alzheimer's or other memory-related disorders. Village Oaks is a moderately priced assisted living concept which emphasizes companion living and generally has 70 suites in a community. This concept is geared for the cost conscious senior who benefits from the companionship of another unrelated individual. Marriott MapleRidge assisted living communities consist of a cluster of six or seven 14-room cottages which offer residents a smaller scale, more intimate setting and family-like living at a moderate price.

The assisted living concepts typically include three meals per day, linen and housekeeping services, security, transportation, and social and recreational activities. Additionally, skilled nursing and therapy services are generally available to Brighton Gardens residents.

Terms of the senior living services management agreements vary but typically include base management fees, ranging from four to six percent of revenues, central administrative services reimbursements and incentive management fees. Such agreements are generally for initial periods of five to 30 years, with options to renew for up to 25 additional years. Under the leases covering certain of the communities, we pay the owner fixed annual rent plus additional rent equal to a percentage of the amount by which annual revenues exceed a fixed amount.

Our Senior Living Services business competes mostly with local and regional providers of long-term health care and senior living services, although some national providers are emerging in the assisted living market. We compete by operating well-maintained facilities, and by providing quality health care, food service and other services at competitive prices. The reputation for service, quality care and know how associated with the Marriott name is also attractive to residents and their families. The recent launch of the Marriott Assisted Living Education Program, chaired by actress Debbie Reynolds, also demonstrates our commitment to leadership in the Senior Living Services

business. This program aims to increase awareness of assisted living and to highlight general benefits to adult children and their senior family members. Additionally, we have focused on developing relationships with professionals who often refer seniors to senior living communities, such as hospital discharge planners and physicians. By educating these groups on the assisted living concept, and familiarizing them with Marriott products and associates, we generate a significant volume of referrals that helps our senior living communities to quickly achieve high, stabilized occupancy levels.

MARRIOTT DISTRIBUTION SERVICES

MDS is a United States limited-line distributor of food and related supplies, carrying an average of 3,000 product items per distribution center. This segment originally focused on purchasing, warehousing and distributing food and supplies to other Marriott businesses. However, MDS has increased its third-party business to about 88 percent of total sales volume in the year ended January 1, 1999.

MDS operated a nationwide network of 13 distribution centers at January 1, 1999. Leased facilities are generally built to our specifications, and utilize a narrow aisle concept and technology to enhance productivity.

Through MDS, we compete with numerous national, regional and local distribution companies in the $141 billion U.S. food distribution industry. We attract clients by adopting competitive pricing policies and by maintaining one of the highest order fill rates in the industry. In addition, our limited product lines, operating systems, and other economies provide a favorable cost structure which we are able to leverage in pursuing new business.

EMPLOYEE RELATIONS

At January 1, 1999, we had approximately 133,000 employees. Approximately 5,000 employees at properties we manage were represented by labor unions. We believe our relations with employees are positive.

OTHER PROPERTIES

In addition to the operating properties discussed above, we lease an 870,000 square foot office building in Bethesda, Maryland which serves as our headquarters. This lease has an initial term which expires in 2004, and includes options for an additional 25 years.

We believe our properties are in generally good physical condition with need for only routine repair and maintenance.

RECENT DEVELOPMENTS

On January 6, 1999, we entered into a definitive agreement to acquire ExecuStay Corporation (ExecuStay), a provider of leased corporate apartments. The total acquisition cost is estimated to be $115 million, to be paid as approximately $53 million in our Class A Common Stock and $62 million in cash. Including assumed debt, net of estimated assets, our investment will total approximately $128 million. We now own more than 98 percent of the voting stock of ExecuStay and expect to complete the acquisition during the 1999 first quarter.

ITEM 3. LEGAL PROCEEDINGS

There are no material legal proceedings pending against us.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None.

PART II

ITEM 5. MARKET FOR THE COMPANY'S COMMON STOCK AND RELATED SHAREHOLDER MATTERS

The range of prices of Class A Common Stock and dividends declared per share for the period since the March 27, 1998 Spinoff are as follows. No data are presented for the periods prior to the Spinoff since we were not a publicly-held company during that time.

1998	Stock Price High	Stock Price Low	Dividends Declared Per Share
Second Quarter	$ 37 1/4	$ 30 1/2	$ 0.095 /1/
Third Quarter	34 1/2	24 5/8	0.050
Fourth Quarter	30 1/4	19 3/8	0.050

/1/ Total of $.045 for the first quarter (declared and paid in the second quarter), and $.05 second quarter dividend.

At January 31, 1999, there were 244,566,605 shares of Class A Common Stock outstanding held by 52,769 shareholders of record. The Company's Class A Common Stock is traded on the New York Stock Exchange, Chicago Stock Exchange, Pacific Stock Exchange and Philadelphia Stock Exchange.

ITEM 6. SELECTED HISTORICAL FINANCIAL DATA

The following table presents summary selected historical financial data for the Company derived from our financial statements as of and for the five fiscal years ended January 1, 1999.

Since the information in this table is only a summary and does not provide all of the information contained in our financial statements, including the related notes, you should read "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our Consolidated Financial Statements. Per share data and Shareholders' Equity have not been presented for periods prior to 1998 because we were not a publicly-held company during that time.

As discussed in the financial statements included later in this report, in the fourth quarter of 1998 we changed our accounting policy to no longer include the working capital and sales of managed hotels and managed senior living communities in our financial statements. Instead, our sales include fees earned plus costs recovered from owners of managed hotels and managed senior living communities. The table below reflects the restatement of prior periods to conform with this new accounting policy.

	Fiscal Year				
	1998	1997	1996/1/	1995	1994
	(in millions, except per share data)				
INCOME STATEMENT DATA:					
Sales	$ 7,968	$ 7,236	$ 5,738	$ 4,880	$ 4,461
Operating Profit Before Corporate Expenses and Interest	736	609	508	390	316
Net Income	390	324	270	219	162
PER SHARE DATA:					
Diluted Earnings Per Share	1.46				
Cash Dividends Declared	.195				
BALANCE SHEET DATA (AT END OF YEAR):					
Total Assets	6,233	5,161	3,756	2,772	2,061
Long-Term and Convertible Subordinated Debt	1,267	422	681	180	102
Shareholders' Equity	2,570				

/1/Fiscal year 1996 includes 53 weeks, all other years include 52 weeks.

ITEM 7. 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 fiscal years ended January 1, 1999 (52 weeks), January 2, 1998 (52 weeks) and January 3, 1997 (53 weeks). Comparable REVPAR room rate and occupancy statistics are used throughout this report and are based upon U.S. properties operated by us, except that beginning in fiscal 1998, data for Fairfield Inns include comparable franchised properties. Ramada International and New World do not have any U.S. properties.

As discussed in our financial statements, in the fourth quarter of 1998 we changed our accounting policy to no longer include the working capital and sales of managed hotels and managed senior living communities in our financial statements. Instead, our sales include fees earned plus costs recovered from owners of managed hotels and managed senior living communities. We restated prior periods and all references in the discussion below refer to financial statement data prepared under our new accounting policy. This restatement reflects reductions in sales of $2,240 million, $1,810 million and $1,529 million for 1998, 1997 and 1996, respectively, compared to sales as previously calculated for those periods.

1998 Compared to 1997

Our net income increased from $324 million in 1997 to $390 million in 1998. The increase in our net income was driven by contributions from new unit expansion, including acquisitions, and strong profit growth from our Lodging segment. The increase in lodging rooms and the increase in REVPAR in excess of inflation resulted in a 21 percent increase in systemwide sales, to $16 billion.

LODGING

	(in millions except REVPAR, properties and units)		
	1998	1997	Percentage increase
Sales	$ 6,311	$ 5,247	20%
REVPAR(all brands)	$ 95	$ 90	6%
Operating profit	$ 704	$ 569	24%
Properties	1,686	1,510	12%
Units	328,293	300,437	9%

Our 1998 Lodging operating profit rose on higher sales, benefiting from contributions from new properties. The sales increase resulted from average REVPAR growth of six percent across all comparable U.S. properties that we manage and the addition of new hotels. This growth resulted in higher base management and franchise fees. Growth also contributed to higher house profits which resulted in higher incentive management fees. Lodging operating profit also increased due to higher financing income arising from our sale of timeshare notes receivable.

Marriott Hotels, Resorts and Suites profits were up 18 percent in fiscal 1998 on sales growth of seven percent, reflecting the net addition of 12 units (6,924 rooms) in the U.S. and seven units (1,454 rooms) internationally. REVPAR for comparable U.S. hotels that we operate was up six percent to $108, primarily as a result of a seven percent increase in average room rates. Sales gains, coupled with profit margin improvements, generated higher incentive management fees at many properties.

Average Ritz-Carlton room rates increased nine percent to $205 although occupancy decreased by two percentage points to 75 percent, resulting in a six percent increase in REVPAR for comparable U.S. properties. The results of Ritz-Carlton properties were consolidated since we increased our ownership interest to approximately 98 percent on March 19, 1998, resulting in additional sales of $462 million in 1998.

REVPAR for U.S. Renaissance hotels that we operate increased seven percent due to a five percent increase in room rates to $129 and a one percent increase in occupancy, to 70 percent. Renaissance is now integrated into our reservation system as well as sales, marketing and other operating programs.

Courtyard, our moderate-price brand, added a net of 48 properties (6,593 rooms) during fiscal 1998. Courtyard posted a 15 percent increase in sales, following increases in average room rates and REVPAR of seven percent and six percent, respectively, while occupancy declined by one percentage point to 80 percent.

Residence Inn, our extended-stay brand, added 36 properties (4,374 rooms) during fiscal 1998 and generated 18 percent growth in sales, as average room rates climbed four percent to $99. Occupancy dipped slightly to 83 percent resulting in a four percent increase in REVPAR.

Fairfield Inn, our economy brand, reflected an increase of 10 percent in sales. A four percent increase in average room rates to $56 was offset by a slight decline in occupancy to 74 percent, resulting in a three percent increase in REVPAR. Fairfield added 35 franchised properties (3,156 rooms) during fiscal 1998.

Marriott Vacation Club International posted an eight percent increase in the number of timeshare intervals sold and nine percent growth in financially reported sales under the percentage of completion method. The sales increase resulted from strong performance in several locations, including sales at five new locations opened during the year. Operating profit increased due to increased profit from resort management and an increase in pre-tax gains on the sale of timeshare notes receivable of $17 million over 1997.

MARRIOTT SENIOR LIVING SERVICES reported a sales increase of seven percent in fiscal 1998 over 1997, primarily due to the opening of 24 communities during 1998 and maintaining 94 percent occupancy for comparable properties, partially offset by the reduction in recorded sales resulting from properties sold subject to long-term management agreements during 1997. Operating profit declined from $32 million to $15 million mainly due to "ownership profits" from 29 Forum properties sold to Host Marriott Corporation (Host Marriott) on June 21, 1997 being replaced with "managed operating profits." This decrease was partially offset by the recognition in 1998 of $9 million of pre-tax gains relating to sales of properties subject to long-term operating agreements, compared to $5 million in 1997.

MARRIOTT DISTRIBUTION SERVICES doubled its operating profit in 1998, from $7 million to $17 million. This was achieved despite a 24 percent reduction in sales from $1,543 million to $1,178 million. The segment benefited from consolidation of its food distribution facilities, and the realization of operating efficiencies following a period of rapid expansion in 1996-97. See "Liquidity and Capital Resources" below for a discussion of the possible future impact to MDS of the bankruptcy filing of a major MDS customer.

CORPORATE EXPENSES rose by 25 percent to $110 million, primarily due to $12 million of year 2000 costs and personnel costs of additional corporate staff required following continued growth of our operating segments.

INTEREST EXPENSE increased by 36 percent to $30 million due to share repurchases and capital expenditures. Interest income of $36 million was 13 percent higher than 1997 primarily due to higher interest on cash reserves.

INCOME TAXES. Our effective income tax rate decreased to 38.25 percent from 39 percent in 1997, primarily due to the increased proportion of foreign operations in countries with relatively low effective tax rates.

1997 Compared to 1996

Net income increased 20 percent to $324 million in fiscal 1997, on a sales increase of 26 percent to $7 billion, driven by contributions from new unit expansion, including acquisitions, and strong profit growth for the Lodging segment.

Systemwide sales increased by 33 percent to $13.2 billion, driven primarily by a 31 percent increase in lodging rooms and REVPAR increases in excess of inflation.

LODGING

	(in millions except REVPAR, properties and units)		
	1997	1996	Percentage increase
Sales	$ 5,247	$ 4,340	21%
REVPAR (all brands)	$ 89	$ 82	9%
Operating profit	$ 569	$ 452	26%
Properties	1,510	1,183	28%
Units	300,437	229,514	31%

Our operating profit was up on higher sales, benefiting from favorable conditions in the U.S. lodging market, and contributions from new properties. The sales increase resulted from REVPAR growth across all comparable U.S. properties that we manage and the addition of new hotels, including the acquisition of Renaissance Hotel Group N.V. (RHG). This growth resulted in higher base management and franchise fees which were partially offset by reduced financing income, due to lower pre-tax gains on the sale of timeshare notes receivable during 1997. REVPAR growth also contributed to higher house profits which resulted in higher incentive management fees.

Profits for Marriott Hotels, Resorts and Suites increased in excess of 20 percent in fiscal 1997 on sales growth of five percent, which reflects the net addition of two units (881 rooms) in the U.S. and eight units (2,903 rooms) internationally. Comparable U.S. hotels that we operate achieved REVPAR increases of nine percent as room rates grew by nine percent to $129. These sales gains, coupled with profit margin improvements, generated substantially higher incentive management fees at many properties. Profits for international hotels also were higher, primarily because of contributions from new properties in 1996 and 1997.

Ritz-Carlton reported an increase in average room rates of five percent to $185 and an increase in occupancy of four percentage points to 79 percent, resulting in a 10 percent increase in REVPAR.

The Renaissance, New World and Ramada International brands, contributed $445 million in sales since the March 29, 1997 acquisition. REVPAR for U.S. Renaissance hotels that we operate increased six percent due to higher room rates and a slight decrease in occupancy.

Courtyard, our moderate-price brand, added 53 properties (6,473 rooms) during fiscal 1997. Courtyard posted a 17 percent increase in sales, as average room rates and REVPAR were up eight percent, while occupancy remained at 81 percent.

Residence Inn, our extended-stay brand, added 34 properties (4,129 rooms) during fiscal 1997 and generated 15 percent growth in sales, as average room rates climbed eight percent to $95. Occupancy dipped slightly to 84 percent resulting in a six percent increase in REVPAR.

Fairfield Inn and Suites, our economy brand, reflected an increase of 13 percent in sales. A two percent increase in average room rates to $51 was offset by a slight decline in occupancy to 75 percent, resulting in no change in REVPAR. Fairfield added 60 properties (5,603 rooms) during fiscal 1997, primarily through franchising.

Marriott Vacation Club International posted a 21 percent increase in the number of timeshare intervals sold and 51 percent growth in financially reported sales under the percentage of completion method. The sales increase resulted

from strong performance in several locations, including Marriott Vacation Club International's first European resort in Marbella, Spain, as well as Fort Lauderdale and Orlando, Florida and Hilton Head, South Carolina. Increased profits from resort development were offset by a reduction from 1996 to 1997 in pre-tax gains arising on the sale of timeshare notes receivable.

MARRIOTT SENIOR LIVING SERVICES reported a sales increase of 20 percent in fiscal 1997 over 1996, primarily due to the opening of 17 communities during 1997 and a two percentage point increase in occupancy, to 95 percent, for comparable properties. Operating profit declined as "ownership profits" were replaced with "managed operating profits" for 43 properties that were sold to investors since the beginning of 1996. This decrease was partially offset by the recognition of $5 million of pre-tax gains relating to these and other real estate transactions.

MARRIOTT DISTRIBUTION SERVICES generated a sharp increase in sales for fiscal 1997 as a result of the addition of several major restaurant customers and the net addition of two new distribution centers. Profits, however, were lower in fiscal 1997 due to start-up costs associated with the new centers, as well as costs of integrating the new business into existing distribution centers.

CORPORATE EXPENSES rose 21 percent in 1997, due to non-cash items associated with investments generating significant income tax benefits as well as modest staff increases to accommodate growth and new business development.

INTEREST EXPENSE decreased 41 percent from fiscal 1996 due to the sale of the 29 Forum Group communities to Host Marriott. Interest income declined 14 percent, primarily due to collections on, and sales of, notes receivable.

INCOME TAXES. Our effective income tax rate increased to 39 percent in 1997, compared to 38 percent in 1996, primarily due to the RHG acquisition.

LIQUIDITY AND CAPITAL RESOURCES

Our goal is to add 150,000 hotel rooms to our worldwide system over the five year period from 1998 to 2002. 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. Nonetheless, our ability to sell properties that we develop, and the ability of hotel or senior living community developers to build or acquire new Marriott properties, which are important parts of our growth plans, are partially dependent on the availability and price of capital. We are monitoring the status of the capital markets, which have shown substantial volatility during the past year, and are evaluating the effect, if any, that capital market conditions may have on our ability to execute our announced growth plans.

Cash From Operations

Cash from operations was $605 million in 1998, $542 million in 1997 and $496 million in 1996. The increase in our operating cash flow from 1997 primarily reflects higher earnings in 1998. While our timesharing business generates strong operating cash flow, annual amounts are affected by the timing of cash spent on the acquisition and development of new resorts and cash received from purchaser financing. We do not include interval sales we finance in operating cash flow until we collect the cash or the notes are sold for cash.

Earnings Before Interest Expense, Income Taxes, Depreciation and Amortization (EBITDA) was $802 million, $679 million and $561 million for fiscal years 1998, 1997 and 1996, respectively. This represents an 18 percent increase in 1998 and a 21 percent increase in 1997. We consider EBITDA to be an indicator of our operating performance because EBITDA can be used to measure our ability to service debt, fund capital expenditures and expand our business. Nevertheless, you should not consider EBITDA an alternative to net income, operating profit, cash flows from operations, or any other operating or liquidity measure prescribed by generally accepted accounting principles. A substantial portion of our EBITDA is based on fixed dollar amounts or percentages of sales. This includes lodging base management and franchise fees and land rent. With more than 1,650 hotel properties, no single property is critical to our financial results.

Our ratio of current assets to current liabilities was .94 at January 1, 1999, compared to .79 at January 2, 1998. Each of our businesses minimizes working capital through strict credit-granting policies, aggressive collection efforts and high inventory turnover.

Investing Activities Cash Flows

ACQUISITIONS. We completed three major acquisitions during the last three years: Renaissance Hotel Group N.V., a premier operator and franchisor of approximately 150 hotels under three brands in 38 countries; Forum Group, Inc. (Forum), a leading provider of senior living services; and a 98 percent interest in The Ritz-Carlton Hotel Company LLC, one of the world's premier luxury hotel brands and management companies. We expect to acquire the remaining two percent of The Ritz-Carlton Hotel Company LLC within the next several years.

DISPOSITIONS. On December 29, 1998, we agreed to sell and leaseback, under long-term, limited-recourse leases, 17 hotels for approximately $202 million in cash. At the same time, we agreed to pay security deposits of $21 million which will be refunded at the end of the leases. As of January 1, 1999, four of the properties had been sold, resulting in a sales price which exceeded the net book value by $13 million, which we will recognize as a reduction of rent expense over the 15-year initial lease terms.

During 1998, we agreed to sell, subject to long-term management agreements, eight lodging properties and 11 senior living communities for $184 million and $178 million, respectively. As of January 1, 1999, sales of five of these hotels and five of these senior living communities had closed, for a total of $181 million.

On April 3, 1997, we agreed to sell and leaseback, under long-term, limited-recourse leases, 14 limited service hotels for approximately $149 million in cash. At the same time, we agreed to pay security deposits of $15 million, which will be refunded at the end of the leases. As of January 2, 1998, all of the properties had been sold, resulting in a sales price which exceeded the net book value by $20 million, which is recognized as a reduction of rent expense over the 17-year initial lease terms. On October 10, 1997, we agreed to sell and leaseback, under long-

term, limited-recourse leases, another nine limited service hotels for approximately $129 million in cash. At the same time, we agreed to pay security deposits of $13 million, which will be refunded at the end of the leases. At January 1, 1999, all of these nine properties had been sold, resulting in a sales price which exceeded the net book value by $17 million, which is recognized as a reduction of rent expense over the 15-year initial lease terms. We can renew all of these leases at our option.

On April 11, 1997, we sold five senior living communities for approximately $79 million in cash. On September 12, 1997, we agreed to sell another seven senior living communities for approximately $95 million in cash. All of these properties have been sold, and we will continue to operate these communities under long-term management agreements.

On June 21, 1997, we sold 29 senior living communities acquired as part of the Forum acquisition, to Host Marriott for approximately $550 million, resulting in no gain or loss. The consideration included approximately $50 million to be received subsequent to 1997 as expansions at certain communities are completed. The $500 million of consideration received during 1997 consisted of $222 million in cash, $187 million of outstanding debt and $91 million of notes receivable bearing interest at nine percent which were repaid on April 1, 1998. Under the terms of the sale, Host Marriott purchased all of the common stock of Forum which, at the time of the sale, owned the 29 communities, certain working capital and associated debt. We continue to operate these communities under long-term management agreements.

CAPITAL EXPENDITURES AND OTHER INVESTMENTS. Capital expenditures in 1998, 1997 and 1996 of $937 million, $520 million and $293 million, respectively, included construction and development of new senior living communities and Courtyard, Residence Inn and TownePlace Suites properties. Over time, we expect to sell certain lodging and senior living service properties under development, or to be developed, while continuing to operate them under long-term agreements.

We also expect to continue to make other investments to grow our businesses, including loans, minority equity investments and development of new timeshare resorts in connection with adding units to our Lodging business. We also expect to continue to invest in the development of new senior living communities.

We have made loans to owners of hotel and senior living properties which we operate or franchise. At January 1, 1999, and January 2, 1998, loans outstanding under this program totaled $213 million and $351 million, respectively. Unfunded commitments aggregating $271 million were outstanding at January 1, 1999. These loans are typically secured by mortgages on the projects. We participate in a program with an unaffiliated lender in which we may partially guarantee loans made to facilitate third party ownership of hotels and senior living services communities which we operate or franchise.

Most of our operating agreements require that specified percentages of sales be set aside for renovation and refurbishment of the properties.

Cash From Financing Activities
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In November 1998 we issued, through a private placement, $400 million of unsecured senior notes (the Senior Notes) as follows:

Series	Face	Coupon	Maturity
	(in millions)		
A	$ 200	6 5/8 %	2003
B	$ 200	6 7/8 %	2005

We received $396 million in proceeds, which reflects the original issue discount and the initial purchasers' discount. We have agreed to promptly make and complete a registered exchange offer for the Senior Notes and, if required, to implement a resale shelf registration statement. If we fail to do so on a timely basis, we will pay additional interest to the Senior Note holders.

Non-interest bearing cash advances to or from Old Marriott were made prior to the Spinoff to allow both the Company and Old Marriott to meet their cash requirements. Through such advances, we had access to funds from Old Marriott's $1.5 billion revolving credit facility and commercial paper program.

In 1996, Old Marriott received $288 million from the issuance of zero coupon subordinated Liquid Yield Option Notes (LYONs) which have an aggregate maturity value of $540 million in 2011. Each $1,000 LYONs was issued at a discount representing a yield to maturity of 4.25 percent. Upon consummation of the Spinoff, we assumed the LYONs, and SMS assumed a nine percent share of the LYONs obligation. We calculated this percentage based on an estimate of the relative equity values of SMS and the Company prior to the Spinoff. Each LYON is now convertible into 17.52 shares of our Class A Common Stock and 2.19 shares of SMS common stock. We remain liable to the holders of the LYONs for any payments that SMS fails to make on its allocable portion.

In March, 1998 and February, 1999, respectively, we entered into $1.5 billion and $500 million multicurrency revolving credit facilities. As of January 1, 1999, there were $73 million of letters of credit outstanding under the first facility. The facilities also serve as a backstop for our commercial paper program, which had an outstanding balance of $426 million at January 1, 1999. The facilities have remaining terms of four and five years, respectively. Borrowings bear interest at LIBOR plus a spread, based on our public debt rating. Additionally, we pay annual fees on the facilities at a rate also based on our public debt rating.

SHARE REPURCHASES. We purchased 13.7 million of our shares in the period from the Spinoff through year end at a cost of $398 million. As of January 1, 1999, we are authorized by our Board of Directors to purchase a further 6.3 million shares.

DIVIDENDS. We declared and paid a quarterly dividend of 4.5c per share for the first fiscal quarter of 1998, and 5c per share for the second, third, and fourth fiscal quarters of 1998.

OTHER MATTERS

Conversion of Common Stock

On May 21, 1998, we converted, on a one-for-one-basis, all shares of our outstanding Common Stock into shares of our Class A Common Stock. Our Board of Directors took this action under authority granted by our certificate of incorporation, as a result of a shareholder vote taken at our 1998 annual meeting of shareholders.

Conversion of Host Marriott Corporation into a Real Estate Investment Trust

In December 1998, Host Marriott reorganized its business operations to qualify as a real estate investment trust (REIT). In conjunction with its conversion to a REIT, Host Marriott spun off, in a taxable transaction, a new company called Crestline Capital Corporation (Crestline), acquired a portfolio of luxury hotels for $1.5 billion, and completed partnership roll-ups representing new acquisitions approximating $650 million. As part of the Crestline spinoff, Host Marriott transferred to Crestline all of the senior living communities previously owned by Host Marriott, and Host Marriott entered into lease or sublease agreements with Crestline for substantially all of Host Marriott's lodging properties, including the properties acquired in the acquisition and roll-up transactions described above. Our lodging and senior living community management and franchise agreements with Host Marriott were also assigned to Crestline. In the case of the lodging agreements, Host Marriott remains obligated under such agreements in the event that Crestline fails to perform its obligations thereunder.

We continue to have the right to purchase up to 20 percent of Host Marriott's outstanding common stock upon the occurrence of certain events generally involving a change of control of Host Marriott. This right expires in 2017, and Host Marriott has granted an exception to the ownership limitations in its charter to permit full exercise of this right, subject to certain conditions related to ownership limitations applicable to REITs generally.

We believe that these transactions have not materially changed our business or legal rights as they previously existed with Host Marriott, although there can be no assurance that the new structure will not adversely affect us under future circumstances.

Boston Market

In 1996, MDS became the exclusive provider of distribution services to Boston Chicken, Inc. (BCI). In May 1998, BCI disclosed that its independent auditors had expressed substantial doubt about BCI's ability to continue as a going concern. 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), and announced that it would close approximately 16 percent of the restaurants in the Boston Market chain. Subsequently, a franchisee of BCI announced closings of a further five percent of the chain's restaurants. MDS continues to distribute to BCI and has been receiving payment of post-petition balances in accordance with the terms of its contract with BCI. In addition, the Court approved, and MDS has been paid substantially all of its pre-petition accounts receivable balances. The impact of BCI's bankruptcy on the Company depends on numerous uncertainties, and we are still in the process of assessing the potential effect on our future results of operations and financial position. If our contract were to terminate, or if BCI ceased or further curtailed its operations: (i) MDS might be unable to recover up to $32 million in contract investment, receivables and inventory; and (ii) MDS could have more warehouse capacity and rolling stock than it needs.

Inflation

Since inflation has been moderate in recent years, inflation has not had a significant impact on our businesses.

Year 2000 Readiness Disclosure

The "Year 2000 problem" has arisen because many existing computer programs and chip-based embedded technology systems use only the last two digits to refer to a year, and therefore do not properly recognize a year that begins with "20" instead of the familiar "19." If not corrected, many computer applications could fail or create erroneous results.

STATE OF READINESS. We have adopted the following eight-step process toward Year 2000 readiness:

1. Awareness: fostering understanding of, and commitment to, the problem and its potential risks;

2. Inventory: identifying and locating systems and technology components that may be affected;

3. Assessment: reviewing these components for Year 2000 compliance, and assessing the scope of Year 2000 issues;

4. Planning: defining the technical solutions and labor and work plans necessary for each affected system;

5. Remediation/Replacement: completing the programming to renovate or replace the problem software or hardware;

6. Testing and Compliance Validation: conducting testing, followed by independent validation by a separate internal verification team;

7. Implementation: placing the corrected systems and technology back into the business environment; and

8. Quality Assurance: utilizing an internal audit team to review significant projects for adherence to quality standards and program methodology.

We have grouped our systems and technology into three categories for purposes of Year 2000 compliance:

1. Information resource applications and technology (IT Applications) -- enterprise-wide systems supported by the Company's centralized information technology organization (IR);

2. Business-initiated systems (BIS) -- systems that have been initiated by an individual business unit, and that are not supported by IR; and

3. Building Systems -- non-IT equipment at properties that use embedded computer chips, such as elevators, automated room key systems and HVAC equipment.

We are prioritizing our efforts based on how severe an effect noncompliance would have on customer service, core business processes or revenues, and whether there are viable, non-automated fallback procedures (System Criticality).

We measure the completion of each phase based on documented and quantified results weighted for System Criticality. As of January 1, 1999, the Awareness and Inventory phases were complete for IT Applications and substantially complete for BIS and Building Systems. For IT Applications, the Assessment, Planning, Remediation/Replacement, and Testing phases were each over 95 percent complete, and Compliance Validation had been completed for nearly half of key systems, with most of the remaining work in its final stage. BIS and Building Systems, Assessment and Planning are nearly complete. Remediation/Replacement and Testing is 20 percent complete for BIS and we are on track for completion of initial Testing of Building Systems by the end of the first quarter of 1999. Compliance Validation is in progress for both BIS and Building Systems. We remain on target for substantial completion of Remediation/Replacement and Testing for System Critical BIS and Building Systems by June 1999 and September 1999, respectively. Quality Assurance is in progress for IT Applications, BIS and Building Systems.

Year 2000 compliance communications with our significant third party suppliers, vendors and business partners, including our franchisees are ongoing. Our efforts are focused on the connections most critical to customer service, core business processes and revenues, including those third parties that support our most critical enterprise-wide IT Applications, franchisees generating the most revenues, suppliers of the most widely used Building Systems and BIS, the top 100 suppliers, by dollar volume, of non-IT products, and financial institutions providing the most critical payment processing functions. We have received responses from a majority of the firms in this group. A majority of these respondents have either given assurances of timely Year 2000 compliance or have identified the necessary actions to be taken by them or by us to achieve timely Year 2000 compliance for their products.

We have established a common approach for testing and addressing Year 2000 compliance issues for our managed and franchised properties. This includes guidance for properties we operate, and a Year 2000 "Toolkit" for franchisees containing relevant Year 2000 compliance information. We are also utilizing a Year 2000 best-practices sharing system.

COSTS. Many of the costs of Year 2000 compliance will be reimbursed to us or otherwise paid directly by owners and clients pursuant to existing contracts. We estimate that we will bear approximately $40-$50 million of the pre-tax costs to address the Year 2000 problem. These costs, approximately $12 million (on a pre-tax basis) of which have been incurred through January 1, 1999, have been and will be expensed as incurred.

In addition, we had previously planned and/or begun implementing several system replacement projects to modernize and improve our systems. The Year 2000 problem heightened the need for the timely completion and some project schedules have been accelerated. These project costs have been included in our budgeting process and internal forecasts and already form part of our financial plans. Like the Year 2000 costs referred to in the preceding paragraph, many of these systems replacement costs will be reimbursed to us or otherwise paid directly by owners and clients pursuant to existing contracts. We estimate that we will bear approximately $45-$50 million of the pre-tax costs of these system replacements, most of which will be capitalized and amortized over the useful lives of the assets.

The costs we will actually incur will depend on a number of factors which cannot be accurately predicted, including the extent and difficulty of the Remediation and other work to be done, the availability and cost of consultants, the extent of testing required to demonstrate Year 2000 compliance, and our ability to timely collect all payments due to us under existing contracts.

YEAR 2000 CONTINGENCY PLANS. Our centralized services and the properties we operate, already have contingency plans in place covering a variety of possible events, including natural disasters, interruption of utility service, general computer failure, and the like. We are reviewing these contingency plans for modifications to address specific Year 2000 issues, and expect modification of master contingency plans to be substantially complete by the end of the second quarter of 1999, with conforming changes to be added to individual unit contingency plans during the third quarter.

RISKS POSED BY OUR YEAR 2000 ISSUES. We currently believe that the Year 2000 problem will not have a material adverse effect on us, our business or our financial condition. However, we cannot assure you that our Year 2000 remediation or remediation by others will be completed properly and on time, and failure to do so could materially and adversely effect us. We also cannot predict the actual effects of the Year 2000 problem on us, which depends on a number of uncertainties such as:

- the factors listed above under "Costs";
- whether our franchisees and other significant third parties address the Year 2000 issue properly and on time;
- whether broad-based or systemic economic failures may occur, which could include
  - disruptions in passenger transportation or transportation systems generally;
  - loss of utility and/or telecommunications services;
  - errors or failures in financial transactions or payment processing systems such as credit cards;
  - the severity and duration of such failures; and
- whether we are sued or become subject to other proceedings regarding any Year 2000-related events and the outcome of any such suit or proceedings.

As part of our contingency planning, we are analyzing the most reasonably likely worst-case scenario that could result from Year 2000-related failures. Our best estimate of this scenario, based on current information, follows. Failure by others to achieve Year 2000 compliance could cause short-term disruptions in travel patterns, caused by actual or perceived problems with travel systems (such as the air traffic control system), and temporary disruptions in the supply of utility, telecommunications and financial services, which may be local or regional in scope. These events could lead travelers to accelerate travel to late 1999, postpone travel to later in 2000 or cancel travel plans, which could in turn affect lodging patterns and occupancy. Such failures could be more pronounced in some areas outside the U.S. where we understand that Year 2000 compliance efforts may not be as advanced. In addition, failure by us or others to achieve Year 2000 compliance could cause short-term operational inconveniences and inefficiencies for us. This may temporarily divert management's time and attention from ordinary business activities. We will, to the extent reasonably achievable, seek to prevent and/or mitigate these effects through our compliance and contingency planning efforts.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to market risk from changes in interest rates. We manage our exposure to this market risk through our monitoring of available financing alternatives and our development and application of credit granting policies. Our strategy to manage exposure to changes in interest rates is unchanged from January 2, 1998. Furthermore, we do not foresee any significant changes in our exposure to fluctuations in interest rates or in how such exposure is managed in the near future.

The following sensitivity analysis displays how our earnings and the fair values of certain instruments we hold are affected by changes in interest rates.

We hold notes receivable that earn interest at variable rates. Hypothetically, an immediate one percentage point change in interest rates would change annual interest income by $3 million based on each of the balances of these notes receivable outstanding at January 1, 1999 and January 2, 1998.

Changes in interest rates also impact the fair value of our long-term fixed rate debt and long-term fixed rate notes receivable. Based on the balances outstanding at January 1, 1999 and January 2, 1998, a hypothetical immediate one percentage point change in interest rates would change the fair value of our long-term fixed rate debt by $24 million and $5 million, respectively, and would change the fair value of long-term fixed rate notes receivable by $2 million and $5 million, respectively.

Our commercial paper has been excluded from the above sensitivity analysis. Although commercial paper is classified as long-term debt based on our ability and intent to refinance it on a long-term basis, all commercial paper matures within five months of year-end. As a result, there would be no material expected change in interest expense or fair value following a reasonably expected change in interest rates.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The following financial information is included on the pages indicated:

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Shareholders of Marriott International, Inc.:

We have audited the accompanying consolidated balance sheet of Marriott International, Inc. as of January 1, 1999 and January 2, 1998, and the related consolidated statements of income, cash flows and comprehensive income for each of the three fiscal years in the period ended January 1, 1999 and the consolidated statement of shareholders' equity for the period from March 27, 1998 to January 1, 1999. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Marriott International, Inc. as of January 1, 1999 and January 2, 1998, and the results of its operations and its cash flows for each of the three fiscal years in the period ended January 1, 1999, in conformity with generally accepted accounting principles.

As explained in the notes to the consolidated financial statements, the Company has given retroactive effect to the change in accounting for the working capital and sales of managed hotels and managed senior living communities.

ARTHUR ANDERSEN LLP

Washington, D.C.
January 28, 1999

MARRIOTT INTERNATIONAL, INC.
CONSOLIDATED STATEMENT OF INCOME
FISCAL YEARS ENDED JANUARY 1, 1999, JANUARY 2, 1998 AND JANUARY 3, 1997
($ IN MILLIONS, EXCEPT PER SHARE AMOUNTS)

	1998 (52 weeks)	1997 (52 weeks)	1996 (53 weeks)
SALES	$ 7,968	$ 7,236	$ 5,738
OPERATING COSTS AND EXPENSES	7,232	6,627	5,230
OPERATING PROFIT BEFORE CORPORATE EXPENSES AND INTEREST	736	609	508
Corporate expenses	(110)	(88)	(73)
Interest expense	(30)	(22)	(37)
Interest income	36	32	37
INCOME BEFORE INCOME TAXES	632	531	435
Provision for income taxes	242	207	165
NET INCOME	$ 390	$ 324	$ 270

	1998	1997	1996
EARNINGS PER SHARE		(pro forma, unaudited)	
Basic Earnings Per Share	$ 1.56	$ 1.27	$ 1.06
Diluted Earnings Per Share	$ 1.46	$ 1.19	$ .99

See Notes To Consolidated Financial Statements

MARRIOTT INTERNATIONAL, INC.
CONSOLIDATED BALANCE SHEET
JANUARY 1, 1999 AND JANUARY 2, 1998
($ IN MILLIONS)

	January 1, 1999	January 2, 1998
ASSETS		
Current assets		
Cash and equivalents	$ 390	$ 208
Accounts and notes receivable	605	489
Inventories, at lower of average cost or market	75	91
Prepaid taxes	200	159
Other	63	45
	1,333	992
Property and equipment	2,275	1,537
Intangible assets	1,712	1,448
Investments in affiliates	228	530
Notes and other receivables	434	414
Other	251	240
	$ 6,233	$ 5,161
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable	$ 497	$ 473
Accrued payroll and benefits	345	323
Self-insurance	42	57
Other payables and accruals	528	397
	1,412	1,250
Long-term debt	944	112
Self-insurance	179	196
Other long-term liabilities	805	707
Convertible subordinated debt	323	310
Shareholders' equity		
Class A common stock, 255.6 million shares issued	3	-
Additional paid-in capital	2,713	-
Retained earnings	218	-
Treasury stock, at cost	(348)	-
Accumulated other comprehensive income	(16)	-
Investments and net advances from Old Marriott	-	2,586
	2,570	2,586
	$ 6,233	$ 5,161

See Notes To Consolidated Financial Statements

MARRIOTT INTERNATIONAL, INC.
CONSOLIDATED STATEMENT OF CASH FLOWS
FISCAL YEARS ENDED JANUARY 1, 1999, JANUARY 2, 1998 AND JANUARY 3, 1997
($ IN MILLIONS)

	1998 (52 weeks)	1997 (52 weeks)	1996 (53 weeks)
OPERATING ACTIVITIES			
Net income	$ 390	$ 324	$ 270
Adjustments to reconcile to cash provided by operations:			
Depreciation and amortization	140	126	89
Income taxes	76	64	69
Timeshare activity, net	28	(118)	(95)
Other	(22)	88	61
Working capital changes:			
Accounts receivable	(104)	(190)	18
Inventories	15	(3)	(17)
Other current assets	(16)	(15)	11
Accounts payable and accruals	98	266	90
Cash provided by operations	605	542	496
INVESTING ACTIVITIES			
Capital expenditures	(937)	(520)	(293)
Acquisitions	(48)	(859)	(307)
Dispositions	332	571	65
Loan advances	(48)	(95)	(89)
Loan collections and sales	169	47	296
Other	(192)	(190)	(160)
Cash used in investing activities	(724)	(1,046)	(488)
FINANCING ACTIVITIES			
Issuance of long-term debt	1,294	16	-
Repayment of long-term debt	(473)	(15)	(133)
Issuance of convertible subordinated debt	-	-	288
Issuance of Class A common stock	15	-	-
Dividends paid	(37)	-	-
Purchase of treasury stock	(398)	-	-
Advances (to) from Old Marriott	(100)	576	(132)
Cash provided by financing activities	301	577	23
INCREASE IN CASH AND EQUIVALENTS	182	73	31
CASH AND EQUIVALENTS, beginning of year	208	135	104
CASH AND EQUIVALENTS, end of year	$ 390	$ 208	$ 135

See Notes To Consolidated Financial Statements

MARRIOTT INTERNATIONAL, INC.
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FISCAL YEARS ENDED JANUARY 1, 1999, JANUARY 2, 1998 AND JANUARY 3, 1997
($ IN MILLIONS)

	1998	1997	1996
	(52 weeks)	(52 weeks) (pro forma, unaudited)	(53 weeks) (unaudited)
Net income	$ 390	$ 324	$ 270
Other comprehensive income (loss):			
Foreign currency translation adjustments	(3)	(10)	(12)
Other	6	1	-
Total other comprehensive income (loss)	3	(9)	(12)
Comprehensive income	$ 393	$ 315	$ 258

See Notes To Consolidated Financial Statements

MARRIOTT INTERNATIONAL, INC.
CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY
PERIOD FROM MARCH 27, 1998 TO JANUARY 1, 1999
(IN MILLIONS, EXCEPT PER SHARE AMOUNTS)

Common shares outstanding		Class A common stock	Additional paid-in capital	Retained earnings	Treasury stock, at cost	Accumulated other comprehensive income
255.6	Spinoff at March 27, 1998.....	$ 3	$ 2,711	$ -	$ -	$ (23)
-	Net income, after the Spinoff...	-	-	301	-	-
-	Dividends ($.195 per share).....	-	-	(49)	-	-
1.5	Employee stock plan issuance and other, after the Spinoff.....	-	2	(34)	50	7
(13.7)	Purchase of treasury stock.....	-	-	-	(398)	-
243.4	Balance, January 1, 1999.....	$ 3	$ 2,713	$ 218	$ (348)	$ (16)

See Notes To Consolidated Financial Statements

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The 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), formerly New Marriott MI, Inc., as if it were a separate entity for all periods presented. During periods prior to March 27, 1998, we were a wholly owned subsidiary of the former Marriott International, Inc. (Old Marriott) and financial statements for such periods have been prepared on a combined basis.

On March 27, 1998, all of our issued and outstanding common stock was distributed, on a pro rata basis, as a special dividend (the Spinoff) to holders of common stock of Old Marriott, and the Company was renamed "Marriott International, Inc." Old Marriott's historical cost basis in our assets and liabilities has been carried over. Old Marriott received a private letter ruling from the Internal Revenue Service that the Spinoff would be tax-free to it and its shareholders. For each share of common stock in Old Marriott, shareholders received one share of our Common Stock and one share of our Class A Common Stock. On May 21, 1998, all outstanding shares of our Common Stock were converted, on a one-for-one basis, into shares of our Class A Common Stock.

Also on March 27, 1998, Old Marriott was renamed Sodexho Marriott Services, Inc. (SMS) and its food service and facilities management business was combined with the North American operations of Sodexho Alliance, S.A. (Sodexho), a worldwide food and management services organization.

For purposes of governing certain of the ongoing relationships between us and SMS after the Spinoff and to provide for orderly transition, we entered into various agreements with SMS including the Employee Benefits and Other Employee Matters Allocation Agreement, Liquid Yield Option Notes (LYONs) Allocation Agreement, Tax Sharing Agreement, Trademark and Trade Name License Agreement, Noncompetition Agreement, Employee Benefit Services Agreement, Procurement Services Agreement, Distribution Services Agreement, and other transitional services agreements. Effective as of the Spinoff date, pursuant to these agreements, we assumed sponsorship of certain of Old Marriott's employee benefit plans and insurance programs and succeeded to Old Marriott's liability to LYONs holders under the LYONs Indenture, nine percent of which was assumed by SMS.

All material intercompany transactions and balances between entities included in these consolidated financial statements have been eliminated. Sales by us to SMS of $434 million in 1998, $434 million in 1997, and $406 million in 1996 have not been eliminated. Changes in Investments and Net Advances from Old Marriott represent our net income, the net cash transferred between Old Marriott and us and certain non-cash items.

Prior to the Spinoff, we operated as a unit of Old Marriott, utilizing Old Marriott's centralized systems for cash management, payroll, purchasing and distribution, employee benefit plans, insurance and administrative services. As a result, substantially all cash received by us was deposited in and commingled with Old Marriott's general corporate funds. Similarly, our operating expenses, capital expenditures and other cash requirements were paid by Old Marriott and charged directly or allocated to us. Certain assets and liabilities related to our operations were managed and controlled by Old Marriott on a centralized basis. Prior to the Spinoff such assets and liabilities were allocated to us based on our use of, or interest in, those assets and liabilities. In our opinion, the methods for allocating costs, assets and liabilities prior to the Spinoff were reasonable. We now perform these functions independently and the costs incurred have not been materially different from those allocated prior to the Spinoff.

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. Certain amounts have been reclassified to conform to the 1998 presentation.

Fiscal Year

Our fiscal year ends on the Friday nearest to December 31. The 1996 fiscal year includes 53 weeks, while the 1998 and 1997 fiscal years include 52 weeks.

Revenue Recognition

Our sales include fees and reimbursed costs for properties managed by us, together with sales by lodging properties and senior living communities owned or leased by us, and sales of our other businesses. Fees comprise management fees and franchise fees received from third party owners of lodging properties and senior living communities. Reimbursed costs comprise costs recovered from owners of hotels and senior living communities.

Change in Accounting Policy

On November 20, 1997, the Emerging Issues Task Force (EITF) of the Financial Accounting Standards Board reached a consensus on EITF 97-2 "Application of FASB Statement No. 94 and APB Opinion No. 16 to Physician Practice Management Entities and Certain Other Entities with Contractual Management Arrangements." EITF 97-2 addresses the circumstances in which a management entity may include the sales and expenses of a managed entity in its financial statements. As a result of EITF 97-2, and related discussions with the staff of the Securities and Exchange Commission, in our 1998 fourth quarter we changed our accounting policy to no longer include in our financial statements the working capital and sales of managed hotels and managed senior living communities. The financial statements for prior years have been restated. The change in accounting policy resulted in reductions of each of sales and operating expenses by $1,810 million and $1,529 million in 1997 and 1996, respectively, and each of assets and liabilities by $396 million as of January 2, 1998, with no impact on operating profit, net income, earnings per share, debt or equity.

Profit Sharing Plan

We contribute to a profit sharing plan for the benefit of employees meeting certain eligibility requirements and electing participation in the plan. Contributions are determined annually by the Board of Directors. We recognized compensation cost of $45 million in 1998, $36 million in 1997 and $29 million in 1996.

Self-Insurance Programs

We are self-insured for certain levels of general liability, workers' compensation, employment practices and employee medical coverage. Estimated costs of these self-insurance programs are accrued at the present value of projected settlements for known and anticipated claims.

Cash and Equivalents

We consider all highly liquid investments with a maturity of three months or less at date of purchase to be cash equivalents.

New Accounting Standards

We adopted Statement of Financial Accounting Standards (FAS) No. 130, "Reporting Comprehensive Income," in 1998 by adding a Consolidated Statement of Comprehensive Income. The taxes applicable to other comprehensive income are not material.

We adopted FAS No. 131, "Disclosures about Segments of an Enterprise and Related Information," in the fourth quarter of 1998, by increasing the number of our reportable segments from two to three and presenting increased footnote disclosure of segment information.

We will adopt FAS No. 133, "Accounting for Derivative Investments and Hedging Activities," which we do not expect to have a material effect on our consolidated financial statements, in the fourth quarter of 2000.

In April 1998 the American Institute of Certified Public Accountants issued Statement of Position (SOP) 98-5, "Reporting on the Costs of Start-Up Activities." We will adopt SOP 98-5 in the first quarter of 1999 by expensing pre-opening costs for Company owned lodging and senior living communities as incurred.

RELATIONSHIPS WITH MAJOR CUSTOMERS

In December 1998, Host Marriott Corporation (Host Marriott) reorganized its business operations to qualify as a real estate investment trust (REIT). In conjunction with its conversion to a REIT, Host Marriott spun off, in a taxable transaction, a new company called Crestline Capital Corporation (Crestline), acquired a portfolio of luxury hotels for $1.5 billion, and completed partnership roll-ups representing new acquisitions approximating $650 million. As part of the Crestline spinoff, Host Marriott transferred to Crestline all of the senior living communities previously owned by Host Marriott, and Host Marriott entered into lease or sublease agreements with Crestline for substantially all of Host Marriott's lodging properties, including the properties acquired in the acquisition and roll-up transactions described above. Our lodging and senior living community management and franchise agreements with Host Marriott were also assigned to Crestline. In the case of the lodging agreements, Host Marriott remains obligated under such agreements in the event that Crestline fails to perform its obligations thereunder. The lodging agreements now provide for us to manage the Marriott hotels, Ritz-Carlton hotels, Courtyard hotels and Residence Inns leased by Crestline. Our consent is required for Crestline to take certain major actions relating to leased properties that we manage.

We recognized sales of $2,144 million, $1,700 million and $1,315 million and operating profit before corporate expenses and interest of $197 million, $140 million and $95 million during 1998, 1997 and 1996, respectively, from the lodging properties owned or leased by Host Marriott prior to the transactions described above. Additionally, Host Marriott was a general partner in several unconsolidated partnerships that owned lodging properties operated by us under long-term agreements. We recognized sales of $712 million, $1,054 million and $1,230 million and operating profit before corporate expenses and interest of $83 million, $122 million and $121 million in 1998, 1997 and 1996, respectively, from the lodging properties owned by these unconsolidated partnerships. We also leased land to certain of these partnerships and recognized land rent income of $24 million, $23 million and $22 million in 1998, 1997 and 1996, respectively.

We have provided Host Marriott with financing for a portion of the cost of acquiring properties to be operated or franchised by us, and may continue to provide financing to Host Marriott or Crestline in the future. The outstanding principal balance of these loans was $9 million and $135 million at January 1, 1999 and January 2, 1998, respectively, and we recognized $5 million, $9 million and $17 million in 1998, 1997 and 1996, respectively, in interest and fee income under these credit agreements with Host Marriott.

We have guaranteed the performance of Host Marriott and certain of its affiliates to lenders and other third parties. These guarantees were limited to $70 million at January 1, 1999. No payments have been made by us pursuant to these guarantees. We continue to have the right to purchase up to 20 percent of Host Marriott's outstanding common stock upon the occurrence of certain events generally involving a change of control of Host Marriott. This right expires in 2017, and Host Marriott has granted an exception to the ownership limitations in its charter to permit full exercise of this right, subject to certain conditions related to ownership limitations applicable to REITs generally. We lease land to Host Marriott that has an aggregate book value of $264 million at January 1, 1999. Most of this land has been pledged to secure debt of these lessees. We have agreed to defer receipt of rentals on this land, if necessary, to permit the lessees to meet their debt service requirements.

We are party to agreements which provide for us to manage the senior living communities owned by Crestline. We recognized sales of $173 million and $115 million and operating profit before corporate expenses and interest of $5 million and $1 million under these agreements during 1998 and 1997, respectively.

We are party to management agreements with entities owned or affiliated with another hotel owner which provide for us to manage hotel properties owned or leased by those entities. We recognized sales of $560 million and $407 million during 1998 and 1997, respectively, from these properties.

PROPERTY AND EQUIPMENT

	1998	1997
	(in millions)	
Land	$ 580	$ 425
Buildings and leasehold improvements	732	486
Furniture and equipment	399	329
Timeshare properties	438	379
Construction in progress	490	230
	2,639	1,849
Accumulated depreciation and amortization	(364)	(312)
	$ 2,275	$ 1,537

We record property and equipment at cost, including interest, rent and real estate taxes incurred during development and construction. Interest capitalized as a cost of property and equipment totaled $21 million in 1998, $16 million in 1997 and $9 million in 1996. We capitalize replacements and improvements that extend the useful life of property and equipment. We compute depreciation using the straight-line method over the estimated useful lives of the assets. We amortize leasehold improvements over the shorter of the asset life or lease term.

ACQUISITIONS AND DISPOSITIONS

The Ritz-Carlton Hotel Company LLC

On April 24, 1995, we acquired a 49 percent beneficial ownership interest in The Ritz-Carlton Hotel Company LLC, which owns the management agreements on the Ritz-Carlton hotels and resorts, the licenses for the Ritz-Carlton trademarks and trade name as well as miscellaneous assets. The investment was acquired for a total consideration of approximately $200 million. On March 19, 1998, we increased our ownership interest in The Ritz-Carlton Hotel Company LLC to approximately 98 percent for additional consideration of approximately $90 million. We expect to acquire the remaining two percent within the next several years. We accounted for the acquisition using the purchase method of accounting. We allocated the purchase cost to the assets acquired and the liabilities assumed based on estimated fair values. We amortize the resulting goodwill on a straight-line basis over 40 years. We amortize the amounts allocated to management agreements on a straight-line basis over the estimated lives of the agreements. Prior to March 19, 1998, we accounted for our investment in The Ritz-Carlton Hotel Company LLC using the equity method of accounting.

For periods prior to March 19, 1998, we included our income from The Ritz-Carlton Hotel Company LLC in operating profit in the accompanying consolidated statements of income. We received distributions of $17 million and $20 million in 1997 and 1996 respectively, from The Ritz-Carlton Hotel Company LLC. Such amounts were based upon an annual, cumulative preferred return on invested capital.

Renaissance Hotel Group N.V.

On March 29, 1997, we acquired substantially all of the outstanding common stock of Renaissance Hotel Group N.V. (RHG), an operator and franchisor of approximately 150 hotels in 38 countries under the Renaissance, New World and Ramada International brands. The purchase cost, of approximately $937 million, was funded by Old Marriott. The acquisition has been accounted for using the purchase method of accounting. The purchase cost has been allocated to the assets acquired and liabilities assumed based on estimated fair values as follows:

	(in millions)
Current assets	$ 141
Management, franchise and license agreements	380
Other assets	7
Current liabilities	(119)
Long-term debt	(12)
Other long-term liabilities	(106)
Investments and net advances from Old Marriott	(128)
Goodwill	774
Purchase cost	$ 937

Goodwill is being amortized on a straight-line basis over 40 years. Amounts allocated to management, franchise and license agreements are being amortized on a straight-line basis over the lives of the agreements.

We included RHG's operating results from the date of acquisition. Our unaudited pro forma sales and net income for 1997, calculated as if RHG had been acquired at the beginning of 1997, were $7,383 million and $319 million, respectively. Unaudited pro forma results of operations include an adjustment for interest expense of $12 million, as if the acquisition borrowings had been incurred by us. Amortization expense deducted in determining net income reflects the impact of the excess of the purchase price over the net tangible assets acquired. The unaudited pro forma combined results of operations do not reflect our expected future results of operations.

Forum Group, Inc.

On March 25, 1996, a wholly owned subsidiary of the Company acquired all of the outstanding shares of common stock of Forum Group, Inc. (Forum), an operator of 43 senior living communities, 34 of which were owned or partially owned by Forum, for total cash consideration of approximately $303 million. We accounted for the acquisition using the purchase method of accounting. The purchase cost was allocated to the assets acquired and liabilities assumed based on estimated fair values. We amortize the resulting goodwill on a straight-line basis over 35 years.

On June 21, 1997, we sold 29 senior living communities acquired as part of the Forum acquisition to Host Marriott for approximately $550 million, resulting in no gain or loss. The consideration included approximately $50 million to be received subsequent to 1997, as expansions at certain communities are completed. The $500 million of consideration received during 1997 consisted of $222 million in cash, $187 million of outstanding debt and $91 million of notes receivable bearing interest at nine percent which were repaid on April 1, 1998. Under the terms of the sale, Host Marriott purchased all of the common stock of Forum, which at the time of the sale owned the 29 communities, certain working capital and associated debt. We continue to operate these communities under long-term management agreements.

Other Dispositions

On December 29, 1998, we agreed to sell and leaseback, under long-term, limited-recourse leases, 17 hotels for approximately $202 million in cash. At the same time, we agreed to pay security deposits of $21 million which will be refunded at the end of the leases. As of January 1, 1999, four of the properties had been sold, resulting in a sales price which exceeded the net book value by $13 million, which we will recognize as a reduction of rent expense over the 15-year initial lease terms.

During 1998, we agreed to sell, subject to long-term management agreements, a further eight lodging properties and 11 senior living communities for consideration of $184 million and $178 million, respectively. As of January 1, 1999, sales of five of these hotels and five of these senior living communities had closed, for aggregate consideration of $181 million.

On April 3, 1997, we agreed to sell and leaseback, under long-term, limited-recourse leases, 14 limited service hotels for approximately $149 million in cash. At the same time, we agreed to pay security deposits of $15 million, which will be refunded at the end of the leases. As of January 2, 1998, all of the properties had been sold, resulting in a sales price which exceeded the net book value by $20 million, which is recognized as a reduction of rent expense over the 17-year initial lease terms. On October 10, 1997, we agreed to sell and leaseback, under long-term, limited-recourse leases, another nine limited service hotels for approximately $129 million in cash. At the same time, we agreed to pay security deposits of $13 million, which will be refunded at the end of the leases. At January 1, 1999, all of these nine properties had been sold, resulting in a sales price which exceeded the net book value by $17 million, which is recognized as a reduction of rent expense over the 15-year initial lease terms. We can renew all of these leases at our option.

On April 11, 1997, we sold five senior living communities for cash consideration of approximately $79 million. On September 12, 1997, we agreed to sell another seven senior living communities for cash consideration of approximately $95 million. As of January 1, 1999, all 12 of these properties had been sold, resulting in a pre-tax gain of $19 million, which is recognized over a period of up to four years, as contingencies in the sales contracts expire. We continue to operate all of these communities under long-term management agreements.

During 1996, we sold and leased back four senior living communities for cash consideration of approximately $53 million. The excess of the sales price over the net book value of $9 million is recognized as a reduction of rent expense over the 20-year initial lease terms.

We periodically sell, with limited recourse, notes receivable originated by Marriott Vacation Club International in connection with the sale of timesharing intervals. Net proceeds from these transactions totaled $165 million in 1998, $68 million in 1997 and $148 million in 1996. Pre-tax gains from these transactions increased by $17 million in 1998 compared to 1997. At January 1, 1999, we had a repurchase obligation of $76 million with respect to mortgage note sales. Additionally, we sold, without recourse, first mortgage loans on Marriott lodging and senior living properties of $18 million in 1997.

INTANGIBLE ASSETS

	1998	1997
	(in millions)	
Management, franchise and license agreements	$ 717	$ 595
Goodwill	1,133	937
Other	23	23
	1,873	1,555
Accumulated amortization	(161)	(107)
	$ 1,712	$ 1,448

We amortize intangible assets on a straight-line basis over periods of three to 40 years. Amortization expense totaled $54 million in 1998, $42 million in 1997 and $12 million in 1996.

INCOME TAXES

Total deferred tax assets and liabilities as of January 1, 1999 and January 2, 1998, were as follows:

	1998	1997
	(in millions)	
Deferred tax assets	$ 457	$ 388
Deferred tax liabilities	(417)	(378)
Net deferred taxes	$ 40	$ 10

The tax effect of each type of temporary difference and carryforward that gives rise to a significant portion of deferred tax assets and liabilities as of January 1, 1999 and January 2, 1998 follows:

	1998	1997
	(in millions)	
Self-insurance	$ 91	$ 103
Employee benefits	145	93
Deferred income	51	32
Other reserves	28	27
Frequent stay programs	86	99
Partnership interests	(31)	(31)
Property, equipment and intangible assets	(199)	(195)
Finance leases	(44)	(44)
Other, net	(87)	(74)
Net deferred taxes	$ 40	$ 10

No provision for U.S. income taxes, or additional foreign taxes, has been made on the cumulative unremitted earnings of non-U.S. subsidiaries ($138 million as of January 1, 1999) because we consider these earnings to be permanently invested. These earnings could become subject to additional taxes if remitted as dividends, loaned to us or a U.S. affiliate, or if we sell our interests in the affiliates. We cannot practically estimate the amount of additional taxes which might be payable on the unremitted earnings.

The provision for income taxes consists of:

	1998	1997	1996
	(in millions)		
Current - Federal	$ 164	$ 168	$ 102
- State	35	34	21
- Foreign	18	28	13
	217	230	136
Deferred - Federal	25	(19)	24
- State	1	(3)	4
- Foreign	(1)	(1)	1
	25	(23)	29
	$ 242	$ 207	$ 165

The current tax provision does not reflect the benefit attributable to us relating to the exercise of employee stock options of $39 million in 1998, $38 million in 1997 and $27 million in 1996.

A reconciliation of the U.S. statutory tax rate to our effective income tax rate follows:

	1998	1997	1996
U.S. statutory tax rate	35.0%	35.0%	35.0%
State income taxes, net of U.S. tax benefit	4.1	4.0	4.0
Corporate-owned life insurance	(0.3)	(0.8)	(0.8)
Tax credits	(4.2)	(3.4)	(2.2)
Goodwill amortization	1.6	1.6	0.6
Other, net	2.1	2.6	1.4
Effective rate	38.3%	39.0%	38.0%

Cash paid for income taxes, net of refunds, was $164 million in 1998, $143 million in 1997 and $96 million in 1996.

As part of the Spinoff, we entered into a tax sharing agreement with SMS which reflects each party's rights and obligations with respect to deficiencies and refunds, if any, of federal, state or other taxes relating to the business of Old Marriott and the Company prior to the Spinoff.

During periods prior to the Spinoff, we were included in the consolidated federal income tax return of Old Marriott. The income tax provision reflects the portion of Old Marriott's historical income tax provision attributable to our operations. We believe that the income tax provision, as reflected, is comparable to what the income tax provision would have been if we had filed a separate return during the periods presented.

LEASES

Our future obligations under operating leases at January 1, 1999 are summarized below:

Fiscal Year	(in millions)
1999	$ 154
2000	149
2001	141
2002	139
2003	136
Thereafter	1,237
Total minimum lease payments	$ 1,956

Most leases have initial terms of up to 20 years, and contain one or more renewal options, generally for five or 10 year periods. The leases provide for minimum rentals, and additional rentals based on the operations of the leased property. The total minimum lease payments above include $607 million representing obligations of consolidated subsidiaries which are non-recourse to Marriott International, Inc.

Rent expense consists of:

	1998	1997	1996
		(in millions)	
Minimum rentals	$ 138	$ 123	$ 110
Additional rentals	101	127	133
	$ 239	$ 250	$ 243

LONG-TERM DEBT

Our long-term debt at January 1, 1999 and January 2, 1998, consisted of the following:

	1998	1997
	(in millions)	
Unsecured debt		
Senior notes, average interest rate of 6.8% at January 1, 1999, maturing through 2005	$ 402	$ -
Commercial paper, interest rate of 5.8% at January 1, 1999	426	-
Endowment deposits (non-interest bearing)	111	108
Other	35	28
	974	136
Less current portion	30	24
	$ 944	$ 112

In November 1998 we issued, through a private placement, $400 million of unsecured senior notes (the Senior Notes). Proceeds net of discounts, totaled $396 million. We have agreed to promptly make and complete a registered exchange offer for the Senior Notes and, if required, to implement a resale shelf registration statement. If we fail to do so on a timely basis, we will pay additional interest to holders of the Senior Notes.

In March, 1998 and February, 1999, respectively, we entered into $1.5 billion and $500 million multicurrency revolving credit facilities (the Facilities) each with terms of five years. Borrowings will bear interest at the London Interbank Offered Rate (LIBOR) plus a spread, based on our public debt rating. Additionally, annual fees will be paid on the Facilities at a rate also based on our public debt rating. Commercial paper, supported by the Facilities, is classified as long-term debt based on our ability and intent to refinance it on a long-term basis.

We are in compliance with covenants in our loan agreements which require the maintenance of certain financial ratios and minimum shareholders' equity, and also include, among other things, limitations on additional indebtedness and the pledging of assets.

The 1998 statement of cash flows excludes $31 million of notes receivable forgiven as part consideration for the March 19, 1998 acquisition of 49 percent of The Ritz-Carlton Hotel Company LLC, and $12 million of long-term debt assumed in 1998. The 1997 statement of cash flows excludes $226 million of debt assumed by Host Marriott, $91 million of notes receivable related to the sale of 29 senior living communities to Host Marriott and $12 million of debt assumed in the RHG acquisition. The 1996 statement of cash flows excludes $363 million of debt that we assumed at the date of the Forum acquisition. Non-recourse debt of $62 million and $29 million extinguished without cash payments in 1997 and 1996, respectively, are not reflected in the statement of cash flows.

Aggregate debt maturities are: 1999 - $30 million; 2000 - $12 million; 2001 - $11 million; 2002 - $11 million; 2003 - $640 million and $270 million thereafter.

Cash paid for interest was $23 million in 1998, $11 million in 1997 and $19 million in 1996.

CONVERTIBLE SUBORDINATED DEBT

On March 25, 1996, Old Marriott issued $540 million (principal amount at maturity) of zero coupon convertible subordinated debt in the form of LYONs due 2011. The LYONs were issued and recorded at a discount representing a yield to maturity of 4.25 percent. Accretion is recorded as interest expense and an increase to the carrying value. Gross proceeds from the LYONs issuance were $288 million.

Each $1,000 LYON is convertible at anytime, at the option of the holder, into 17.52 shares of our Class A Common Stock and 2.19 shares of SMS common stock. Upon consummation of the Spinoff, we assumed the LYONs, and SMS assumed a nine percent share of the LYONs obligation based on the relative equity values of

SMS and the Company at the Spinoff. We are liable to the holders of the LYONs for any payments that SMS fails to make on its allocable portion.

At the option of the holder, we may be required to redeem each LYON on March 25, 1999, or March 25, 2006, for $603.71 or $810.36 per LYON, respectively. Subject to certain notice requirements to the holder, we may elect to redeem the LYONs for cash, common stock, or any combination thereof.

The LYONs are redeemable by the obligor at any time on or after March 25, 1999, for cash equal to the issue price plus accrued original issue discount. The LYONs are expressly subordinated to $1.2 billion of our senior indebtedness at January 1, 1999 including guarantees, as defined in the indenture governing the LYONs (Senior Indebtedness). SMS's obligations under the LYONs are subordinated to both our Senior Indebtedness and that of SMS.

SHAREHOLDERS' EQUITY

300 million shares of our Class A Common Stock with a par value of $.01 per share, are authorized. 10 million shares of preferred stock, without par value, are authorized, with none issued.

On March 27, 1998 our Board of Directors adopted a shareholder rights plan under which one preferred stock purchase right was distributed for each share of our Class A Common Stock. Each right entitles the holder to buy 1/1000/th/ of a share of a newly issued series of junior participating preferred stock of the Company at an exercise price of $175. The rights will be exercisable ten days after a person or group acquires beneficial ownership of 20 percent or more of our Class A Common Stock, or begins a tender or exchange for 30 percent or more of our Class A Common Stock. Shares owned by a person or group on March 27, 1998 and held continuously thereafter are exempt for purposes of determining beneficial ownership under the rights plan. The rights are nonvoting and will expire on the tenth anniversary of the adoption of the shareholder rights plan, unless exercised or previously redeemed by us for $.01 each. If we are involved in a merger or certain other business combinations not approved by the Board of Directors, each right entitles its holder, other than the acquiring person or group, to purchase common stock of either the Company or the acquirer having a value of twice the exercise price of the right.

As of January 1, 1999, we have been authorized by our Board of Directors to purchase up to 6.3 million shares of our Class A Common Stock.

EARNINGS PER SHARE

For periods prior to the Spinoff, the earnings per share calculations are pro forma, and the number of weighted average shares outstanding and the effect of dilutive securities used are based upon the weighted average number of Old Marriott shares outstanding, and the Old Marriott effect of dilutive securities for the applicable period, adjusted (1) for the distribution ratio in the Spinoff of one share of our Common Stock and one share of our Class A Common Stock for every share of Old Marriott common stock and (2) to reflect the conversion of our Common Stock into our Class A Common Stock on May 21, 1998.

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

	1998	1997	1996
		(pro forma, unaudited)	
Computation of Basic Earnings Per Share			
Net income	$ 390	$ 324	$ 270
Weighted average shares outstanding	249.8	254.2	254.9
Basic Earnings Per Share	$ 1.56	$ 1.27	$ 1.06
Computation of Diluted Earnings Per Share			
Net income	$ 390	$ 324	$ 270
After-tax interest expense on convertible subordinated debt	8	8	6
Net income for diluted earnings per share	$ 398	$ 332	$ 276
Weighted average shares outstanding	249.8	254.2	254.9
Effect of Dilutive Securities			
Employee stock purchase plan	-	0.1	0.5
Employee stock option plan	8.1	8.7	8.9
Deferred stock incentive plan	5.7	5.4	5.8
Convertible subordinated debt	9.5	9.5	7.3
Shares for diluted earnings per share	273.1	277.9	277.4
Diluted Earnings Per Share	$ 1.46	$ 1.19	$ .99

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.

INVESTMENTS AND NET ADVANCES FROM OLD MARRIOTT

The following is an analysis of Old Marriott's investment in the Company:

	1998	1997	1996
		(in millions)	
Balance at beginning of year	$ 2,586	$ 1,444	$ 1,251
Net income	89	324	270
Advances (to) from Old Marriott	(100)	576	(132)
Employee stock plan issuance and other	116	242	55
Spinoff on March 27, 1998	(2,691)	-	-
Balance at end of year	$ -	$ 2,586	$ 1,444

EMPLOYEE STOCK PLANS

In connection with the Spinoff, we issued stock options, deferred shares and restricted shares with the same value as the respective Old Marriott awards as of the Spinoff under our 1998 Comprehensive Stock and Cash Incentive Plan (Comprehensive Plan). Under the Comprehensive Plan, we may award to participating employees (1) options to purchase our Class A Common Stock (Stock Option Program and Supplemental Executive Stock Option awards), (2) deferred shares of our Class A Common Stock and (3) restricted shares of our Class A Common Stock. In addition we have an employee stock purchase plan (Stock Purchase Plan). In accordance with the provisions of Opinion No. 25 of the Accounting Principles Board, we recognize no compensation cost for the Stock Option Program, the Supplemental Executive Stock Option awards or the Stock Purchase Plan.

Deferred shares granted to officers and key employees under the Comprehensive Plan generally vest over 10 years in annual installments commencing one year after the date of grant. Certain employees may elect to defer receipt of shares until termination or retirement. We accrue compensation expense for the fair market value of the shares on the date of grant, less estimated forfeitures. Prior to the Spinoff, Old Marriott awarded 0.2 million deferred shares under the Old Marriott plan during 1998. Compensation cost recognized during 1998, 1997 and 1996 was $12 million, $9 million and $8 million, respectively.

Restricted shares under the Comprehensive Plan are issued to officers and key employees and distributed over a number of years in annual installments, subject to certain prescribed conditions including continued employment. We recognize compensation expense for the restricted shares over the restriction period equal to the fair market value of the shares on the date of issuance. We awarded 0.1 million restricted shares under this plan during 1998. We recognized compensation cost of $3 million, $2 million and $2 million in 1998, 1997 and 1996, respectively.

Under the Stock Purchase Plan, eligible employees may purchase our Class A Common Stock through payroll deductions at the lower of the market value at the beginning or end of each plan year.

Employee stock options may be granted to officers and key employees at exercise prices equal to the market price of our Class A Common Stock on the date of grant. Nonqualified options expire up to 15 years after the date of grant. Most options under the Stock Option Program are exercisable in cumulative installments of one quarter at the end of each of the first four years following the date of grant. In February 1997, 2.1 million Supplemental Executive Stock Option awards were awarded to certain of our officers, which vest after eight years. However, if our stock price meets certain performance criteria the options may vest sooner. These options have an exercise price of $25 and 0.2 million of them were forfeited during 1998. None of them were exercised during 1997 or 1998 and 1.9 million remained outstanding at January 1, 1999.

For purposes of the following disclosures required by FAS No. 123, "Accounting for Stock-Based Compensation," we have estimated the fair value of each option granted on the date of grant using the Black-Scholes option-pricing model, with the following assumptions. For periods prior to the Spinoff, data have been restated, where applicable, (1) for the distribution ratio in the Spinoff of one share of our Common Stock and one share of our Class A Common Stock for every share of Old Marriott common stock and (2) to reflect the conversion of our Common Stock into our Class A Common Stock on May 21, 1998.

	1998	1997	1996
Annual dividends	$ .20	$ .18	$ .16
Expected volatility	28%	24%	25%
Risk free interest rate	5.8%	6.2%	6.1%
Expected life (in years)	7	7	7

Pro forma compensation cost for the Stock Option Program, the Supplemental Executive Stock Option awards and employee purchases pursuant to the Stock Purchase Plan subsequent to December 30, 1994, recognized in accordance with FAS No. 123, would reduce our net income as follows (in millions, except per share amounts):

	1998	1997	1996
Net income as reported	$ 390	$ 324	$ 270
Pro forma net income	$ 366	$ 309	$ 261
Diluted earnings per share as reported	$ 1.46	$ 1.19	$ .99
Pro forma diluted earnings per share	$ 1.38	$ 1.14	$ .96

The weighted-average fair value of each option granted during 1998, 1997 and 1996 was $11, $13 and $11, respectively. Since we recognize the pro forma compensation cost for the Stock Option Program over the vesting period, the foregoing pro forma reductions in our net income are not representative of anticipated amounts in future years.

A summary of our Stock Option Program activity during 1998 is presented below:

	1998	
	Number of options (in millions)	Weighted average exercise price
New awards at the Spinoff	27.3	$ 16
Granted during the year	6.4	28
Exercised during the year	(1.5)	11
Forfeited during the year	(0.7)	20
Outstanding at end of year	31.5	19
Options exercisable at end of year	19.1	$ 13

At January 1, 1999, 54.4 million shares were reserved under the Comprehensive Plan (including 31.5 million shares under the Stock Option Program and 1.9 million shares of the Supplemental Executive Stock Option awards) and five million shares were reserved under the Stock Purchase Plan.

Stock options issued under the Stock Option Program outstanding at January 1, 1999 were as follows:

	Outstanding			Exercisable	
Range of exercise prices	Number of options (in millions)	Weighted average remaining life (in years)	Weighted average exercise price	Number of options (in millions)	Weighted average exercise price
$ 3 to 5	4.3	8	$ 5	4.3	$ 5
6 to 9	2.7	9	7	2.7	7
10 to 15	7.0	9	13	7.0	13
16 to 24	5.0	12	20	3.2	19
25 to 37	12.5	14	29	1.9	28
$ 3 to 37	31.5	12	19	19.1	13

FAIR VALUE OF FINANCIAL INSTRUMENTS

We assume that the fair values of current assets and current liabilities are equal to their reported carrying amounts. The fair values of noncurrent financial assets and liabilities are shown below.

	1998		1997	
	Carrying amount	Fair value	Carrying amount	Fair value
	(in millions)		(in millions)	
Notes and other receivables	$ 606	$ 622	$ 672	$ 685
Long-term debt, convertible subordinated debt and other long-term liabilities	1,331	1,309	490	478

We value notes and other receivables based on the expected future cash flows discounted at risk adjusted rates. We determine valuations for long-term debt, convertible subordinated debt and other long-term liabilities based on quoted market prices or expected future payments discounted at risk adjusted rates.

CONTINGENT LIABILITIES

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 $171 million at January 1, 1999, including guarantees involving major customers, with expected funding of zero. As of January 1, 1999, we had extended approximately $271 million of loan commitments to owners of lodging and senior living properties. Letters of credit outstanding on our behalf at January 1, 1999, totaled $73 million, the majority of which related to our self-insurance programs. At January 1, 1999, we had repurchase obligations of $76 million related to notes receivable from timeshare interval purchasers, that 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.

SUBSEQUENT EVENT

On January 6, 1999, we entered into a definitive agreement to acquire ExecuStay Corporation (ExecuStay), a provider of leased corporate apartments. The total acquisition cost is estimated to be $115 million, to be paid with approximately $53 million in our Class A Common Stock and $62 million in cash. Holders of more than 55 percent of the voting stock of ExecuStay have agreed to the terms of the acquisition. Completion of the acquisition, which is expected to occur during the 1999 first quarter, is contingent on customary conditions, including the successful completion of a cash tender offer and expiration or termination of the Hart-Scott-Rodino Act waiting period requirements.

BUSINESS SEGMENTS

We are a diversified hospitality company with operations 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 taxes at the segment level.

	1998	1997	1996
		(in millions)	
Sales			
Lodging	$ 6,311	$ 5,247	$ 4,340
Senior Living Services	479	446	373
Distribution Services	1,178	1,543	1,025
	$ 7,968	$ 7,236	$ 5,738
Operating profit before corporate expenses and interest			
Lodging	$ 704	$ 569	$ 452
Senior Living Services	15	32	39
Distribution Services	17	7	16
Other	-	1	1
	$ 736	$ 609	$ 508
Depreciation and amortization			
Lodging	$ 99	$ 89	$ 55
Senior Living Services	19	19	20
Distribution Services	6	6	4
Corporate	16	12	10
	$ 140	$ 126	$ 89
Assets			
Lodging	$ 4,285	$ 3,649	$ 1,972
Senior Living Services	905	728	1,106
Distribution Services	179	190	173
Corporate	864	594	505
	$ 6,233	$ 5,161	$ 3,756
Capital expenditures			
Lodging	$ 562	$ 271	$ 158
Senior Living Services	329	227	114
Distribution Services	2	6	8
Corporate	44	16	13
	$ 937	$ 520	$ 293

Sales of Distribution Services exclude sales made at market terms and conditions to other segments of $155 million, $159 million and $150 million in 1998, 1997 and 1996, respectively.

Segment operating expenses include selling, general and administrative expenses directly related to the operations of the businesses, aggregating $635 million in 1998, $578 million in 1997 and $446 million in 1996.

The consolidated financial statements include the following related to international operations: sales of $323 million in 1998, $294 million in 1997, and $185 million in 1996; operating profit before corporate expenses and interest of $49 million in 1998, $50 million in 1997, and $21 million in 1996; and fixed assets of $46 million in 1998, $46 million in 1997, and $53 million in 1996.

QUARTERLY FINANCIAL DATA - UNAUDITED

($ in millions, except per share data)

	1998/1/				
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Fiscal Year
Systemwide sales /2/	$ 3,257	$ 4,001	$ 3,566	$ 5,200	$ 16,024
Sales	1,715	1,927	1,804	2,522	7,968
Operating profit before corporate expenses and interest	163	186	164	223	736
Net income	89	101	86	114	390
Diluted earnings per share /3,4/	.33	.37	.32	.44	1.46

	1997/1/				
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Fiscal Year
Systemwide sales /2/	$ 2,586	$ 3,173	$ 3,127	$ 4,310	$ 13,196
Sales	1,542	1,738	1,664	2,292	7,236
Operating profit before corporate expenses and interest	135	159	136	179	609
Net income	69	84	74	97	324
Diluted earnings per share /3,4/	.26	.31	.27	.36	1.19

/1/ The quarters consist of 12 weeks, except the fourth quarter, which includes 16 weeks.
/2/ Systemwide sales comprise revenues generated from guests at owned, leased, managed and franchised hotels and senior living communities, together with sales of our other businesses already included in reported sales.
/3/ Earnings per share data for periods prior to the Spinoff are pro forma, because we were not publicly-held during those periods.
/4/ The sum of the earnings per share for the four quarters may differ from annual earnings per share due to the required method of computing the weighted average number of shares in interim periods.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

PART III

ITEMS 10, 11, 12 AND 13.

As described below, certain information appearing in our Proxy Statement to be furnished to shareholders in connection with the 1999 Annual Meeting of Shareholders, is incorporated by reference in this Form 10-K Annual Report.

ITEM 10.	This information is incorporated by reference to the "Directors Standing For Election," "Directors Continuing In Office" and "Section 16(a) Beneficial Ownership Reporting Compliance" sections of our Proxy Statement to be furnished to shareholders in connection with the 1999 Annual Meeting. Information regarding executive officers is included below.
ITEM 11.	This information is incorporated by reference to the "Executive Compensation" section of our Proxy Statement to be furnished to shareholders in connection with the 1999 Annual Meeting.
ITEM 12.	This information is incorporated by reference to the "Stock Ownership" section of our Proxy Statement to be furnished to shareholders in connection with the 1999 Annual Meeting.
ITEM 13.	This information is incorporated by reference to the "Certain Transactions" section of our Proxy Statement to be furnished to shareholders in connection with the 1999 Annual Meeting.

EXECUTIVE OFFICERS

Set forth below is certain information with respect to our executive officers.

Name and Title	Age	Business Experience
J. W. Marriott, Jr. Chairman of the Marriott International, Inc. Board and Chief Executive Officer	66	Mr. Marriott is Chairman of the Board and Chief Executive Officer of the Company. He joined Marriott Corporation in 1956 and has served as a director of Marriott Corporation (now known as Host Marriott Corporation) since 1964. He became President of Marriott Corporation in 1964, Chief Executive Officer in 1972 and Chairman of the Board in 1985. Mr. Marriott also is a director of Host Marriott Services Corporation, General Motors Corporation, the U.S.-Russia Business Council, and the Naval Academy Endowment Trust. He serves on the Board of Trustees of the National Geographic Society and The J. Willard & Alice S. Marriott Foundation, and the Board of Directors of Georgetown University, and is a member of the Executive Committee of the World Travel & Tourism Council and the Business Council. Mr. Marriott has served as Chief Executive Officer of the Company since its inception in 1997, and served as Chairman and Chief Executive Officer of Old Marriott from October 1993 to March 1998. Mr. Marriott has served as a director of the Company since March 1998.
Todd Clist Vice President; President, North American Lodging Operations	57	Todd Clist joined Marriott Corporation in 1968. Mr. Clist served as general manager of several hotels before being named Regional Vice President, Midwest Region for Marriott Hotels, Resorts and Suites in 1980. Mr. Clist became Executive Vice President of Marketing for Marriott Hotels, Resorts and Suites in 1985, and Senior Vice President, Lodging Products and Markets in 1989. Mr. Clist was named Executive Vice President and General Manager for Fairfield Inn in 1990, for both Fairfield Inn and Courtyard in 1991, and for Fairfield Inn, Courtyard and Residence Inn in 1993. Mr. Clist was appointed to his current position in January 1994.
Edwin D. Fuller Vice President; President and Managing Director - Marriott Lodging International	54	Edwin D. Fuller joined Marriott in 1972 and held several sales positions before being appointed Vice President of Marketing in 1979. He became Regional Vice President of the Midwest Region in 1985, Regional Vice President of the Western Region in 1988, and in 1990 was promoted to Senior Vice President & Managing Director of International Lodging, with a focus on developing the international group of hotels. He was named Executive Vice President & Managing Director of International Lodging in 1994, and was promoted to his current position of President & Managing Director of International Lodging in 1997.

Name and Title	Age	Business Experience
Paul E. Johnson, Jr. Vice President; President - Marriott Senior Living Services	51	Paul E. Johnson, Jr. joined Marriott Corporation in 1983 in Corporate Financial Planning & Analysis. In 1987, he was promoted to Group Vice President of Finance and Development for the Marriott Service Group and later assumed responsibility for real estate development for Marriott Senior Living Services. During 1989, he served as Vice President and General Manager of Marriott Corporation's Travel Plazas division. Mr. Johnson subsequently served as Vice President and General Manager of Marriott Family Restaurants from December 1989 through 1991. In October 1991, he was appointed as Executive Vice President and General Manager of Marriott Senior Living Services, and in June 1996 he was appointed to his current position.
Brendan M. Keegan Executive Vice President - Human Resources	55	Brendan M. Keegan joined Marriott Corporation in 1971, in the Corporate Organization Development Department and subsequently held several human resources positions, including Vice President of Organization Development and Executive Succession Planning. In 1986, Mr. Keegan was named Senior Vice President, Human Resources, Marriott Service Group. In April 1997, Mr. Keegan was appointed Senior Vice President of Human Resources for our worldwide human resources functions, including compensation, benefits, labor and employee relations, employment and human resources planning and development. In February 1998, he was appointed to his current position.
Robert T. Pras Vice President; President - Marriott Distribution Services	57	Robert T. Pras joined Marriott Corporation in 1979 as Executive Vice President of Fairfield Farm Kitchens, the predecessor of Marriott Distribution Services. In 1981, Mr. Pras became Executive Vice President of Procurement and Distribution. In May 1986, Mr. Pras was appointed to the additional position of General Manager of Marriott Corporation's Continuing Care Retirement Communities. He was named Executive Vice President and General Manager of Marriott Distribution Services in 1990. Mr. Pras was appointed to his current position in January 1997.
Joseph Ryan Executive Vice President and General Counsel	57	Joseph Ryan joined Old Marriott in December 1994 as Executive Vice President and General Counsel. Prior to that time, he was a partner in the law firm of O'Melveny & Myers, serving as the Managing Partner from 1993 until his departure. He joined O'Melveny & Myers in 1967 and was admitted as a partner in 1976.

Name and Title	Age	Business Experience
Horst H. Schulze Vice President; President and Chief Operating Officer, The Ritz-Carlton Hotel Company, LLC	58	Horst H. Schulze has served as the President and Chief Operating Officer of The Ritz-Carlton since 1988. Mr. Schulze joined The Ritz-Carlton in 1983 as Vice President, Operations and was appointed Executive Vice President in 1987. Prior to 1983, he spent nine years with Hyatt Hotels Corporation where he held several positions including Hotel General Manager, Regional Vice President and Corporate Vice President. Before his association with Hyatt, Mr. Schulze worked for Hilton Hotels. Mr. Schulze began his hotel career in Europe where he completed hotel school and worked in world-class hotels including the Bellevue Palace and Le Beau Rivage in Switzerland, the Plaza Athenee in Paris, France, the Savoy Hotel in London and the Kurhaus/Casino Bad Neuenahr, Germany.
William J. Shaw Director, President and Chief Operating Officer	53	Mr. Shaw has served as President and Chief Operating Officer of the Company since March 1997 (including service in the same capacity with Old Marriott until March 1998). Mr. Shaw joined Marriott Corporation in 1974, was elected Corporate Controller in 1979 and a Vice President in 1982. In 1986, Mr. Shaw was elected Senior Vice President--Finance and Treasurer of Marriott Corporation. He was elected Chief Financial Officer and Executive Vice President of Marriott Corporation in April 1988. In February 1992, he was elected President of the Marriott Service Group. Mr. Shaw is also Chairman of the Board of Directors of Host Marriott Services Corporation and Sodexho Marriott Services, Inc. He also serves on the Board of Trustees of the University of Notre Dame and the Suburban Hospital Foundation. Mr. Shaw has served as a director of Old Marriott (now named Sodexho Marriott Services, Inc.) since May 1997, and as a director of the Company since March 1998.
Arne M. Sorenson Executive Vice President and Chief Financial Officer	40	Arne M. Sorenson joined Old Marriott in 1996 as Senior Vice President of Business Development. He was instrumental in our acquisition of the Renaissance Hotel Group in 1997. Prior to joining Marriott, he was a partner in the law firm of Latham & Watkins in Washington, D.C., where he played a key role in 1992 and 1993 in the distribution of Old Marriott by Marriott Corporation. Effective October 1, 1998, Mr. Sorenson was appointed Executive Vice President and Chief Financial Officer.
James M. Sullivan Vice President; Executive Vice President - Lodging Development	55	James M. Sullivan joined Marriott Corporation in 1980, departed in 1983 to acquire, manage, expand and subsequently sell a successful restaurant chain, and returned to Marriott Corporation in 1986 as Vice President of Mergers and Acquisitions. Mr. Sullivan became Senior Vice President, Finance - Lodging in 1989, Senior Vice President - Lodging Development in 1990 and was appointed to his current position in December 1995.

Name and Title	Age	Business Experience
William R. Tiefel Vice Chairman; Chairman - The Ritz-Carlton Hotel Company, LLC	64	William R. Tiefel joined Marriott Corporation in 1961 and was named President of Marriott Hotels, Resorts and Suites in 1988. He had previously served as resident manager and general manager at several Marriott hotels prior to being appointed Regional Vice President and later Executive Vice President of Marriott Hotels, Resorts and Suites and Marriott Ownership Resorts. Mr. Tiefel was elected Executive Vice President of Marriott Corporation in November 1989. In March 1992, he was elected President - Marriott Lodging Group and assumed responsibility for all of Marriott's lodging brands. In May 1998 he was appointed to his current position.
Stephen P. Weisz Vice President; President - Marriott Vacation Club International	48	Stephen P. Weisz joined Marriott Corporation in 1972 and was named Regional Vice President of the Mid-Atlantic Region in 1991. Mr. Weisz had previously served as Senior Vice President of Rooms Operations before being appointed as Vice President of the Revenue Management Group. Mr. Weisz became Senior Vice President of Sales and Marketing for Marriott Hotels, Resorts and Suites in August 1992 and Executive Vice President - Lodging Brands in August 1994. In December 1996, Mr. Weisz was appointed President - Marriott Vacation Club International.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K

(a) LIST OF DOCUMENTS FILED AS PART OF THIS REPORT

(1) FINANCIAL STATEMENTS

The response to this portion of Item 14 is submitted under Item 8 of this Report on Form 10-K.

(2) FINANCIAL STATEMENT SCHEDULES

All schedules for which provision is made in the applicable accounting regulations of the Securities and Exchange Commission are not required under the related instructions or are inapplicable and therefore have been omitted.

(3) EXHIBITS

Any shareholder who wants a copy of the following Exhibits may obtain one from us upon request at a charge that reflects the reproduction cost of such Exhibits. Requests should be made to the Secretary, Marriott International, Inc., Marriott Drive, Department 52/862, Washington, D.C. 20058.

EXHIBIT NO.	DESCRIPTION	INCORPORATION BY REFERENCE (WHERE A REPORT OR REGISTRATION STATEMENT IS INDICATED BELOW, THAT DOCUMENT HAS BEEN PREVIOUSLY FILED WITH THE SEC AND THE APPLICABLE EXHIBIT IS INCORPORATED BY REFERENCE THERETO)
2.1	Distribution Agreement dated as of September 30, 1997 with Sodexho Marriott Services, Inc.	Appendix A in our Form 10 filed on February 13, 1998.
2.2	Agreement and Plan of Merger dated as of September 30, 1997 with Sodexho Marriott Services, Inc., Marriott-ICC Merger Corp., Sodexho Alliance, S.A. and International Catering Corporation.	Appendix B in our Form 10 filed on February 13, 1998.
2.3	Omnibus Restructuring Agreement dated as of September 30, 1997 with Sodexho Marriott Services, Inc., Marriott-ICC Merger Corp., Sodexho Alliance, S.A. and International Catering Corporation.	Appendix C in our Form 10 filed on February 13, 1998.
2.4	Amendment Agreement dated as of January 28, 1998 among Sodexho Marriott Services, Inc., Marriott-ICC Merger Corp., the Company, Sodexho Alliance, S.A. and International Catering Corporation.	Appendix D in our Form 10 filed on February 13, 1998.
3.1	Amended and Restated Certificate of Incorporation.	Exhibit No. 2 to our Form 8-A/A filed on April 3, 1998.
3.2	Certificate of Designation, Preferences and Rights of Series A Junior Participating Preferred Stock.	Exhibit No. 3 to our Form 8-A/A filed on April 3, 1998.

EXHIBIT NO.	DESCRIPTION	INCORPORATION BY REFERENCE (WHERE A REPORT OR REGISTRATION STATEMENT IS INDICATED BELOW, THAT DOCUMENT HAS BEEN PREVIOUSLY FILED WITH THE SEC AND THE APPLICABLE EXHIBIT IS INCORPORATED BY REFERENCE THERETO)
3.3	Amended and Restated Bylaws.	Filed with this report.
3.4	Rights Agreement dated as of March 27, 1998 with The Bank of New York, as Rights Agent.	Exhibit No.1 to our Form 8-A/A filed on April 3, 1998.
4.1	Indenture dated November 16, 1998 with The Chase Manhattan Bank, as Trustee.	Filed with this report.
4.2	Form of 6-5/8% Series A Note due 2003.	Filed with this report.
4.3	Form of 6-7/8% Series B Note due 2005.	Filed with this report.
4.4	Indenture with The First National Bank of Chicago, as Trustee, as supplemented.	Exhibit 2.02 to Renaissance Hotel Group N.V.'s Annual Report on Form 20-F for the fiscal year ended June 30, 1996; Exhibit No. 4 to Form 10-Q of Old Marriott for the fiscal quarter ended June 20, 1997 (First and Second Supplemental Indentures); and Exhibit No. 4.1 to our Form 10-Q for the fiscal quarter ended March 27, 1998 (Third Supplemental Indenture).
4.5	Indenture with The Bank of New York, as Trustee, relating to Liquid Yield Option Notes, as supplemented.	Exhibit No. 4.1 to Form 8-K of Old Marriott dated March 25, 1996; Exhibit No. 4.2 to Form 8-K of Old Marriott dated March 25, 1996 (First Supplemental Indenture); and Exhibit No. 4.2 to our Form 10-Q for the fiscal quarter ended March 27, 1998 (Second Supplemental Indenture).
10.1	Employee Benefits and Other Employment Matters Allocation Agreement dated as of September 30, 1997 with Sodexho Marriott Services, Inc.	Exhibit No. 10.1 to our Form 10 filed on February 13, 1998.
10.2	1998 Comprehensive Stock and Cash Incentive Plan.	Appendix L in our Form 10 filed on February 13, 1998.
10.3	Noncompetition Agreement between Sodexho Marriott Services, Inc. and the Company.	Exhibit No. 10.1 to our Form 10-Q for the fiscal quarter ended March 27, 1998.
10.4	Tax Sharing Agreement with Sodexho Marriott Services, Inc. and Sodexho Alliance, S.A.	Exhibit No. 10.2 to our Form 10-Q for the fiscal quarter ended March 27, 1998.
10.5	Distribution Agreement with Host Marriott Corporation, as amended.	Exhibit No. 10.3 to Form 8-K of Old Marriott dated October 25, 1993; Exhibit No. 10.2 to Form 10-K of Old Marriott for the fiscal year ended December 29, 1995 (First Amendment); Exhibit Nos. 10.4 and 10.5 to our Form 10-Q for the fiscal quarter ended March 27, 1998 (Second and Third Amendments).

EXHIBIT NO.	DESCRIPTION	INCORPORATION BY REFERENCE (WHERE A REPORT OR REGISTRATION STATEMENT IS INDICATED BELOW, THAT DOCUMENT HAS BEEN PREVIOUSLY FILED WITH THE SEC AND THE APPLICABLE EXHIBIT IS INCORPORATED BY REFERENCE THERETO)
10.6	Restated Noncompetition Agreement with Host Marriott Corporation.	Exhibit No. 10.6 to our Form 10-Q for the fiscal quarter ended March 27, 1998.
10.7	LYONs Allocation Agreement with Sodexho Marriott Services, Inc.	Exhibit No. 10.9 to our Form 10 filed on February 13, 1998.
10.8	$1.5 billion Credit Agreement dated February 19, 1998 with Citibank, N.A., as Administrative Agent, and certain banks.	Exhibit 10.10 to our Form 10-K for the fiscal year ended January 2, 1998.
10.9	$500 million Credit Agreement dated February 2, 1999 with Citibank, N.A. as Administrative Agent, and certain banks.	Filed with this report.
10.10	Stock Purchase Agreement dated as of June 21, 1997 between the Company, as assignee, and Host Marriott Corporation.	Exhibit No. 10.2 to Form 10-Q of Old Marriott for the fiscal quarter ended September 12, 1997.
12	Statement of Computation of Ratio of Earnings to Fixed Charges.	Filed with this report.
21	Subsidiaries of Marriott International, Inc.	Filed with this report.
23	Consent of Arthur Andersen LLP.	Filed with this report.
27	Financial Data Schedule for the Company.	Filed with this report.
99	Forward-Looking Statements.	Filed with this report.

(b) REPORTS ON FORM 8-K

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934 we have duly caused this Form 10-K to be signed on our behalf by the undersigned, thereunto duly authorized, on this 16th day of March, 1999.

MARRIOTT INTERNATIONAL, INC.

By /s/ J.W. Marriott, Jr.

J.W. Marriott, Jr.
Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this Form 10-K has been signed by the following persons on our behalf in their capacities and on the date indicated above.

PRINCIPAL EXECUTIVE OFFICER:

/s/ J.W. Marriott, Jr.

J.W. Marriott, Jr.	Chairman of the Board, Chief Executive Officer and Director

PRINCIPAL FINANCIAL OFFICER:

/s/ Arne M. Sorenson

Arne M. Sorenson	Executive Vice President, Chief Financial Officer

PRINCIPAL ACCOUNTING OFFICER:

/s/ Stephen E. Riffee

Stephen E. Riffee	Vice President, Finance and Chief Accounting Officer

DIRECTORS:

/s/ Henry Cheng Kar-Shun	/s/ W. Mitt Romney
Henry Cheng Kar-Shun, Director	W. Mitt Romney, Director
/s/ Gilbert M. Grosvenor	/s/ Roger W. Sant
Gilbert M. Grosvenor, Director	Roger W. Sant, Director
/s/ Richard E. Marriott	/s/ William J. Shaw
Richard E. Marriott, Director	William J. Shaw, Director
/s/ Floretta Dukes McKenzie	/s/ Lawrence M. Small
Floretta Dukes McKenzie, Director	Lawrence M. Small, Director
/s/ Harry J. Pearce	
Harry J. Pearce, Director	

EXHIBIT 3.3

AMENDED 2/3/99

AMENDED AND RESTATED BYLAWS

OF

MARRIOTT INTERNATIONAL, INC.

ARTICLE I

OFFICES

Section 1.1 The registered office shall be in the City of Wilmington, County of New Castle, State of Delaware.

Section 1.2 The Corporation may also have offices at such other places both within and without the State of Delaware as the board of directors may from time to time determine or the business of the Corporation may require.

ARTICLE II

MEETINGS OF SHAREHOLDERS

Section 2.1 All meetings of the shareholders for the election of directors shall be held in Montgomery County, State of Maryland, at such place as may be fixed from time to time by the board of directors or at such other place either within or without the State of Delaware as shall be designated from time to time by the board of directors and stated in the notice of the meeting. Meetings of shareholders for any other purpose may be held at such time and place, within or without the State of Delaware, as shall be stated in the notice of the meetings or in a duly executed waiver of notice thereof.

Section 2.2 Annual shareholders' meetings shall be held on the second Tuesday of May of each year, or at such other time as may be designated by the board of directors, in the notice of the annual meeting, for the purpose of electing directors and considering such other business as may properly come before the meeting.

Section 2.3 Written notice of the annual meeting stating the place, date and hour of the meeting shall be given to each shareholder entitled to vote at such meeting not less than ten days nor more than sixty days before the date of the meeting.

Section 2.4 The officer responsible for the Corporation's stock ledger shall prepare at least ten days before every shareholders' meeting a complete list of shareholders entitled to vote at the meeting,

arranged in alphabetical order, and showing the address and number of shares registered in the name of each shareholder. The list shall be available for examination by any shareholder for any purposes germane to the meeting, during ordinary business hours in the Office of the Corporate Secretary at the Corporation's Headquarters for a period of at least ten days prior to the meeting. The list shall also be available at the shareholders' meeting for the inspection of any shareholders.

Section 2.5 Written notice of a special meeting, stating the place, date and hour of the meeting, and the purpose or purposes for which the meeting is called, shall be given to each shareholder entitled to vote at such meeting, not less than ten nor more than sixty days before the date of the meeting.

Section 2.6 Business transacted at any special meeting of shareholders shall be limited to the purposes stated in the notice.

Section 2.7 The holders of a majority of the stock issued and outstanding and entitled to vote thereat, present in person or represented by proxy, shall constitute a quorum at all meetings of the shareholders for the transaction of business except as otherwise provided by statute or by the Certificate of Incorporation. If, however, such quorum shall not be present or represented at any meeting of the shareholders, the shareholders entitled to vote thereat, present in person or represented by proxy, shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present or represented. At such adjourned meeting at which a quorum shall be present or represented any business may be transacted which might have been transacted at the meeting as originally notified. If the adjournment is for more than 30 days, or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each shareholder of record entitled to vote at the meeting.

Section 2.8 When a quorum is present at any meeting, the vote of the holders of a majority of the stock having voting power present in person or represented by proxy shall decide any question brought before such meeting, unless the question is one upon which by express provision of the statutes or of the Certificate of Incorporation, a different vote is required in which case such express provision shall govern and control the decision of such question.

Section 2.9 Each shareholder shall at every meeting of the shareholders be entitled to one vote in person or by proxy for each share of the capital stock having voting power held by such shareholder or such greater or lesser number of votes per share as may be fixed by or pursuant to the Certificate of Incorporation, but no proxy shall be voted on after three years from its date, unless the proxy provides for a longer period.

ARTICLE III

DIRECTORS

Section 3.1 Except as otherwise fixed by or pursuant to the provisions of Article FOURTH of the Certificate of Incorporation relating to the rights of the holders of any class or series of stock having a preference over the Common Stock as to dividends or upon liquidation to elect additional directors under specified circumstances, the number of the directors of the Corporation shall be fixed from time to time by the board of directors but shall not be less than three. The directors, other than those who may be elected by the holders of any class or series of stock having a preference over the Common Stock as to dividends or upon liquidation, shall be classified, with respect to the time for which they severally hold office, into three classes, as nearly equal in number as possible, as determined by the board of directors of the Corporation, one class to be originally elected for a term expiring at the annual meeting of shareholders to be held in 1998, another class to be originally elected for a term expiring at the annual meeting of shareholders to be held in 1999, and another class to be originally elected for a term expiring at the annual meeting of shareholders to be held in 2000, with each class to hold office until its successor is elected and qualified. At each annual meeting of the shareholders of the Corporation, the successors of the class of directors whose term expires at that meeting shall be elected to hold office for a term expiring at the annual meeting of shareholders held in the third year following the year of their election. Advance notice of shareholder nominations for the election of directors shall be given in the manner provided in Section 3.13 of Article III of these Bylaws.

Section 3.2 Except as otherwise provided for or fixed by or pursuant to the provisions of Article FOURTH of the Certificate of Incorporation relating to the rights of the holders of any class or series of stock having a preference over the Common Stock as to dividends or upon liquidation to elect directors under specified circumstances, newly created directorships resulting from any increase in the number of directors and any vacancies on the board of directors resulting from death, resignation, disqualification, removal or other cause shall be filled by the affirmative vote of a majority of the remaining directors then in office, even though less than a quorum of the board of directors. Any director elected in accordance with the preceding sentence shall hold office for the remainder of the full term of the class of directors in which the new directorship was created or the vacancy occurred and until such director's successor shall have been elected and qualified. No decrease in the number of directors constituting the board of directors shall shorten the term of any incumbent director. Subject to the rights of any class or series of stock having a preference over the Common Stock as to dividends or upon liquidation to elect directors under specified circumstances, any director may be removed from office, with cause and only by the affirmative vote of the holders of at least sixty-six and two-thirds percent (66 2/3%) of the voting power of all the shares of the Corporation entitled to vote generally in the election of directors, voting together as a single class.

Section 3.3 The business of the Corporation shall be managed by its board of directors which may exercise all such powers of the Corporation and do all such lawful acts and things as are not by statute or by the Certificate of Incorporation or by these Bylaws directed or required to be exercised

or done by the shareholders.

MEETINGS OF THE BOARD OF DIRECTORS

Section 3.4 The board of directors of the Corporation may hold meetings, both regular and special, either within or without the State of Delaware.

Section 3.5 The first meeting of each newly elected board of directors shall be held at such time and place as shall be fixed by the vote of the shareholders at the annual meeting and no notice of such meeting shall be necessary to the newly elected directors in order legally to constitute the meeting, provided a quorum shall be present. In the event of the failure of the shareholders to fix the time or place of such first meeting of the newly elected board of directors, or in the event such meeting is not held at the time and place so fixed by the shareholders, the meeting may be held at such time and place as shall be specified in a notice given as hereinafter provided for special meetings of the board of directors, or as shall be specified in a written waiver signed by all of the directors.

Section 3.6 Regular meetings of the board of directors may be held without notice at such time and at such place as shall from time to time be determined by the board.

Section 3.7 Special meetings of the board may be called by the chairman of the board, the president, or the secretary on the written request of any two directors. Notice thereof stating the place, date and hour of the meeting shall be given to each director either by mail not less than forty-eight (48) hours before the date of the meeting, by telephone or telegram not less than twenty-four (24) hours notice before the date of the meeting, or on such shorter notice as the person or persons calling such meeting may deem necessary or appropriate in the circumstances.

Section 3.8 At all meetings of the board of directors such number of directors as shall be not less than one-third of the total number of the full board of directors nor less than two shall constitute a quorum for the transaction of business and the act of a majority of the directors present at any meeting at which there is a quorum shall be the act of the board of directors, except as may be otherwise specifically provided by statute or by the Certificate of Incorporation. If a quorum shall not be present at any meeting of the board of directors the directors present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present.

Section 3.9 Unless otherwise restricted by the Certificate of Incorporation or these Bylaws, any action required or permitted to be taken at any meeting of the board of directors or of any committee thereof may be taken without a meeting, if all members of the board or committee, as the case may be, consent thereto in writing, and the writing or writings are filed with the minutes of proceedings of the board or committee.

Section 3.10 The board of directors may, by resolution passed by a majority of the whole board,

designate one or more committees, each committee to consist of two or more of the directors of the Corporation, which, to the extent provided in the resolution, shall have and may exercise the powers of the board of directors in the management of the business and affairs of the Corporation and may authorize the seal of the Corporation to be affixed to all papers which may require it; provided, in the absence or disqualification of any member of such committee or committees, the member or members thereof present at any meeting and not disqualified from voting, whether or not he or they constitute a quorum, may unanimously appoint another member of the board of directors to act at the meeting in the place of any such absent or disqualified member. Such committee or committees shall have such name or names as may be determined from time to time by resolution adopted by the board of directors.

Section 3.11 Each committee shall keep regular minutes of its meetings and report the same to the board of directors when required.

COMPENSATION OF DIRECTORS

Section 3.12 The directors may be paid their expenses, if any, of attendance at each meeting of the board of directors and may be paid a fixed sum for attendance at each meeting of the board of directors or a stated salary as director. No such payment shall preclude any director from serving the Corporation in any other capacity and receiving compensation therefore. Members of special or standing committees may be allowed like compensation for attending committee meetings.

NOMINATION OF DIRECTORS

Section 3.13 Subject to the rights of holders of any class or series of stock having a preference over the Common Stock as to dividends or upon liquidation, nominations for the election of directors may be made by the board of directors or a proxy committee appointed by the board of directors or by any shareholder entitled to vote in the election of directors. However, any shareholder entitled to vote in the election of directors at a meeting may nominate a director only if written notice of such shareholder's intent to make such nomination or nominations has been given, either by personal delivery or by United States mail, postage prepaid, to the Secretary of the Corporation not later than (i) with respect to an election of directors at an annual meeting of shareholders, ninety days prior to the first anniversary of the preceding year's annual meeting; provided, however, that in the event the date of the annual meeting is advanced more than thirty days or delayed by more than sixty days from such anniversary date, notice by the shareholder must be so delivered not later than the close of business on the seventh day following the day on which notice of such meeting is first given to shareholders, and (ii) with respect to an election to be held at a special meeting of shareholders for the election of directors, the close of business on the seventh day following the date on which notice of such meeting is first given to shareholders. Each such notice shall set forth: (a) the name and address of the shareholder who intends to make the nomination and of the person or persons to be nominated; (b) a representation that the shareholder is a holder of record of stock of the Corporation

entitled to vote at such meeting and intends to appear in person or by proxy at the meeting to nominate the person or persons specified in the notice; (c) a description of all arrangements or understandings between the shareholder and each nominee and any other person or persons (naming such person or persons) pursuant to which the nomination or nominations are to be made by the shareholder; (d) such other information regarding each nominee proposed by such shareholder as would be required to be included in a proxy statement filed pursuant to the proxy rules of the Securities and Exchange Commission, had the nominee been nominated, or intended to be nominated, by the board of directors; and (e) the consent of each nominee to serve as a director of the Corporation if so elected. The chairman of the meeting may refuse to acknowledge the nomination of any person not made in compliance with the foregoing procedure.

SHAREHOLDER PROPOSAL

Section 3.14. Any shareholder entitled to vote in the election of directors and who meets the requirements of the proxy rules under the Securities Exchange Act of 1934, as amended, may submit to the directors proposals to be considered for submission to the shareholders of the Corporation for their vote at the annual meeting of shareholders. The introduction of any shareholder proposal that the directors decide should be voted on by the shareholders of the Corporation, shall be made by notice in writing delivered or mailed by first class United States mail, postage prepaid, to the secretary of the Corporation, and received by the secretary not less than ninety days prior to the first anniversary of the preceding year's annual meeting of shareholders; provided, however, that in the event the date of the annual meeting of shareholders is advanced more than thirty days or delayed by more than sixty days from such anniversary date, notice by the shareholder must be so delivered not later than the close of business on the seventh day following the date on which notice of such meeting is first given to shareholders. Each such notice shall set forth: (a) the name and address of the shareholder who intends to make the proposal and the text of the proposal to be introduced; (b) the class and number of shares of stock held of record, owned beneficially and represented by proxy by such shareholder as of the record date for the meeting (if such date shall then have been made publicly available) and as of the date of such notice; and (c) a representation that the shareholder intends to appear in person or by proxy at the meeting to introduce the proposal or proposals, specified in the notice. The Chairman of the meeting may refuse to acknowledge the introduction of any shareholder proposal not made in compliance with the foregoing procedure.

Notwithstanding any other provision of these Bylaws, the Corporation shall be under no obligation to include any shareholder proposal in its proxy statement materials if the board of directors reasonably believes that the proponent(s) thereof have not complied with Sections 13 and 14 of the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder, and the Corporation shall not be required to include in its proxy statement materials any shareholder proposal not required to be included in its proxy materials in accordance with such Act, rules and regulations.

ARTICLE IV

NOTICES

Section 4.1 Whenever, under the provisions of the statutes or of the Certificate of Incorporation or of these Bylaws, notice is required to be given to any director or shareholder, it shall not be construed to mean personal notice, but such notice may be given in writing, by any means not prohibited by the provisions of the statutes, including by mail, electronic delivery (including through the internet or similar system) or other means. If given in writing, by mail, addressed to such director or shareholder at his address as it appears on the records of the Corporation, with postage thereon prepaid, such notice shall be deemed to be given at the time when the same shall be deposited in the United States mail, and if given by electronic delivery, such notice shall be deemed to be given at the time when such electronic delivery is transmitted. Without limiting the foregoing, notice may be provided to directors by telecopier or telegram.

Section 4.2 Whenever any notice is required to be given under the provisions of the statutes or of the Certificate of Incorporation or of these Bylaws, a waiver thereof in writing, signed by the person or persons entitled to said notice, whether before or after the time stated therein, shall be deemed equivalent thereto.

ARTICLE V

OFFICERS

Section 5.1 The officers of the Corporation shall consist of a president, a secretary, a treasurer, and, if deemed necessary, expedient, or desirable by the board of directors, a chairman and/or a vice chairman of the board of directors, chief executive officer, chief operating officer, chief financial officer, chief legal officer, controller, one or more executive vice presidents, senior vice presidents, vice presidents, assistant vice presidents, assistant secretaries, assistant treasurers and such other officers with such titles as the resolution of the board of directors choosing them shall designate. Except as may otherwise be provided in the resolution of the board of directors choosing him/her, no officer need be a director of the Corporation. Any number of offices may be held by the same person as the directors may determine.

Section 5.2 Corporate officers shall be appointed at the first board of directors' meeting held after the annual shareholders' meeting and at such other meetings as the board may determine.

Section 5.3 Corporate officers shall serve for such terms and shall have such duties and powers as may be designated in the Bylaws or by the board of directors.

Section 5.4 Corporate officers shall hold office until a successor is elected and qualified or until their earlier resignation or removal from office. Any officer may resign at any time upon written notice to the Corporation. Corporate officers may be removed at any time by majority vote of the board of directors. Vacancies in corporate offices may be filled by the board of directors.

THE CHAIRMAN OF THE BOARD

Section 5.5 The chairman of the board shall preside at all meetings of shareholders and directors.

THE VICE-CHAIRMAN OF THE BOARD

Section 5.6 The vice-chairman of the board shall preside at meetings of shareholders and directors if the chairman of the board is absent or unable to serve as chairman at any such meeting.

THE PRESIDENT

Section 5.7 The president shall have general and active supervision of the business of the Corporation and shall see that all orders and resolutions of the board of directors are carried into effect and shall be responsible to the chairman, as well as to the board of directors for the execution of such duties and powers. The president shall, in the absence or inability to act of the chairman and vice-chairman of the board, assume and carry out all responsibilities set forth with respect to such chairman and vice-chairman.

Section 5.8 He shall execute bonds, mortgages, and other contracts requiring a seal, under the seal of the Corporation, except where required or permitted by law to be otherwise signed and executed and except where the signing and execution thereof shall be expressly delegated by the board of directors to some other officer or agent of the Corporation.

THE VICE PRESIDENTS

Section 5.9 Executive vice presidents, senior vice presidents, vice presidents, and assistant vice presidents shall have duties and powers as the board of directors may designate.

THE SECRETARY AND ASSISTANT SECRETARIES

Section 5.10 The secretary shall attend all meetings of the board of directors and all meetings of the shareholders and record all the proceedings of the meetings of the Corporation and of the board of directors in a book to be kept for that purpose and shall perform like duties for the standing committees when required. He shall give, or cause to be given, notice of all meetings of the shareholders and special meetings of the board of directors, and shall perform such other duties as may be prescribed by the board of directors or president, under whose supervision he shall be. He shall have custody of the corporate seal of the Corporation and he, or an assistant secretary, shall have authority to affix the same to any instrument requiring it and when so affixed, it may be attested by his signature or by the signature of such assistant secretary. The board of directors may give general authority to any other officer to affix the seal of the Corporation and to attest the affixing by his signature.

Section 5.11 The assistant secretary, or if there be more than one, the assistant secretaries in the order determined by the board of directors, shall, in the absence or disability of the secretary, perform the duties and exercise the powers of the secretary and shall perform such other duties and have such other powers as the board of directors may from time to time prescribe.

THE TREASURER AND ASSISTANT TREASURERS

Section 5.12 The treasurer shall have the custody of the Corporate funds and securities and shall deposit all monies and other valuable effects in the name and to the credit of the Corporation in such depositories as may be designated by the board of directors.

Section 5.13 The treasurer shall have the authority to invest the normal funds of the Corporation in the purchase and acquisition and to sell and otherwise dispose of these investments upon such terms as he may deem desirable and advantageous, and shall, upon request, render to the president and the directors an accounting of all such normal investment transactions.

Section 5.14 He shall disburse the funds of the Corporation as may be ordered by the board of directors, taking proper vouchers for such disbursements, and shall render to the president and the board of directors, at its regular meetings, or when the board of directors so requires, an account of all his transactions as treasurer and of the financial condition of the Corporation.

Section 5.15 If required by the board of directors, he shall give the Corporation a bond (which shall be renewed every six years) in such sum and with such surety or sureties as shall be satisfactory to the board of directors for the faithful performance of the duties of his office and for the restoration to the Corporation, in case of his death, resignation, retirement, or removal from office, of all books, papers, vouchers, money, and other property of whatever kind in his possession or under his control belonging to the Corporation.

Section 5.16 The assistant treasurer, or if there shall be more than one, the assistant treasurers in the order determined by the board of directors, shall, in the absence or disability of the treasurer,

perform the duties and exercise the powers of the treasurer and shall perform such other duties and have such other powers as the board of directors may from time to time prescribe.

Section 5.17 The controller shall keep the Corporation's accounting records and shall prepare accounting reports of the operating results as required by the board of directors and governmental authorities.

Section 5.18 The controller shall establish systems of internal control and accounting procedures for the protection of the Corporation's assets and funds.

ARTICLE VI

CERTIFICATES OF STOCK

Section 6.1 The interest of holders of stock in the Corporation shall be evidenced by certificates for shares of stock in such form as the appropriate officers of the Corporation may from time to time prescribe; provided, that the board of directors may provide by resolution or resolutions that all or some of all classes or series of the stock of the Corporation shall be represented by uncertificated shares. Notwithstanding the adoption of such a resolution by the board of directors of the Corporation, every holder of stock represented by a certificate and upon request every holder of uncertificated shares shall be entitled to have a certificate signed by, or in the name of the Corporation by, the chairman or vice-chairman of the board of directors, or the president or a vice president, and by the secretary or an assistant secretary, or by the treasurer or an assistant treasurer of the Corporation, representing the number of shares owned by him in the Corporation registered in certificated form. All certificates shall also be signed by a transfer agent and by a registrar. Except as otherwise expressly provided by law, the rights and obligations of the holders of uncertificated stock and the rights and obligations of the holders of certificates representing stock of the same class and series shall be identical.

Section 6.2 All signatures which appear on the certificate may be facsimile including, without limitation, signatures of officers of the Corporation or the signatures of the stock transfer agent or registrar. In case any officer, transfer agent, or registrar who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such officer, transfer agent, or registrar before such certificate is issued, it may be issued by the Corporation with the same effect as if such person were such officer, transfer agent, or registrar at the date of issue.

Section 6.3 If the Corporation shall be authorized to issue more than one class of stock or more than one series of any class, the designations, preferences, and relative, participating, optional, or other special rights of each class of stock or series thereof and the qualifications, limitations, or restrictions of such preferences and/or rights shall be set forth in full or summarized on the face or back of the certificate which the Corporation shall issue to represent such class or series of stock; provided, however, that except as otherwise provided in Section 202 of the General Corporation Law

of Delaware, in lieu of the foregoing requirements, there may be set forth on the face or back of the certificate which the Corporation shall issue to represent such class or series of stock, a statement that the Corporation will furnish without charge, to each shareholder who so requests, the designations, preferences, and relative, participating, optional, or other special rights of each class of stock or series thereof and the qualifications, limitations, or restrictions of such preferences and/or rights.

LOST CERTIFICATES

Section 6.4 The board of directors may direct a new certificate or certificates to be issued in place of any certificate or certificates theretofore issued by the Corporation alleged to have been lost, stolen, or destroyed, upon the making of an affidavit of that fact by the person claiming the certificate of stock to be lost, stolen, or destroyed. When authorizing such issue of a new certificate or certificates, the board of directors may, in its discretion and as a condition precedent to the issuance thereof, require the owner of such lost, stolen or destroyed certificate or certificates, or his legal representative to advertise the same in such manner as it shall require and/or to give the Corporation a bond in such sum as it may direct as indemnity against any claim that may be made against the Corporation with respect to the certificate alleged to have been lost, stolen, or destroyed.

TRANSFERS OF STOCK

Section 6.5 The shares of the stock of the Corporation represented by certificates shall be transferred on the books of the Corporation by the holder thereof in person or by his attorney, upon surrender for cancellation of certificates for the same number of shares, with an assignment and power of transfer endorsed thereon or attached thereto, duly executed, with such proof of the authenticity of the signature as the Corporation or its agents may reasonably require. Upon receipt of proper transfer instructions from the registered owner of uncertificated shares such uncertificated shares shall be canceled and issuance of new equivalent uncertificated shares or certificated shares shall be made to the person entitled thereto and the transaction shall be recorded upon the books of the Corporation. Within a reasonable time after the issuance or transfer of uncertificated stock, the Corporation shall send or cause to be sent to the registered owner thereof a written notice containing the information required to be set forth or stated on certificates pursuant to Delaware Law or, unless otherwise provided by Delaware Law, a statement that the Corporation will furnish without charge to each stockholder who so requests the powers, designations, preferences and relative participating, optional or other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions of such preferences and/or rights.

FIXING RECORD DATE

Section 6.6 In order that the Corporation may determine the shareholders entitled to notice of or to vote at any meeting of shareholders or any adjournment thereof, or entitled to receive payment

of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion, or exchange of stock or for the purpose of any other lawful action, the board of directors may fix, in advance, a record date, which shall not be more than sixty nor less than ten days before the date of such meeting, nor more than sixty days prior to any other action. A determination of shareholders of record entitled to notice of or to vote at a meeting of shareholders shall apply to any adjournment of the meeting; provided, however, that the board of directors may fix a new record date for the adjourned meeting.

REGISTERED SHAREHOLDERS

Section 6.7 The Corporation shall be entitled to recognize the exclusive right of a person registered on its books as the owner of shares to receive dividends, and to vote as such owner, and to hold liable for calls and assessments a person registered on its books as the owner of shares, and shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of Delaware.

ARTICLE VII

GENERAL PROVISIONS

DIVIDENDS

Section 7.1 Dividends upon the capital stock of the Corporation, subject to the provisions of the Certificate of Incorporation, if any, may be declared by the board of directors at any regular or special meeting, pursuant to law. Dividends may be paid in cash, in property, or in shares of the capital stock, subject to the provisions of the Certificate of Incorporation.

Section 7.2 Before payment of any dividend, there may be set aside out of any funds of the Corporation available for dividends such sum or sums as the directors from time to time, in their absolute discretion, think proper as a reserve or reserves to meet contingencies, or for equalizing dividends, or for repairing or maintaining any property of the Corporation, or for such other purpose as the directors shall think conducive to the interest of the Corporation, and the directors may modify or abolish any such reserve in the manner in which it was created.

ANNUAL STATEMENT

Section 7.3 The board of directors shall present at each annual meeting and at any special meeting of the shareholders when called for by vote of the shareholders a full and clear statement of the business and condition of the Corporation.

CHECKS

Section 7.4 All checks or demands for money and notes of the Corporation shall be signed by such officer or officers or such other person or persons as the board of directors may from time to time designate.

FISCAL YEAR

Section 7.5 The fiscal year of the Corporation shall be fixed by resolution of the board of directors.

SEAL

Section 7.6 The corporate seal shall have inscribed thereon the name of the Corporation, the year of its organization, and the words "Corporate Seal, Delaware". The seal may be used by causing it or a facsimile thereof to be impressed or affixed or reproduced or otherwise.

INDEMNIFICATION OF OFFICERS, ETC.

Section 7.7 (a) Each person who was or is a party or is threatened to be made a party to or is otherwise involved in any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (hereinafter a "proceeding") (other than an action by or in the right of the Corporation) by reason of the fact that such person is or was a director, officer or employee of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise (hereinafter an "indemnitee"), whether the basis of such proceeding is alleged activity in an official capacity as a director, officer, employee or agent or in any other capacity while serving as a director, officer, employee or agent, shall be indemnified and held harmless by the Corporation to the fullest extent authorized by the Delaware General Corporation Law, as the same exists or may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment permits the Corporation to provide broader indemnification rights than permitted prior thereto), against all expense, liability and loss (including attorneys' fees, judgments, fines and amounts paid in settlement) actually and reasonably incurred by such person in connection with such proceeding; provided that, (i) except with respect to proceedings to enforce rights to indemnification, the Corporation shall indemnify any such indemnitee in connection with a proceeding (or part thereof) initiated by such indemnitee only if such proceeding (or part thereof) was authorized by the board of directors, and (ii) such person acted in good faith and in a manner such person reasonably believed to be in or not opposed to the best interests of the Corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe such person's conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo

contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which such person reasonably believed to be in or not opposed to the best interests of the Corporation, and, with respect to any criminal action or proceeding, had reasonable cause to believe that such person's conduct was unlawful.

(b) The Corporation shall indemnify each person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the Corporation to procure a judgment in its favor by reason of the fact that such person is or was a director, officer or employee of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against expenses (including attorneys' fees) actually and reasonably incurred by such person in connection with the defense or settlement of such action or suit if such person acted in good faith and in a manner such person reasonably believed to be in or not opposed to the best interests of the Corporation and except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable to the Corporation unless and only to the extent that the Court of Chancery of the State of Delaware or the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which the Court of Chancery or such other court shall deem proper.

(c) To the extent that a director, officer or employee of the Corporation has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in subsections (a) and (b) of this Section 7.7, or in defense of any claim, issue or matter therein, such person shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by such person in connection therewith. For purposes of determining the reasonableness of any such expenses, a certification to such effect by any member of the Bar of the State of Delaware, which member of the Bar may have acted as counsel to any such director, officer or employee, shall be binding upon the Corporation unless the Corporation establishes that the certification was made in bad faith.

(d) Any indemnification under subsections (a) and (b) of this Section 7.7 (unless ordered by a court) shall be made by the Corporation only as authorized in the specific case upon a determination that indemnification of the director, officer or employee is proper in the circumstances because any such person has met the applicable standard of conduct set forth in subsections (a) and (b) of this Section 7.7. Such determination shall be made (i) by the board of directors, by a majority vote of directors who were not parties to such action, suit or proceeding, or (ii) if there are no such directors or if such directors so direct, by independent legal counsel in a written opinion, or (iii) by the shareholders.

(e) Expenses (including attorneys' fees) incurred by an officer, director or employee of the Corporation in defending any civil, criminal, administrative or investigative action, suit or proceeding, shall be paid by the Corporation in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of such director, officer or employee to repay such

amount if it shall ultimately be determined that any such person is not entitled to be indemnified by the Corporation as authorized by this Section 7.7. Notwithstanding the foregoing, no advance shall be made by the Corporation if a determination is reasonably and promptly made by a majority vote of those directors who are not parties to such action, suit or proceeding, or, if there are no such directors or if such directors so direct, by independent legal counsel in a written opinion, that, based upon the facts known to such directors or counsel at the time such determination is made, such person acted in bad faith and in a manner that such person did not believe to be in or not opposed to the best interests of the corporation, or, with respect to any criminal proceeding, that such person had reasonable cause to believe his conduct was unlawful.

(f) The indemnification and advancement of expenses provided by, or granted pursuant to, the other subsections of this Section 7.7 shall not be deemed exclusive of any other rights to which any person seeking indemnification or advancement of expenses may be entitled under any bylaw, agreement, vote of shareholders or disinterested directors or otherwise, both as to action in such person's official capacity and as to action in another capacity while holding such office.

(g) The Corporation may but shall not be required to purchase and maintain insurance on behalf of any person who is or was a director, officer or employee of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against such person and incurred by such person in any capacity, or arising out of such person's status as such, whether or not the Corporation would have the power to indemnify such person against such liability under this Section 7.7. The Corporation may create a trust fund, grant a security interest or use other means (including, without limitation, a letter of credit) to ensure the payment of such sums as may become necessary to effect indemnification as provided herein.

(h) For purposes of this Section 7.7, references to "the Corporation" shall include, in addition to the resulting corporation, any constituent corporation (including any constituent of a constituent) absorbed in a consolidation or merger which, if its separate existence had continued, would have had power and authority to indemnify its directors, officers, and employees, so that any person who is or was a director, officer or employee of such constituent corporation, or is or was serving at the request of such constituent corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, shall stand in the same position under this Section 7.7 with respect to the resulting or surviving corporation as such person would have had with respect to such constituent corporation if its separate existence had continued.

(i) For purposes of this Section 7.7, references to "other enterprises" shall include employee benefit plans; references to "fines" shall include any excise taxes assessed on a person with respect to any employee benefit plan; and references to "serving at the request of the Corporation" shall include any service as a director, officer or employee of the Corporation which imposes duties on, or involves services by, such director, officer or employee with respect to an employee benefit plan, its participants or beneficiaries; and a person who acted in good faith and in a manner such person reasonably believed to be in the interest of the participants and beneficiaries of an employee benefit

plan shall be deemed to have acted in a manner "not opposed to the best interests of the Corporation" as referred to in this Section 7.7.

(j) The indemnification and advancement of expenses provided by, or granted pursuant to, this Section 7.7 shall, unless otherwise provided when authorized or ratified, continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such a person.

(k) This Section 7.7 shall be interpreted and construed to accord, as a matter of right, to any person who is or was a director, officer or employee of the Corporation or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, the full measure of indemnification and advancement of expenses permitted by Section 145 of the Business Corporation Law of the State of Delaware.

(l) Any costs incurred by any person in enforcing the provisions of this Section 7.7 shall be an indemnifiable expense in the same manner and to the same extent as other indemnifiable expenses under this Section 7.7.

(m) No amendment, modification or repeal of this Section 7.7 shall have the effect of or be construed to limit or adversely affect any claim or right to indemnification or advancement of expenses made by any person who is or was a director, officer or employee of this Corporation with respect to any state of facts which existed prior to the date of such amendment, modification or repeal, whether or not the Corporation has been notified of such claim, or such right has been asserted, prior to such date. Accordingly, any amendment, modification or repeal of this Section 7.7 shall be deemed to have prospective application only and shall not be applied retroactively.

BOOKS AND RECORDS

Section 7.8 No shareholder shall have any right of inspecting any account, or book, or paper or document of this Corporation, except as conferred by law or by resolution of the shareholders or directors.

Section 7.9 The accounts, books, papers and documents of this Corporation shall be kept at the principal office of the Corporation in Montgomery County, Maryland or at such other place or places as may be required by law or designated by resolution of the shareholders or directors.

ARTICLE VIII

BYLAW AMENDMENTS

Subject to the provisions of the Certificate of Incorporation, these Bylaws may be altered, amended or repealed at any regular meeting of the shareholders (or at any special meeting thereof duly called for that purpose) by a majority vote of the shares represented and entitled to vote at such meeting; provided that in the notice of such special meeting notice of such purpose shall be given. Subject to the laws of the State of Delaware, the Certificate of Incorporation and these Bylaws, the board of directors may by majority vote of those present at any meeting at which a quorum is present amend these Bylaws, or enact such other Bylaws as in their judgment may be advisable for the regulation of the conduct of the affairs of the Corporation, except that Sections 3.1, 3.2 and 3.13 of Article III and Articles VIII and IX of the Bylaws may be amended only by the affirmative vote of the holders of at least sixty-six and two-thirds percent (66 2/3%) of the voting power of all the shares of the Corporation entitled to vote generally in the election of directors, voting together as a single class.

ARTICLE IX

SHAREHOLDER ACTION

Any action required or permitted to be taken by the shareholders of the Corporation must be effected at a duly called annual or special meeting of such holders and may not be effected by any consent in writing by such holders. Except as otherwise required by law and subject to the rights of the holders of any class or series of stock having a preference over the Common Stock as to dividends or upon liquidation, special meetings of shareholders of the Corporation may be called only by the board of directors pursuant to a resolution approved by a majority of the entire board of directors.

END OF BYLAWS

EXHIBIT 4.1

[CONFORMED COPY]

==========

MARRIOTT INTERNATIONAL, INC.

TO

THE CHASE MANHATTAN BANK
Trustee

INDENTURE

Dated as of November 16, 1998

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.....

CERTAIN SECTIONS OF THIS INDENTURE RELATING TO SECTIONS 310 THROUGH 318, INCLUSIVE, OF THE TRUST INDENTURE ACT OF 1939:

TRUST INDENTURE ACT SECTION	INDENTURE SECTION
(S)310(a)(1)	609
(a)(2)	609
(a)(3)	Not Applicable
(a)(4)	Not Applicable
(a)(5)	609
(b)	608
(c)	609
	610
(S)311(a)	613
(b)	613
(c)	613
(S)312(a)	701
	702
(b)	702
(c)	702
(S)313(a)	703
(b)	703
(c)	703
(d)	703
(S)314(a)	704
(a)(4)	101
	1004
(b)	Not Applicable
(c)(1)	102
(c)(2)	102
(c)(3)	Not Applicable
(d)	Not Applicable
(e)	102
(f)	102
(S)315(a)	601
(b)	602
(c)	601
(d)	601
(e)	514
(S)316(a)	101
(a)(1)(A)	502
	512
(a)(1)(B)	513
(a)(2)	Not Applicable
(b)	508
(c)	104
(S)317(a)(1)	503
(a)(2)	504
(b)	1003
(S)318(a)	107
(b)	107
(c)	107

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NOTE: This reconciliation and tie shall not, for any purpose, be deemed to be a part of the Indenture.

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TABLE OF CONTENTS

NOTE: This table of contents shall not, for any purpose, be deemed to be part of a Indenture.

INDENTURE, dated as of November 16, 1998, between Marriott International, Inc., a corporation duly organized and existing under the laws of the State of Delaware (herein called the "Company"), having its principal office at 10400 Fernwood Road, Bethesda, MD 20817, and The Chase Manhattan Bank, a New York banking corporation, duly organized and existing under the laws of New York, as Trustee (herein called the "Trustee").

Recitals of the Company

The Company has duly authorized the execution and delivery of this Indenture to provide for the issuance from time to time of its unsecured debentures, notes or other evidences of indebtedness (herein called the "Securities"), to be issued in one or more series as in this Indenture provided.

All things necessary to make this Indenture a valid agreement of the Company, in accordance with its terms, have been done.

Now, Therefore, This Indenture Witnesseth:

For and in consideration of the premises and the purchase of the Securities by the Holders thereof, it is mutually agreed, for the equal and proportionate benefit of all Holders of the Securities or of series thereof, as follows:

ARTICLE ONE

Definitions and Other Provisions
of General Application

Section 101. Definitions.

For all purposes of this Indenture, except as otherwise expressly provided or unless the context otherwise requires:

(1) the terms defined in this Article have the meanings assigned to them in this Article and include the plural as well as the singular;

(2) all other terms used herein which are defined in the Trust Indenture Act, either directly or by reference therein, have the meanings assigned to them therein;

(3) all accounting terms not otherwise defined herein have the meanings assigned to them in accordance with generally accepted accounting principles, and, except as otherwise herein expressly provided, the term "generally accepted accounting principles" with respect to any computation required or permitted hereunder shall mean such accounting principles as are generally accepted at the date of this instrument;

(4) unless the context otherwise requires, any reference to an "Article" or a "Section" refers to an Article or a Section, as the case may be, of this Indenture; and

(5) the words "herein", "hereof" and "hereunder" and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or other subdivision.

"Act", when used with respect to any Holder, has the meaning specified in Section 104.

"Affiliate" of any specified Person means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For the purposes of this definition, " control" when used with respect to any specified Person means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Acquisition Cost" means all costs incurred or assumed by any Person in connection with the acquisition by purchase or otherwise of any property or asset which would in accordance with generally accepted accounting principles be capitalized as the cost of such property or asset on a balance sheet of such Person.

"Attributable Debt" with respect to any Sale and Lease-Back Transaction that is subject to the restrictions described under Section 1010 means the present value of the minimum rental payments called for during the term of the lease (including any period for which such lease has been extended), determined in accordance with generally accepted accounting principles, discounted at a rate that, at the inception of the lease, the lessee would have incurred to borrow over a similar term the funds necessary to purchase the leased assets.

"Authenticating Agent" means any Person authorized by the Trustee pursuant to Section 614 to act on behalf of the Trustee to authenticate Securities of one or more series.

"Board of Directors" means either the board of directors of the Company or any duly authorized committee of that board.

"Board Resolution" means a copy of a resolution certified by the Secretary or an Assistant Secretary of the Company to have been duly adopted by the Board of Directors and to be in full force and effect on the date of such certification, and delivered to the Trustee.

"Business Day", when used with respect to any Place of Payment, means each Monday, Tuesday, Wednesday, Thursday and Friday which is not a day on which banking institutions in that Place of Payment are authorized or obligated by law or executive order to close.

"Capitalized Lease Obligations" of any Person means the obligations of such Person to pay rent or other amounts under a lease that is accounted for as a capital lease, and the amount of such obligation shall be the capitalized amount thereof determined in accordance with generally accepted accounting principles.

"Commission" means the Securities and Exchange Commission, from time to time constituted, created under the Exchange Act, or, if at any time after the execution of this instrument such Commission is not existing and performing the duties now assigned to it under the Trust Indenture Act, then the body performing such duties at such time.

"Company" means the Person named as the "Company" in the first paragraph of this instrument until a successor Person shall have become such pursuant to the applicable provisions of this Indenture, and thereafter "Company" shall mean such successor Person.

"Company Request" or " Company Order" means a written request or order signed in the name of the Company by its Chairman of the Board, its Vice Chairman of the Board, its President or a Vice President, and by its Treasurer, an Assistant Treasurer, its Secretary or an Assistant Secretary, and delivered to the Trustee.

"Consolidated Net Assets" means the consolidated assets of the Company and its Subsidiaries (less applicable depreciation, amortization and other valuation reserves), after deducting therefrom all current liabilities of the Company and its Subsidiaries (other than the current portion of long-term debt and Capitalized Lease Obligations of the Company and its Subsidiaries), all as set forth on the latest consolidated balance sheet of the Company prepared in accordance with generally accepted accounting principles.

"Corporate Trust Office" means the office of the Trustee at c/o Chase Manhattan Trust Company, National Association, 1650 Market Street, One Liberty Place, Suite 5210, Philadelphia, Pennsylvania 19103, at which at any particular time this Indenture will be administered.

"Corporation" means a corporation, association, company, joint-stock company or business trust.

"Cost of Construction" means all costs incurred or assumed by any Person in connection with the construction or development of any property or asset including land which in accordance with generally accepted accounting principles would be capitalized and included within the cost of such property or asset on a balance sheet of such Person.

"Covenant Defeasance" has the meaning specified in Section 1303.

"Debt" means notes, bonds, debentures or other similar evidences of indebtedness for borrowed money or any guarantee of any of the foregoing, including any Debt of any other Person (including any Unrestricted Subsidiary) to the extent that such Debt is assumed or guaranteed by the Company or any of its Restricted Subsidiaries.

"Defaulted Interest" has the meaning specified in Section 307.

"Defeasance" has the meaning specified in Section 1302.

"Depositary" means, with respect to Securities of any series issuable in whole or in part in the form of one or more Global Securities, a clearing agency registered under the Exchange Act that is designated to act as Depositary for such Securities as contemplated by Section 301.

"Event of Default" has the meaning specified in Section 501.

"Exchange Act" means the Securities Exchange Act of 1934 and any statute successor thereto, in each case as amended from time to time.

"Expiration Date" has the meaning specified in Section 104.

"Global Security" means a Security that evidences all or part of the Securities of any series and bears the legend set forth in Section 204 (or such legend as may be specified as contemplated by Section 301 for such Securities).

"Holder" means a Person in whose name a Security is registered in the Security Register.

"IAIs" shall have the meaning set forth in Section 1401.

"Indenture" means this instrument as originally executed and as it may from time to time be supplemented or amended by one or more indentures supplemental hereto entered into pursuant to the applicable provisions hereof, including, for all purposes of this instrument and any such supplemental indenture, the provisions of the Trust Indenture Act that are deemed to be a part of and govern this instrument and any such supplemental indenture, respectively. The term "Indenture" shall also include the terms of particular series of Securities established as contemplated by Section 301.

"interest", when used with respect to an Original Issue Discount Security which by its terms bears interest only after Maturity, means interest payable after Maturity.

"Interest Payment Date", when used with respect to any Security, means the Stated Maturity of an installment of interest on such Security.

"Investment Company Act" means the Investment Company Act of 1940 and any statute successor thereto, in each case as amended from time to time.

"Lien" means any mortgage, pledge, lien, encumbrance or other security interest to secure payment of Debt.

"Maturity", when used with respect to any Security, means the date on which the principal of such Security or an installment of principal becomes due and payable as therein or herein provided, whether at the Stated Maturity or by declaration of acceleration, call for redemption or otherwise.

"Non- U.S. Person" means a Person who is not a U.S. Person, as such term is defined in Rule 902 of the Securities Act.

"Notice of Default" means a written notice of the kind specified in Section 501(4) or 501(5).

"Officers' Certificate" means a certificate signed by the Chairman of the Board, a Vice Chairman of the Board, the President or a Vice President, and by the Treasurer, an Assistant Treasurer, the Secretary or an Assistant Secretary, of the Company, and delivered to the Trustee. One of the officers signing an Officers' Certificate given pursuant to Section 1004 shall be the principal executive, financial or accounting officer of the Company.

"Opinion of Counsel" means a written opinion of counsel, who may be counsel for the Company (including in-house counsel), and who shall be acceptable to the Trustee.

"Original Issue Discount Security" means any Security which provides for an amount less than the principal amount thereof to be due and payable upon a declaration of acceleration of the Maturity thereof pursuant to Section 502.

"Outstanding", when used with respect to Securities, means, as of the date of determination, all Securities theretofore authenticated and delivered under this Indenture except:

(1) Securities theretofore cancelled by the Trustee or delivered to the Trustee for cancellation;

(2) Securities for whose payment or redemption money in the necessary amount has been theretofore deposited with the Trustee or any Paying Agent (other than the Company) in trust or set aside and segregated in trust by the Company (if the Company shall act as its own Paying Agent) for the Holders of such Securities; provided that, if such Securities are to be redeemed, notice of such redemption has been duly given pursuant to this Indenture or provision therefor satisfactory to the Trustee has been made;

(3) Securities as to which Defeasance has been effected pursuant to Section 1302; and

(4) Securities which have been paid pursuant to Section 306 or in exchange for or in lieu of which other Securities have been authenticated and delivered pursuant to this Indenture, other than any such Securities in respect of which there shall have been presented to the Trustee proof satisfactory to it that such Securities are held by a bona fide purchaser in whose hands such Securities are valid obligations of the Company;

provided, however, that in determining whether the Holders of the requisite principal amount of the Outstanding Securities have given, made or taken any request, demand, authorization, direction, notice, consent, waiver or other action hereunder as of any date,

(A) the principal amount of an Original Issue Discount Security which shall be deemed to be Outstanding shall be the amount of the principal thereof which would be due and payable as of such date upon acceleration of the Maturity thereof to such date pursuant to Section 502, (B) if, as of such date, the principal amount payable at the Stated Maturity of a Security is not determinable, the principal amount of such Security which shall be deemed to be Outstanding shall be the amount as specified or determined as contemplated by Section 301, (C) the principal amount of a Security denominated in one or more foreign currencies or currency units which shall be deemed to be Outstanding shall be the U.S. dollar equivalent, determined as of such date in the manner provided as contemplated by Section 301, of the principal amount of such Security (or, in the case of a Security described in Clause (A) or (B) above, of the amount determined as provided in such Clause), and (D) Securities owned by the Company or any other obligor upon the Securities or any Affiliate of the Company or of such other obligor shall be disregarded and deemed not to be Outstanding, except that the Trustee shall be protected in relying upon any such request, demand, authorization, direction, notice, consent, waiver or other action, if Securities which the Trustee knows to be so owned are so disregarded. Securities so owned which have been pledged in good faith may be regarded as Outstanding if the pledgee establishes to the satisfaction of the Trustee the pledgee's right so to act with respect to such Securities and that the pledgee is not the Company or any other obligor upon the Securities or any Affiliate of the Company or of such other obligor.

"Paying Agent" means any Person authorized by the Company to pay the principal of or any premium or interest on any Securities on behalf of the Company.

"Person" means any individual, corporation, partnership, joint venture, trust, unincorporated organization or government or any agency or political subdivision thereof.

"Place of Payment", when used with respect to the Securities of any series, means the place or places where the principal of and any premium and interest on the Securities of that series are payable as specified as contemplated by Section 301.

"Predecessor Security" of any particular Security means every previous Security evidencing all or a portion of the same debt as that evidenced by such particular Security; and, for the purposes of this definition, any Security authenticated and delivered under Section 306 in exchange for or in lieu of a mutilated, destroyed, lost or stolen Security shall be deemed to evidence the same debt as the mutilated, destroyed, lost or stolen Security.

"Principal Property" means (i) a parcel of improved or unimproved real estate or other physical facility or depreciable asset of the Company or a Subsidiary, the net book value of which on the date of determination exceeds 2% of Consolidated Net Assets and (ii) any group of parcels of real estate, other physical facilities, and/or depreciable assets of the Company and/or its Subsidiaries, the net book value of which, when sold in one or a series of related Sale and Lease-Back Transactions or securing Debt issued in respect of such Principal Properties, on the date of determination exceeds 2% of the Consolidated Net Assets. For purposes of the foregoing, "related Sale and Lease-back Transactions"

refers to any two or more such contemporaneous transactions which are on substantially similar terms with substantially the same parties.

"Private Placement Legend" means the legend set forth in Section 205.

"QIBs" shall have the meaning set forth in Section 1401.

"Redemption Date", when used with respect to any Security to be redeemed, means the date fixed for such redemption by or pursuant to this Indenture.

"Redemption Price", when used with respect to any Security to be redeemed, means the price at which it is to be redeemed pursuant to this Indenture.

"Regular Record Date" for the interest payable on any Interest Payment Date on the Securities of any series means the date specified for that purpose as contemplated by Section 301.

"Regulation S Exchange Date" shall have the meaning set forth in Section 1401.

"Regulation S Global Security" shall have the meaning set forth in Section 1401.

"Regulation S Permanent Global Security" shall have the meaning set forth in Section 1401.

"Regulation S Temporary Global Security" shall have the meaning set forth in Section 1401.

"Responsible Officer", when used with respect to the Trustee, means the chairman or any vice-chairman of the board of directors, the chairman or any vice-chairman of the executive committee of the board of directors, the chairman of the trust committee, the president, any vice president, the secretary, any assistant secretary, the treasurer, any assistant treasurer, the cashier, any assistant cashier, any trust officer or assistant trust officer, the controller or any assistant controller or any other officer of the Trustee customarily performing functions similar to those performed by any of the above designated officers and also means, with respect to a particular corporate trust matter, any other officer to whom such matter is referred because of his knowledge of and familiarity with the particular subject.

"Restricted Definitive Security" means a Restricted Transfer Security that is not also a Global Security.

"Restricted Subsidiary" means any Subsidiary organized and existing under the laws of the United States of America and the principal business of which is carried on within the United States of America (x) which owns or is a lessee pursuant to a capital lease of any property of the type described in clause (i) of the definition of Principal Property or (y) in which the investment of the Company and all its Subsidiaries exceeds 5% of Consolidated Net Assets as of the date of such determination other than, in the case of

either clause (x) or (y), (i) Subsidiaries of which the principal business is the Company's timeshare or senior living services businesses, (ii) each Subsidiary the major part of whose business consists of finance, banking, credit, leasing, insurance, financial services or other similar operations, or any combination thereof and, (iii) each Subsidiary formed or acquired after the date hereof for the purpose of developing new assets or acquiring the business or assets of another person and which does not acquire all or any substantial part of the business or assets of the Company or any Restricted Subsidiary.

"Rule 144A" shall have the meaning set forth in Section 1401.

"Rule 144A Global Security" means a Global Security that is Transfer Restricted and issued and sold exclusively to QIBs.

"Sale and Leaseback Transaction" shall have the meaning set forth in Section 1009 hereof.

"Securities" has the meaning stated in the first recital of this Indenture and more particularly means any Securities authenticated and delivered under this Indenture.

"Securities Act" means the Securities Act of 1933 and any statute successor thereto, in each case as amended from time to time.

"Security Register" and "Security Registrar" have the respective meanings specified in Section 305.

"Special Record Date" for the payment of any Defaulted Interest means a date fixed by the Trustee pursuant to Section 307.

"Stated Maturity", when used with respect to any Security or any installment of principal thereof or interest thereon, means the date specified in such Security as the fixed date on which the principal of such Security or such installment of principal or interest is due and payable.

"Subsidiary" means a corporation more than 50% of the outstanding voting stock of which is owned, directly or indirectly, by the Company or by one or more other Subsidiaries, or by the Company and one or more other Subsidiaries. For the purposes of this definition, "voting stock" means stock which ordinarily has voting power for the election of directors, whether at all times or only so long as no senior class of stock has such voting power by reason of any contingency.

"Transfer Restricted Securities" shall have the meaning set forth in Section 1401.

"Trust Indenture Act" means the Trust Indenture Act of 1939 as in force at the date as of which this instrument was executed; provided, however, that in the event the Trust Indenture Act of 1939 is amended after such date, "Trust Indenture Act" means, to the extent required by any such amendment, the Trust Indenture Act of 1939 as so amended.

"Trustee" means the Person named as the "Trustee" in the first paragraph of this instrument until a successor Trustee shall have become such pursuant to the applicable provisions of this Indenture, and thereafter "Trustee" shall mean or include each Person who is then a Trustee hereunder, and if at any time there is more than one such Person, "Trustee" as used with respect to the Securities of any series shall mean the Trustee with respect to Securities of that series.

"U.S. Government Obligation" has the meaning specified in Section 1304.

"Unrestricted Subsidiary" means any Subsidiary of the Company other than a Restricted Subsidiary.

"Vice President", when used with respect to the Company or the Trustee, means any vice president, whether or not designated by a number or a word or words added before or after the title "vice president".

Section 102. Compliance Certificates and Opinions.

Upon any application or request by the Company to the Trustee to take any action under any provision of this Indenture, the Company shall furnish to the Trustee such certificates and opinions as may be required under the Trust Indenture Act. Each such certificate or opinion shall be given in the form of an Officers' Certificate, if to be given by an officer of the Company, or an Opinion of Counsel, if to be given by counsel, and shall comply with the requirements of the Trust Indenture Act and any other requirements set forth in this Indenture.

Every certificate or opinion with respect to compliance with a condition or covenant provided for in this Indenture (except for certificates provided for in Section 1004) shall include,

(1) a statement that each individual signing such certificate or opinion has read such covenant or condition and the definitions herein relating thereto;

(2) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based;

(3) a statement that, in the opinion of each such individual, he has made such examination or investigation as is necessary to enable him to express an informed opinion as to whether or not such covenant or condition has been complied with; and

(4) a statement as to whether, in the opinion of each such individual, such condition or covenant has been complied with.

Section 103. Form of Documents Delivered to Trustee.

In any case where several matters are required to be certified by, or covered by an opinion of, any specified Person, it is not necessary that all such matters be certified by, or covered by the opinion of, only one such Person, or that they be so certified or covered by only one document, but one such Person may certify or give an opinion with respect to some matters and one or more other such Persons as to other matters, and any such Person may certify or give an opinion as to such matters in one or several documents.

Any certificate or opinion of an officer of the Company may be based, insofar as it relates to legal matters, upon a certificate or opinion of, or representations by, counsel, unless such officer knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations with respect to the matters upon which his certificate or opinion is based are erroneous. Any such certificate or opinion of counsel may be based, insofar as it relates to factual matters, upon a certificate or opinion of, or representations by, an officer or officers of the Company stating that the information with respect to such factual matters is in the possession of the Company, unless such counsel knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations with respect to such matters are erroneous.

Where any Person is required to make, give or execute two or more applications, requests, consents, certificates, statements, opinions or other instruments under this Indenture, they may, but need not, be consolidated and form one instrument.

Section 104. Acts of Holders; Record Dates.

Any request, demand, authorization, direction, notice, consent, waiver or other action provided or permitted by this Indenture to be given, made or taken by Holders may be embodied in and evidenced by one or more instruments of substantially similar tenor signed by such Holders in person or by agent duly appointed in writing; and, except as herein otherwise expressly provided, such action shall become effective when such instrument or instruments are delivered to the Trustee and, where it is hereby expressly required, to the Company. Such instrument or instruments (and the action embodied therein and evidenced thereby) are herein sometimes referred to as the "Act" of the Holders signing such instrument or instruments. Proof of execution of any such instrument or of a writing appointing any such agent shall be sufficient for any purpose of this Indenture and (subject to Section 601) conclusive in favor of the Trustee and the Company, if made in the manner provided in this Section.

The fact and date of the execution by any Person of any such instrument or writing may be proved by the affidavit of a witness of such execution or by a certificate of a notary public or other officer authorized by law to take acknowledgments of deeds, certifying that the individual signing such instrument or writing acknowledged to him the execution thereof. Where such execution is by a signer acting in a capacity other than his individual capacity, such certificate or affidavit shall also constitute sufficient proof of his authority. The fact and date of the execution of any such instrument or writing, or the

authority of the Person executing the same, may also be proved in any other manner which the Trustee deems sufficient.

The ownership of Securities shall be proved by the Security Register.

Any request, demand, authorization, direction, notice, consent, waiver or other Act of the Holder of any Security shall bind every future Holder of the same Security and the Holder of every Security issued upon the registration of transfer thereof or in exchange therefor or in lieu thereof in respect of anything done, omitted or suffered to be done by the Trustee or the Company in reliance thereon, whether or not notation of such action is made upon such Security.

The Company may set any day as a record date for the purpose of determining the Holders of Outstanding Securities of any series entitled to give, make or take any request, demand, authorization, direction, notice, consent, waiver or other action provided or permitted by this Indenture to be given, made or taken by Holders of Securities of such series, provided that the Company may not set a record date for, and the provisions of this paragraph shall not apply with respect to, the giving or making of any notice, declaration, request or direction referred to in the next paragraph. If any record date is set pursuant to this paragraph, the Holders of Outstanding Securities of the relevant series on such record date, and no other Holders, shall be entitled to take the relevant action, whether or not such Holders remain Holders after such record date; provided that no such action shall be effective hereunder unless taken on or prior to the applicable Expiration Date by Holders of the requisite principal amount of Outstanding Securities of such series on such record date. Nothing in this paragraph shall be construed to prevent the Company from setting a new record date for any action for which a record date has previously been set pursuant to this paragraph (whereupon the record date previously set shall automatically and with no action by any Person be cancelled and of no effect), and nothing in this paragraph shall be construed to render ineffective any action taken by Holders of the requisite principal amount of Outstanding Securities of the relevant series on the date such action is taken. Promptly after any record date is set pursuant to this paragraph, the Company, at its own expense, shall cause notice of such record date, the proposed action by Holders and the applicable Expiration Date to be given to the Trustee in writing and to each Holder of Securities of the relevant series in the manner set forth in Section 106.

The Trustee may set any day as a record date for the purpose of determining the Holders of Outstanding Securities of any series entitled to join in the giving or making of (i) any Notice of Default, (ii) any declaration of acceleration referred to in Section 502, (iii) any request to institute proceedings referred to in Section 507(2) or (iv) any direction referred to in Section 512, in each case with respect to Securities of such series. If any record date is set pursuant to this paragraph, the Holders of Outstanding Securities of such series on such record date, and no other Holders, shall be entitled to join in such notice, declaration, request or direction, whether or not such Holders remain Holders after such record date; provided that no such action shall be effective hereunder unless taken on or prior to the applicable Expiration Date by Holders of the requisite principal amount of Outstanding Securities of such series on such record date. Nothing in this paragraph shall be construed to prevent the Trustee from setting a new record date for any action for

which a record date has previously been set pursuant to this paragraph (whereupon the record date previously set shall automatically and with no action by any Person be cancelled and of no effect), and nothing in this paragraph shall be construed to render ineffective any action taken by Holders of the requisite principal amount of Outstanding Securities of the relevant series on the date such action is taken. Promptly after any record date is set pursuant to this paragraph, the Trustee, at the Company's expense, shall cause notice of such record date, the proposed action by Holders and the applicable Expiration Date to be given to the Company in writing and to each Holder of Securities of the relevant series in the manner set forth in Section 106.

With respect to any record date set pursuant to this Section, the party hereto which sets such record dates may designate any day as the "Expiration Date" and from time to time may change the Expiration Date to any earlier or later day; provided that no such change shall be effective unless notice of the proposed new Expiration Date is given to the other party hereto in writing, and to each Holder of Securities of the relevant series in the manner set forth in Section 106, on or prior to the existing Expiration Date. If an Expiration Date is not designated with respect to any record date set pursuant to this Section, the party hereto which set such record date shall be deemed to have initially designated the 180th day after such record date as the Expiration Date with respect thereto, subject to its right to change the Expiration Date as provided in this paragraph. Notwithstanding the foregoing, no Expiration Date shall be later than the 180th day after the applicable record date.

Without limiting the foregoing, a Holder entitled hereunder to take any action hereunder with regard to any particular Security may do so with regard to all or any part of the principal amount of such Security or by one or more duly appointed agents each of which may do so pursuant to such appointment with regard to all or any part of such principal amount.

Section 105. Notices, Etc., to Trustee and Company.

Any request, demand, authorization, direction, notice, consent, waiver or Act of Holders or other document provided or permitted by this Indenture to be made upon, given or furnished to, or filed with,

(1) the Trustee by any Holder or by the Company shall be sufficient for every purpose hereunder if made, given, furnished or filed in writing to or with the Trustee at its Corporate Trust Office, Attention: Global Trust Services, or

(2) the Company by the Trustee or by any Holder shall be sufficient for every purpose hereunder (unless otherwise herein expressly provided) if in writing and mailed, first-class postage prepaid, to the Company addressed to it at the address of its principal office specified in the first paragraph of this instrument or at any other address previously furnished in writing to the Trustee by the Company.

Section 106. Notice to Holders; Waiver.

Where this Indenture provides for notice to Holders of any event, such notice shall be sufficiently given (unless otherwise herein expressly provided) if in writing and mailed, first-class postage prepaid, to each Holder affected by such event, at his address as it appears in the Security Register, not later than the latest date (if any), and not earlier than the earliest date (if any), prescribed for the giving of such notice. In any case where notice to Holders is given by mail, neither the failure to mail such notice, nor any defect in any notice so mailed, to any particular Holder shall affect the sufficiency of such notice with respect to other Holders. Where this Indenture provides for notice in any manner, such notice may be waived in writing by the Person entitled to receive such notice, either before or after the event, and such waiver shall be the equivalent of such notice. Waivers of notice by Holders shall be filed with the Trustee, but such filing shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

In case by reason of the suspension of regular mail service or by reason of any other cause it shall be impracticable to give such notice by mail, then such notification as shall be made with the approval of the Trustee shall constitute a sufficient notification for every purpose hereunder.

Section 107. Conflict with Trust Indenture Act.

If any provision hereof limits, qualifies or conflicts with a provision of the Trust Indenture Act which is required under such Act to be a part of and govern this Indenture, the latter provision shall control. If any provision of this Indenture modifies or excludes any provision of the Trust Indenture Act which may be so modified or excluded, the latter provision shall be deemed to apply to this Indenture as so modified or to be excluded, as the case may be.

Section 108. Effect of Headings and Table of Contents.

The Article and Section headings herein and the Table of Contents are for convenience only and shall not affect the construction hereof.

Section 109. Successors and Assigns.

All covenants and agreements in this Indenture by the Company shall bind its successors and assigns, whether so expressed or not.

Section 110. Separability Clause.

In case any provision in this Indenture or in the Securities shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

Section 111. Benefits of Indenture.

Nothing in this Indenture or in the Securities, express or implied, shall give to any Person, other than the parties hereto and their successors hereunder and the Holders, any benefit or any legal or equitable right, remedy or claim under this Indenture.

Section 112. Governing Law.

This Indenture and the Securities shall be governed by and construed in accordance with the law of the State of New York.

Section 113. Legal Holidays.

In any case where any Interest Payment Date, Redemption Date or Stated Maturity of any Security shall not be a Business Day at any Place of Payment, then (notwithstanding any other provision of this Indenture or of the Securities (other than a provision of any Security which specifically states that such provision shall apply in lieu of this Section)) payment of interest or principal (and premium, if any) need not be made at such Place of Payment on such date, but may be made on the next succeeding Business Day at such Place of Payment with the same force and effect as if made on the Interest Payment Date or Redemption Date, or at the Stated Maturity.

ARTICLE TWO

Security Forms

Section 201. Forms Generally.

The Securities of each series shall be in substantially the form set forth in this Article, or in such other form as shall be established by or pursuant to a Board Resolution or in one or more indentures supplemental hereto, in each case with such appropriate insertions, omissions, substitutions and other variations as are required or permitted by this Indenture, and may have such letters, numbers or other marks of identification and such legends or endorsements placed thereon as may be required to comply with the rules of any securities exchange or Depositary therefor or as may, consistently herewith, be determined by the officers executing such Securities, as evidenced by their execution

thereof. If the form of Securities of any series is established by action taken pursuant to a Board Resolution, a copy of an appropriate record of such action shall be certified by the Secretary or an Assistant Secretary of the Company and delivered to the Trustee at or prior to the delivery of the Company Order contemplated by Section 303 for the authentication and delivery of such Securities.

The definitive Securities shall be printed, lithographed or engraved on steel engraved borders or may be produced in any other manner, all as determined by the officers executing such Securities, as evidenced by their execution of such Securities.

Section 202. Form of Face of Security.

[Insert any legend required by the Internal Revenue Code and the regulations thereunder.]

[Insert any legend required by Sections 204 and 205 and Article Fourteen]

Marriott International, Inc.

.....

No. ..... $ .....

Marriott International, Inc., a corporation duly organized and existing under the laws of Delaware (herein called the "Company", which term includes any successor Person under the Indenture hereinafter referred to), for value received, hereby promises to pay to ......, or registered assigns, the principal sum of ..... Dollars on ..... [if the Security is to bear interest prior to Maturity, insert -- , and to pay interest thereon from ..... or from the most recent Interest Payment Date to which interest has been paid or duly provided for, semi-annually on ..... and ..... in each year, commencing ....., at the rate of ....% per annum, until the principal hereof is paid or made available for payment [if applicable, insert -- , provided that any principal and premium, and any such installment of interest, which is overdue shall bear interest at the rate of ...% per annum (to the extent that the payment of such interest shall be legally enforceable), from the dates such amounts are due until they are paid or made available for payment, and such interest shall be payable on demand]. [All such payments of principal, interest and premium, if any, shall be paid in immediately available funds.] The interest so payable, and punctually paid or duly provided for, on any Interest Payment Date will, as provided in such Indenture, be paid to the Person in whose name this Security (or one or more Predecessor Securities)

is registered at the close of business on the Regular Record Date for such interest, which shall be the ..... or ..... (whether or not a Business Day), as the case may be, next preceding such Interest Payment Date. Any such interest not so punctually paid or duly provided for will forthwith cease to be payable to the Holder on such Regular Record Date and may either be paid to the Person in whose name this Security (or one or more Predecessor Securities) is registered at the close of business on a Special Record Date for the payment of such Defaulted Interest to be fixed by the Trustee, notice whereof shall be given to Holders of Securities of this series not less than 10 days prior to such Special Record Date, or be paid at any time in any other lawful manner not inconsistent with the requirements of any securities exchange on which the Securities of this series may be listed, and upon such notice as may be required by such exchange, all as more fully provided in said Indenture].

[If the Security is not to bear interest prior to Maturity, insert -- The principal of this Security shall not bear interest except in the case of a default in payment of principal upon acceleration, upon redemption or at Stated Maturity and in such case the overdue principal and any overdue premium shall bear interest at the rate of ....% per annum (to the extent that the payment of such interest shall be legally enforceable), from the dates such amounts are due until they are paid or made available for payment. Interest on any overdue principal or premium shall be payable on demand. [Any such interest on overdue principal or premium which is not paid on demand shall bear interest at the rate of ......% per annum (to the extent that the payment of such interest on interest shall be legally enforceable), from the date of such demand until the amount so demanded is paid or made available for payment. Interest on any overdue interest shall be payable on demand.]]

Payment of the principal of (and premium, if any) and [if applicable, insert-- any such] interest on this Security will be made at the office or agency of the Company maintained for that purpose in [the Place of Payment], in such coin or currency of [the United States of America] as at the time of payment is legal tender for payment of public and private debts [if applicable, insert -- ; provided, however, that at the option of the Company payment of interest may be made by check mailed to the address of the Person entitled thereto as such address shall appear in the Security Register].

Reference is hereby made to the further provisions of this Security set forth on the reverse hereof, which further provisions shall for all purposes have the same effect as if set forth at this place.

Unless the certificate of authentication hereon has been executed by the Trustee referred to on the reverse hereof by manual signature, this Security shall not be entitled to any benefit under the Indenture or be valid or obligatory for any purpose.

In Witness Whereof, the Company has caused this instrument to be duly executed under its corporate seal.

Dated:

Marriott International, Inc.

By.....

Attest:

.....

Section 203. Form of Reverse of Security.

This Security is one of a duly authorized issue of securities of the Company (herein called the "Securities"), issued and to be issued in one or more series under an Indenture, dated as of ..... (herein called the "Indenture", which term shall have the meaning assigned to it in such instrument), between the Company and The Chase Manhattan Bank, as Trustee (herein called the "Trustee", which term includes any successor trustee under the Indenture), and reference is hereby made to the Indenture for a statement of the respective rights, limitations of rights, duties and immunities thereunder of the Company, the Trustee and the Holders of the Securities and of the terms upon which the Securities are, and are to be, authenticated and delivered. This Security is one of the series designated on the face hereof [if applicable, insert -- , limited in aggregate principal amount to $.....].

[If applicable, insert -- The Securities of this series are subject to redemption upon not less than 30 days' notice by mail, [if applicable, insert -- (1) on ..... in any year commencing with the year ..... and ending with the year ..... through operation of the sinking fund for this series at a Redemption Price equal to 100% of the principal amount, and (2)] at any time [if applicable, insert -- on or after ....., 19..], as a whole or in

part, at the election of the Company, at the following Redemption Prices (expressed as percentages of the principal amount): If redeemed [if applicable, insert -- on or before ....., ...%, and if redeemed] during the 12-month period beginning ..... of the years indicated,

Year	Redemption Price	Year	Redemption Price

and thereafter at a Redemption Price equal to .....% of the principal amount, together in the case of any such redemption [if applicable, insert -- (whether through operation of the sinking fund or otherwise)] with accrued interest to the Redemption Date, but interest installments whose Stated Maturity is on or prior to such Redemption Date will be payable to the Holders of such Securities, or one or more Predecessor Securities, of record at the close of business on the relevant Record Dates referred to on the face hereof, all as provided in the Indenture.]

[If applicable, insert -- The Securities of this series are subject to redemption upon not less than 30 days' notice by mail, (1) on ..... in any year commencing with the year .... and ending with the year .... through operation of the sinking fund for this series at the Redemption Prices for redemption through operation of the sinking fund (expressed as percentages of the principal amount) set forth in the table below, and (2) at any time [if applicable, insert -- on or after .....], as a whole or in part, at the election of the Company, at the Redemption Prices for redemption otherwise than through operation of the sinking fund (expressed as percentages of the principal amount) set forth in the table below: If redeemed during the 12-month period beginning ..... of the years indicated,

Year	Redemption Price For Redemption Through Operation of the Sinking Fund	Redemption Price For Redemption Otherwise Than Through Operation of the Sinking Fund

and thereafter at a Redemption Price equal to .....% of the principal amount, together in the case of any such redemption (whether through operation of the sinking fund or otherwise) with accrued interest to the Redemption Date, but interest installments whose Stated Maturity is on or prior to such Redemption Date will be payable to the Holders of such Securities, or one or more Predecessor Securities, of record at the close of business on the relevant Record Dates referred to on the face hereof, all as provided in the Indenture.]

[If applicable, insert -- Notwithstanding the foregoing, the Company may not, prior to ....., redeem any Securities of this series as contemplated by [if applicable, insert -- Clause (2) of] the preceding paragraph as a part of, or in anticipation of, any refunding operation by the application, directly or indirectly, of moneys borrowed having an interest cost to the Company (calculated in accordance with generally accepted financial practice) of less than .....% per annum.]

[If applicable, insert -- The sinking fund for this series provides for the redemption on ..... in each year beginning with the year ..... and ending with the year ..... of [if applicable, insert -- not less than $..... ("mandatory sinking fund") and not more than] $..... aggregate principal amount of Securities of this series. Securities of this series acquired or redeemed by the Company otherwise than through [if applicable, insert -- mandatory] sinking fund payments may be credited against subsequent [if applicable, insert -- mandatory] sinking fund payments otherwise required to be made [if applicable, insert -- , in the inverse order in which they become due].]

[If the Security is subject to redemption of any kind, insert -- In the event of redemption of this Security in part only, a new Security or Securities of this series and of like tenor for the unredeemed portion hereof will be issued in the name of the Holder hereof upon the cancellation hereof.]

[If applicable, insert paragraph regarding subordination of the Security.]

The Indenture contains provisions for defeasance at any time of the entire indebtedness of this Security or certain restrictive covenants and Events of Default with respect to this Security, in each case upon compliance with certain conditions set forth in the Indenture.

[If the Security is not an Original Issue Discount Security, insert -- If an Event of Default with respect to Securities of this series shall occur and be continuing, the principal of the Securities of this series may be declared due and payable in the manner and with the effect provided in the Indenture.]

[If the Security is an Original Issue Discount Security, insert -- If an Event of Default with respect to Securities of this series shall occur and be continuing, an amount of principal of the Securities of this series may be declared due and payable in the manner and with the effect provided in the Indenture. Such amount shall be equal to -- insert formula for determining the amount. Upon payment (i) of the amount of principal so declared due and payable and (ii) of interest on any overdue principal, premium and interest (in each case to the extent that the payment of such interest shall be legally

enforceable), all of the Company's obligations in respect of the payment of the principal of and premium and interest, if any, on the Securities of this series shall terminate.]

The Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Company and the rights of the Holders of the Securities of each series to be affected under the Indenture at any time by the Company and the Trustee with the consent of the Holders of 50% in principal amount of the Securities at the time Outstanding of each series to be affected. The Indenture also contains provisions permitting the Holders of specified percentages in principal amount of the Securities of each series at the time Outstanding, on behalf of the Holders of all Securities of such series, to waive compliance by the Company with certain provisions of the Indenture and certain past defaults under the Indenture and their consequences. Any such consent or waiver by the Holder of this Security shall be conclusive and binding upon such Holder and upon all future Holders of this Security and of any Security issued upon the registration of transfer hereof or in exchange herefor or in lieu hereof, whether or not notation of such consent or waiver is made upon this Security.

As provided in and subject to the provisions of the Indenture, the Holder of this Security shall not have the right to institute any proceeding with respect to the Indenture or for the appointment of a receiver or trustee or for any other remedy thereunder, unless such Holder shall have previously given the Trustee written notice of a continuing Event of Default with respect to the Securities of this series, the Holders of not less than 25% in principal amount of the Securities of this series at the time Outstanding shall have made written request to the Trustee to institute proceedings in respect of such Event of Default as Trustee and offered the Trustee reasonable indemnity, and the Trustee shall not have received from the Holders of a majority in principal amount of Securities of this series at the time Outstanding a direction inconsistent with such request, and shall have failed to institute any such proceeding, for 60 days after receipt of such notice, request and offer of indemnity. The foregoing shall not apply to any suit instituted by the Holder of this Security for the enforcement of any payment of principal hereof or any premium or interest hereon on or after the respective due dates expressed herein.

No reference herein to the Indenture and no provision of this Security or of the Indenture shall alter or impair the obligation of the Company, which is absolute and unconditional, to pay the principal of and any premium and interest on this Security at the times, place and rate, and in the coin or currency, herein prescribed.

As provided in the Indenture and subject to certain limitations therein set forth, the transfer of this Security is registrable in the Security Register, upon surrender of this Security for registration of transfer at the office or agency of the Company in any place where the principal of and any premium and interest on this Security are payable, duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Company and the Security Registrar duly executed by, the Holder hereof or his attorney duly authorized in writing, and thereupon one or more new Securities of this series and of like tenor, of authorized denominations and for the same aggregate principal amount, will be issued to the designated transferee or transferees.

[Pursuant to the Exchange and Registration Rights Agreement, the Company will be obligated upon the occurrence of certain events to consummate an exchange offer pursuant to which the holders of this Security shall, subject to certain limitations, have the right to exchange this Security for an Exchange Security (as defined in such agreement), which will be registered under the Securities Act, in like principal amount and having terms identical in all material respects as this Security. The Holders shall be entitled to receive certain additional interest in the event such exchange offer is not consummated and upon certain other conditions, all pursuant to and in accordance with the terms of the Exchange and Registration Rights Agreement.]

The Securities of this series are issuable only in registered form without coupons in denominations of $..... and any integral multiple thereof. As provided in the Indenture and subject to certain limitations therein set forth, Securities of this series are exchangeable for a like aggregate principal amount of Securities of this series and of like tenor of a different authorized denomination, as requested by the Holder surrendering the same.

No service charge shall be made for any such registration of transfer or exchange, but the Company may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

Prior to due presentment of this Security for registration of transfer, the Company, the Trustee and any agent of the Company or the Trustee may treat the Person in whose name this Security is registered as the owner hereof for all purposes, whether or not this Security be overdue, and neither the Company, the Trustee nor any such agent shall be affected by notice to the contrary.

All terms used in this Security which are defined in the Indenture shall have the meanings assigned to them in the Indenture.

The following abbreviations, when used in the inscription on the face of the within Security, shall be construed as though they were written out in full according to applicable laws or regulations.

TEN COM --	as tenants in common	UNIF GIFT MIN Act --	_____ Custodian _____
TEN ENT --	as tenants by the entireties		(Cust) (Minor)
JT TEN --	as joint tenants with right of survivorship and not as tenants in common	under Uniform Gifts to Minors Act	_____ (State)

Additional abbreviations may also be used though not in the above list

_____

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers unto

PLEASE INSERT SOCIAL SECURITY
OR OTHER IDENTIFYING NUMBER
OF ASSIGNEE

- ----------

- ---------- _____

(Name and Address of Assignee, including zip code, must be printed or typewritten)

_____

the within Security, and all rights thereunder, hereby irrevocably constituting and appointing

Attorney

_____

to transfer said Security on the books of the Company, with full power of substitution in the premises.

Dated:

_____

NOTICE: The signature to this assignment must correspond with the name as it appears upon the face of the within Security in every particular, without alteration or enlargement or any change whatever.

Section 204. Form of Legend for Global Securities.

Unless otherwise specified as contemplated by Section 301 for the Securities evidenced thereby, every Global Security authenticated and delivered hereunder shall bear a legend in substantially the following form:

This Security is a Global Security within the meaning of the Indenture hereinafter referred to and is registered in the name of a Depositary or a nominee thereof. This Security may not be exchanged in whole or in part for a Security registered, and no transfer of this Security in whole or in part may be registered, in the name of any Person other than such Depositary or a nominee thereof, except in the limited circumstances described in the Indenture.

Section 205. Form of Legend for Transfer Restricted Securities.

Unless otherwise specified as contemplated by Section 301 for the Securities evidenced thereby, every Transfer Restricted Security authenticated and delivered hereunder shall bear a legend in substantially the following form:

This Security has not been registered under the Securities Act of 1933, as amended (the "Securities Act"), or any state securities laws. Neither this Security nor any interest or participation herein may be offered, sold, assigned, transferred, pledged, encumbered or otherwise disposed of in the absence of such registration unless such transaction is exempt from, or not subject to, registration.

The Holder of this Security by its acceptance hereof agrees to offer, sell or otherwise transfer such Security, before the date (the "Resale RestrictionTermination Date") which is two years after the later of the original issue date hereof and the last date on which the Company or any Affiliate of the Company was the owner of this Security (or any predecessor of such Security), only (a) to the Company, (b) pursuant to a registration statement that has been declared effective under the Securities Act, (c) for so long as the Securities are eligible for resale pursuant to rule 144a under the Securities Act, to a person it reasonably believes is a "Qualified Institutional Buyer" as defined in Rule 144a under the Securities Act that purchases for its own account or for the account of a Qualified Institutional Buyer to whom notice is given that the transfer is being made in reliance on Rule 144a, (d) pursuant to offers and sales to non-U.S. persons that occur outside the United States within the meaning of Regulation S under the Securities Act or (e) to an "Accredited Investor" within the meaning of rule 501(a)(1), (2), (3) or (7) under the securities act that is an

institutional investor acquiring the Security in a transaction exempt from the registration requirements of the Securities Act (if available), and, in each case (a) through (e), in accordance with all applicable securities laws of the states of the united states and other jurisdictions and subject to the Company's and the Trustee's right prior to any such offer, sale or transfer pursuant to clause (d) or (e) to require the delivery of an opinion of counsel, certification and/or other information satisfactory to each of them, and in the case of any of the foregoing clauses (a) through (e), a certificate of transfer in the form appearing on the other side of this Security is completed and delivered by the transferor to the Company and the Trustee. This legend will be removed upon the request of the Holder after the Resale Restriction Termination Date.

Section 206. Form of Trustee's Certificate of Authentication.

The Trustee's certificates of authentication shall be in substantially the following form:

This is one of the Securities of the series designated therein referred to in the within-mentioned Indenture.

The Chase Manhattan Bank
As Trustee

By.....
Authorized Officer

ARTICLE THREE

The Securities

Section 301. Amount Unlimited; Issuable in Series.

The aggregate principal amount of Securities which may be authenticated and delivered under this Indenture is unlimited.

The Securities may be issued in one or more series. There shall be established in or pursuant to a Board Resolution and, subject to Section 303, set forth, or determined in the manner provided, in an Officers' Certificate, or established in one or more indentures supplemental hereto, prior to the issuance of Securities of any series,

(1) the title of the Securities of the series (which shall distinguish the Securities of the series from Securities of any other series);

(2) any limit upon the aggregate principal amount of the Securities of the series which may be authenticated and delivered under this Indenture (except for Securities authenticated and delivered upon registration of transfer of, or in exchange for, or in lieu of, other Securities of the series pursuant to Section 304, 305, 306, 906 or 1107 and except for any Securities which, pursuant to Section 303, are deemed never to have been authenticated and delivered hereunder);

(3) the Person to whom any interest on a Security of the series shall be payable, if other than the Person in whose name that Security (or one or more Predecessor Securities) is registered at the close of business on the Regular Record Date for such interest;

(4) the date or dates on which the principal of any Securities of the series is payable;

(5) the rate or rates at which any Securities of the series shall bear interest, if any, the date or dates from which any such interest shall accrue, the Interest Payment Dates on which any such interest shall be payable and the Regular Record Date for any such interest payable on any Interest Payment Date;

(6) the place or places where the principal of and any premium and interest on any Securities of the series shall be payable;

(7) the period or periods within which, the price or prices at which and the terms and conditions upon which any Securities of the series may be redeemed, in whole or in part, at the option of the Company and, if other than by a Board Resolution, the manner in which any election by the Company to redeem the Securities shall be evidenced;

(8) the obligation, if any, of the Company to redeem or purchase any Securities of the series pursuant to any sinking fund or analogous provisions or at the option of the Holder thereof and the period or periods within which, the price or prices at which and the terms and conditions upon which any Securities of the series shall be redeemed or purchased, in whole or in part, pursuant to such obligation;

(9) if other than denominations of $1,000 and any integral multiple thereof, the denominations in which any Securities of the series shall be issuable;

(10) if the amount of principal of or any premium or interest on any Securities of the series may be determined with reference to an index or pursuant to a formula, the manner in which such amounts shall be determined;

(11) if other than the currency of the United States of America, the currency, currencies or currency units in which the principal of or any premium or interest on any Securities of the series shall be payable and the manner of determining the equivalent thereof in the currency of the United States of America for any purpose, including for purposes of the definition of "Outstanding" in Section 101;

(12) if the principal of or any premium or interest on any Securities of the series is to be payable, at the election of the Company or the Holder thereof, in one or more currencies or currency units other than that or those in which such Securities are stated to be payable, the currency, currencies or currency units in which the principal of or any premium or interest on such Securities as to which such election is made shall be payable, the periods within which and the terms and conditions upon which such election is to be made and the amount so payable (or the manner in which such amount shall be determined);

(13) if other than the entire principal amount thereof, the portion of the principal amount of any Securities of the series which shall be payable upon declaration of acceleration of the Maturity thereof pursuant to Section 502;

(14) if the principal amount payable at the Stated Maturity of any Securities of the series will not be determinable as of any one or more dates prior to the Stated Maturity, the amount which shall be deemed to be the principal amount of such Securities as of any such date for any purpose thereunder or hereunder, including the principal amount thereof which shall be due and payable upon any Maturity other than the Stated Maturity or which shall be deemed to be Outstanding as of any date prior to the Stated Maturity (or, in any such case, the manner in which such amount deemed to be the principal amount shall be determined);

(15) if applicable, that the Securities of the series, in whole or any specified part, shall be defeasible pursuant to Section 1302 or Section 1303 or both such Sections and, if other than by a Board Resolution, the manner in which any election by the Company to defease such Securities shall be evidenced;

(16) if applicable, that any Securities of the series shall be issuable in whole or in part in the form of one or more Global Securities and, in such case, the respective Depositaries for such Global Securities, the form of any legend or legends which shall be borne by any such Global Security in addition to or in lieu of that set forth in Section 204 and any circumstances in addition to or in lieu of those set forth in Clause (2) of the last paragraph of Section 305 in which any such Global Security may be exchanged in whole or in part for Securities registered, and any transfer of such Global Security in whole or in part may be registered, in the name or names of Persons other than the Depositary for such Global Security or a nominee thereof;

(17) any addition to or change in the Events of Default which applies to any Securities of the series and any change in the right of the Trustee or the requisite Holders of such Securities to declare the principal amount thereof due and payable pursuant to Section 502;

(18) any addition to or change in the covenants set forth in Article Ten which applies to Securities of the series; and

(19) whether the Securities will be Transfer Restricted Securities, and whether any transfers will be permitted pursuant to Section 1402(e) and the terms and conditions thereof; and

(20) any other terms of the series (which terms shall not be inconsistent with the provisions of this Indenture, except as permitted by Section 901(5)).

All Securities of any one series shall be substantially identical except as to denomination and except as may otherwise be provided in or pursuant to the Board Resolution referred to above and (subject to Section 303) set forth, or determined in the manner provided, in the Officers' Certificate referred to above or in any such indenture supplemental hereto.

If any of the terms of the series are established by action taken pursuant to a Board Resolution, a copy of an appropriate record of such action shall be certified by the Secretary or an Assistant Secretary of the Company and delivered to the Trustee at or prior to the delivery of the Officers' Certificate setting forth the terms of the series.

Section 302. Denominations.

The Securities of each series shall be issuable only in registered form without coupons and only in such denominations as shall be specified as contemplated by Section 301. In the absence of any such specified denomination with respect to the Securities of any series, the Securities of such series shall be issuable in denominations of $1,000 and any integral multiple thereof.

Section 303. Execution, Authentication, Delivery and Dating.

The Securities shall be executed on behalf of the Company by its Chairman of the Board, its Vice Chairman of the Board, its President or one of its Vice Presidents, under its corporate seal reproduced thereon attested by its Secretary or one of its Assistant Secretaries. The signature of any of these officers on the Securities may be manual or facsimile.

Securities bearing the manual or facsimile signatures of individuals who were at any time the proper officers of the Company shall bind the Company, notwithstanding that such individuals or any of them have ceased to hold such offices prior to the authentication and delivery of such Securities or did not hold such offices at the date of such Securities.

At any time and from time to time after the execution and delivery of this Indenture, the Company may deliver Securities of any series executed by the Company to the Trustee for authentication, together with a Company Order for the authentication and delivery of such Securities, and the Trustee in accordance with the Company Order shall authenticate and deliver such Securities. If the form or terms of the Securities of the series have been established by or pursuant to one or more Board Resolutions as permitted by Sections 201

and 301, in authenticating such Securities, and accepting the additional responsibilities under this Indenture in relation to such Securities, the Trustee shall be entitled to receive, and (subject to Section 601) shall be fully protected in relying upon, an Opinion of Counsel stating,

(1) if the form of such Securities has been established by or pursuant to Board Resolution as permitted by Section 201, that such form has been established in conformity with the provisions of this Indenture;

(2) if the terms of such Securities have been established by or pursuant to Board Resolution as permitted by Section 301, that such terms have been established in conformity with the provisions of this Indenture; and

(3) that such Securities, when authenticated and delivered by the Trustee and issued by the Company in the manner and subject to any conditions specified in such Opinion of Counsel, will constitute valid and legally binding obligations of the Company enforceable in accordance with their terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar laws of general applicability relating to or affecting creditors' rights and to general equity principles.

If such form or terms have been so established, the Trustee shall not be required to authenticate such Securities if the issue of such Securities pursuant to this Indenture will affect the Trustee's own rights, duties or immunities under the Securities and this Indenture or otherwise in a manner which is not reasonably acceptable to the Trustee.

Notwithstanding the provisions of Section 301 and of the preceding paragraph, if all Securities of a series are not to be originally issued at one time, it shall not be necessary to deliver the Officers' Certificate otherwise required pursuant to Section 301 or the Company Order and Opinion of Counsel otherwise required pursuant to such preceding paragraph at or prior to the authentication of each Security of such series if such documents are delivered at or prior to the authentication upon original issuance of the first Security of such series to be issued.

Each Security shall be dated the date of its authentication.

No Security shall be entitled to any benefit under this Indenture or be valid or obligatory for any purpose unless there appears on such Security a certificate of authentication substantially in the form provided for herein executed by the Trustee by manual signature, and such certificate upon any Security shall be conclusive evidence, and the only evidence, that such Security has been duly authenticated and delivered hereunder. Notwithstanding the foregoing, if any Security shall have been authenticated and delivered hereunder but never issued and sold by the Company, and the Company shall deliver such Security to the Trustee for cancellation as provided in Section 309, for all purposes of this Indenture such Security shall be deemed never to have been authenticated and delivered hereunder and shall never be entitled to the benefits of this Indenture.

Section 304. Temporary Securities.

Pending the preparation of definitive Securities of any series, the Company may execute, and upon Company Order the Trustee shall authenticate and deliver, temporary Securities which are printed, lithographed, typewritten, mimeographed or otherwise produced, in any authorized denomination, substantially of the tenor of the definitive Securities in lieu of which they are issued and with such appropriate insertions, omissions, substitutions and other variations as the officers executing such Securities may determine, as evidenced by their execution of such Securities.

If temporary Securities of any series are issued, the Company will cause definitive Securities of that series to be prepared without unreasonable delay. After the preparation of definitive Securities of such series, the temporary Securities of such series shall be exchangeable for definitive Securities of such series upon surrender of the temporary Securities of such series at the office or agency of the Company in a Place of Payment for that series, without charge to the Holder. Upon surrender for cancellation of any one or more temporary Securities of any series, the Company shall execute and the Trustee shall authenticate and deliver in exchange therefor one or more definitive Securities of the same series, of any authorized denominations and of like tenor and aggregate principal amount. Until so exchanged, the temporary Securities of any series shall in all respects be entitled to the same benefits under this Indenture as definitive Securities of such series and tenor.

Section 305. Registration, Registration of Transfer and Exchange.

The Company shall cause to be kept at the Place of Payment by the Trustee a register (the register maintained in such office and in any other office or agency of the Company in a Place of Payment being herein sometimes collectively referred to as the "Security Register") in which, subject to such reasonable regulations as it may prescribe, the Company shall provide for the registration of Securities and of transfers of Securities. The Trustee is hereby appointed "Security Registrar" for the purpose of registering Securities and transfers of Securities as herein provided.

Upon surrender for registration of transfer of any Security of a series at the office or agency of the Company in a Place of Payment for that series and subject to any restrictions imposed by Article Fourteen on a Transfer Restricted Security, the Company shall execute, and the Trustee shall authenticate and deliver, in the name of the designated transferee or transferees, one or more new Securities of the same series, of any authorized denominations and of like tenor and aggregate principal amount.

At the option of the Holder, Securities of any series may be exchanged for other Securities of the same series, of any authorized denominations and of like tenor and aggregate principal amount, upon surrender of the Securities to be exchanged at such office or agency. Whenever any Securities are so surrendered for exchange, the Company shall execute, and the Trustee shall authenticate and deliver, the Securities which the Holder making the exchange is entitled to receive.

All Securities issued upon any registration of transfer or exchange of Securities shall be the valid obligations of the Company, evidencing the same debt, and entitled to the same benefits under this Indenture, as the Securities surrendered upon such registration of transfer or exchange.

Every Security presented or surrendered for registration of transfer or for exchange shall (if so required by the Company or the Trustee) be duly endorsed, or be accompanied by a written instrument of transfer in form satisfactory to the Company and the Security Registrar duly executed, by the Holder thereof or his attorney duly authorized in writing and any certificates required by Article Fourteen.

No service charge shall be made for any registration of transfer or exchange of Securities, but the Company may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any registration of transfer or exchange of Securities, other than exchanges pursuant to Section 304, 906 or 1107 not involving any transfer.

If the Securities of any series (or of any series and specified tenor) are to be redeemed in part, the Company shall not be required (A) to issue, register the transfer of or exchange any Securities of that series (or of that series and specified tenor, as the case may be) during a period beginning at the opening of business 15 days before the day of the mailing of a notice of redemption of any such Securities selected for redemption under Section 1103 and ending at the close of business on the day of such mailing, or (B) to register the transfer of or exchange any Security so selected for redemption in whole or in part, except the unredeemed portion of any Security being redeemed in part.

The provisions of Clauses (1), (2), (3) and (4) below shall apply only to Global Securities:

(1) Each Global Security authenticated under this Indenture shall be registered in the name of the Depositary designated for such Global Security or a nominee thereof and delivered to such Depositary or a nominee thereof or custodian therefor, and each such Global Security shall constitute a single Security for all purposes of this Indenture.

(2) Notwithstanding any other provision in this Indenture, no Global Security may be exchanged in whole or in part for Securities registered, and no transfer of a Global Security in whole or in part may be registered, in the name of any Person other than the Depositary for such Global Security or a nominee thereof unless (A) such Depositary (i) has notified the Company that it is unwilling or unable to continue as Depositary for such Global Security or (ii) has ceased to be a clearing agency registered under the Exchange Act, (B) there shall have occurred and be continuing an Event of Default with respect to such Global Security or (C) there shall exist such circumstances, if any, in addition to or in lieu of the foregoing as have been specified for this purpose as contemplated by Section 301.

(3) Subject to Clause (2) above, any exchange of a Global Security for other Securities may be made in whole or in part, and all Securities issued in exchange for a

Global Security or any portion thereof shall be registered in such names as the Depositary for such Global Security shall direct in writing.

(4) Every Security authenticated and delivered upon registration of transfer of, or in exchange for or in lieu of, a Global Security or any portion thereof, whether pursuant to this Section, Section 304, 306, 906 or 1107 or otherwise, shall be authenticated and delivered in the form of, and shall be, a Global Security, unless such Security is registered in the name of a Person other than the Depositary for such Global Security or a nominee thereof.

Section 306. Mutilated, Destroyed, Lost and Stolen Securities.

If any mutilated Security is surrendered to the Trustee, the Company shall execute and the Trustee shall authenticate and deliver in exchange therefor a new Security of the same series and of like tenor and principal amount and bearing a number not contemporaneously outstanding.

If there shall be delivered to the Company and the Trustee (i) evidence to their satisfaction of the destruction, loss or theft of any Security and (ii) such security or indemnity as may be required by one or both of them to save each of them and any agent of either of them harmless, then, in the absence of written notice to the Company or the Trustee that such Security has been acquired by a bona fide purchaser, the Company shall execute and the Trustee shall authenticate and deliver, in lieu of any such destroyed, lost or stolen Security, a new Security of the same series and of like tenor and principal amount and bearing a number not contemporaneously outstanding.

In case any such mutilated, destroyed, lost or stolen Security has become or is about to become due and payable, the Company in its discretion may, instead of issuing a new Security, pay such Security.

Upon the issuance of any new Security under this Section, the Company may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the fees and expenses of the Trustee) connected therewith.

Every new Security of any series issued pursuant to this Section in lieu of any destroyed, lost or stolen Security shall constitute an original additional contractual obligation of the Company, whether or not the destroyed, lost or stolen Security shall be at any time enforceable by anyone, and shall be entitled to all the benefits of this Indenture equally and proportionately with any and all other Securities of that series duly issued hereunder.

The provisions of this Section are exclusive and shall preclude (to the extent lawful) all other rights and remedies with respect to the replacement or payment of mutilated, destroyed, lost or stolen Securities.

Section 307. Payment of Interest; Interest Rights Preserved.

Except as otherwise provided as contemplated by Section 301 with respect to any series of Securities, interest on any Security which is payable, and is punctually paid or duly provided for, on any Interest Payment Date shall be paid to the Person in whose name that Security (or one or more Predecessor Securities) is registered at the close of business on the Regular Record Date for such interest.

Any interest on any Security of any series which is payable, but is not punctually paid or duly provided for, on any Interest Payment Date (herein called "Defaulted Interest") shall forthwith cease to be payable to the Holder on the relevant Regular Record Date by virtue of having been such Holder, and such Defaulted Interest may be paid by the Company, at its election in each case, as provided in Clause (1) or (2) below:

(1) The Company may elect to make payment of any Defaulted Interest to the Persons in whose names the Securities of such series (or their respective Predecessor Securities) are registered at the close of business on a Special Record Date for the payment of such Defaulted Interest, which shall be fixed in the following manner. The Company shall notify the Trustee in writing of the amount of Defaulted Interest proposed to be paid on each Security of such series and the date of the proposed payment, and at the same time the Company shall deposit with the Trustee an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangements satisfactory to the Trustee for such deposit prior to the date of the proposed payment, such money when deposited to be held in trust for the benefit of the Persons entitled to such Defaulted Interest as in this Clause provided. Thereupon the Trustee shall fix a Special Record Date for the payment of such Defaulted Interest which shall be not more than 15 days and not less than 10 days prior to the date of the proposed payment and not less than 10 days after the receipt by the Trustee of the notice of the proposed payment. The Trustee shall promptly notify the Company of such Special Record Date and, in the name and at the expense of the Company, shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor to be given to each Holder of Securities of such series in the manner set forth in Section 106, not less than 10 days prior to such Special Record Date. Notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor having been so mailed, such Defaulted Interest shall be paid to the Persons in whose names the Securities of such series (or their respective Predecessor Securities) are registered at the close of business on such Special Record Date and shall no longer be payable pursuant to the following Clause (2).

(2) The Company may make payment of any Defaulted Interest on the Securities of any series in any other lawful manner not inconsistent with the requirements of any securities exchange on which such Securities may be listed, and upon such notice as may be required by such exchange, if, after notice given by the Company to the Trustee of the proposed payment pursuant to this Clause, such manner of payment shall be deemed practicable by the Trustee.

Subject to the foregoing provisions of this Section, each Security delivered under this Indenture upon registration of transfer of or in exchange for or in lieu of any other Security shall carry the rights to interest accrued and unpaid, and to accrue, which were carried by such other Security.

Section 308. Persons Deemed Owners.

Prior to due presentment of a Security for registration of transfer, the Company, the Trustee and any agent of the Company or the Trustee may treat the Person in whose name such Security is registered as the owner of such Security for the purpose of receiving payment of principal of and any premium and (subject to Section 307) any interest on such Security and for all other purposes whatsoever, whether or not such Security be overdue, and neither the Company, the Trustee nor any agent of the Company or the Trustee shall be affected by notice to the contrary.

Section 309. Cancellation.

All Securities surrendered for payment, redemption, registration of transfer or exchange or for credit against any sinking fund payment shall, if surrendered to any Person other than the Trustee, be delivered to the Trustee and shall be promptly cancelled by it. The Company may at any time deliver to the Trustee for cancellation any Securities previously authenticated and delivered hereunder which the Company may have acquired in any manner whatsoever, and may deliver to the Trustee (or to any other Person for delivery to the Trustee) for cancellation any Securities previously authenticated hereunder which the Company has not issued and sold, and all Securities so delivered shall be promptly cancelled by the Trustee. No Securities shall be authenticated in lieu of or in exchange for any Securities cancelled as provided in this Section, except as expressly permitted by this Indenture. All cancelled Securities held by the Trustee shall be disposed of as directed by a Company Order.

Section 310. Computation of Interest.

Except as otherwise specified as contemplated by Section 301 for Securities of any series, interest on the Securities of each series shall be computed on the basis of a 360-day year of twelve 30-day months.

ARTICLE FOUR

Satisfaction and Discharge

Section 401. Satisfaction and Discharge of Indenture.

This Indenture shall upon Company Request cease to be of further effect (except as to any surviving rights of registration of transfer or exchange of Securities herein expressly provided for), and the Trustee, at the expense of the Company, shall execute proper instruments acknowledging satisfaction and discharge of this Indenture, when

(1) either

(A) all Securities theretofore authenticated and delivered (other than (i) Securities which have been destroyed, lost or stolen and which have been replaced or paid as provided in Section 306 and (ii) Securities for whose payment money has theretofore been deposited in trust or segregated and held in trust by the Company and thereafter repaid to the Company or discharged from such trust, as provided in Section 1003) have been delivered to the Trustee for cancellation; or

(B) all such Securities not theretofore delivered to the Trustee for cancellation

(i) have become due and payable, or

(ii) will become due and payable at their Stated Maturity within one year, or

(iii) are to be called for redemption within one year under arrangements satisfactory to the Trustee for the giving of notice of redemption by the Trustee in the name, and at the expense, of the Company,

and the Company, in the case of (i), (ii) or (iii) above, has deposited or caused to be deposited with the Trustee as trust funds in trust for the purpose money in an amount sufficient to pay and discharge the entire indebtedness on such Securities not theretofore delivered to the Trustee for cancellation, for principal and any premium and interest to the date of such deposit (in the case of Securities which have become due and payable) or to the Stated Maturity or Redemption Date, as the case may be;

(2) the Company has paid or caused to be paid all other sums payable hereunder by the Company, including fees and expenses of the Trustee; and

(3) the Company has delivered to the Trustee an Officers' Certificate and an Opinion of Counsel, each stating that all conditions precedent herein provided for relating to the satisfaction and discharge of this Indenture have been complied with.

Notwithstanding the satisfaction and discharge of this Indenture, the obligations of the Company to the Trustee under Section 607, the obligations of the Trustee to any

Authenticating Agent under Section 614 and, if money shall have been deposited with the Trustee pursuant to subclause (B) of Clause (1) of this Section, the obligations of the Trustee under Section 402 and the last paragraph of Section 1003 shall survive until performed or waived.

Section 402. Application of Trust Money.

Subject to the provisions of the last paragraph of Section 1003, all money deposited with the Trustee pursuant to Section 401 shall be held in trust and applied by it, in accordance with the provisions of the Securities and this Indenture, to the payment, either directly or through any Paying Agent (including the Company acting as its own Paying Agent) as the Trustee may determine, to the Persons entitled thereto, of the principal and any premium and interest for whose payment such money has been deposited with the Trustee.

ARTICLE FIVE

Remedies

Section 501. Events of Default.

"Event of Default", wherever used herein with respect to Securities of any series, means any one of the following events (whatever the reason for such Event of Default and whether it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body):

(1) default in the payment of any interest upon any Security of that series when it becomes due and payable, and continuance of such default for a period of 30 days; or

(2) default in the payment of the principal of or any premium on any Security of that series at its Maturity; or

(3) default in the deposit of any sinking fund payment, when and as due by the terms of a Security of that series; or

(4) default in the performance, or breach, of any covenant or warranty of the Company in this Indenture (other than a covenant or warranty a default in whose performance or whose breach is elsewhere in this Section specifically dealt with or which has expressly been included in this Indenture solely for the benefit of series of Securities other than that series), and continuance of such default or breach for a period of 60 days after there has been given, by registered or certified mail, to the Company by the Trustee or to the Company and the Trustee by the Holders of at least 25% in principal amount of the Outstanding Securities of that series a written notice specifying

such default or breach and requiring it to be remedied and stating that such notice is a "Notice of Default" hereunder; or

(5) a default (i) in the payment of any principal on any debt for borrowed money of the Company or any Restricted Subsidiary of the Company (excluding any non-recourse debt), in an aggregate principal amount in excess of the greater of (a) $100 million or (b) 4% of Consolidated Net Assets, when due at its final maturity after giving effect to any applicable grace period and the holder thereof shall have taken affirmative action to enforce the payment thereof, or (ii) in the performance of any term or provision of any debt for borrowed money of the Company or any Restricted Subsidiary of the Company (excluding any non-recourse debt) in an aggregate principal amount in excess of the greater of (a) $100 million or (b) 4% of Consolidated Net Assets that results in such debt becoming or being declared due and payable prior to the date on which it would otherwise become due and payable, unless, in the case of either clause (i) or (ii) above, (x) such acceleration or action to enforce payment, as the case may be, has been rescinded or annulled, (y) such debt has been discharged or (z) a sum sufficient to discharge in full such debt has been deposited in trust by or on behalf of the Company, in each case, within a period of 10 days after there has been given, by registered or certified mail, to the Company by the Trustee or to the Company and the Trustee by the Holders of at least 25% in principal amount of the Outstanding Securities of such series, a written notice specifying such default or defaults and stating that such notice is a "Notice of Default" hereunder; provided, however, that, subject to the provisions of Sections 601 and 602, the Trustee shall not be deemed to have knowledge of such default unless either (A) a Responsible Officer of the Trustee shall have actual knowledge of such default or (B) the Trustee shall have received written notice thereof from the Company, from any Holder, from the holder of any such indebtedness or from the trustee under any such mortgage, indenture or other instrument; or

(6) the entry by a court having jurisdiction in the premises of (A) a decree or order for relief in respect of the Company in an involuntary case or proceeding under any applicable Federal or State bankruptcy, insolvency, reorganization or other similar law or (B) a decree or order adjudging the Company a bankrupt or insolvent, or approving as properly filed a petition seeking reorganization, arrangement, adjustment or composition of or in respect of the Company under any applicable Federal or State law, or appointing a custodian, receiver, liquidator, assignee, trustee, sequestrator or other similar official of the Company or of any substantial part of its property, or ordering the winding up or liquidation of its affairs, and the continuance of any such decree or order for relief or any such other decree or order unstayed and in effect for a period of 60 consecutive days; or

(7) the commencement by the Company of a voluntary case or proceeding under any applicable Federal or State bankruptcy, insolvency, reorganization or other similar law or of any other case or proceeding to be adjudicated a bankrupt or insolvent, or the consent by it to the entry of a decree or order for relief in respect of the Company in an involuntary case or proceeding under any applicable Federal or State bankruptcy, insolvency, reorganization or other similar law or to the commencement of any bankruptcy or insolvency case or proceeding against it, or the filing by it of a petition

or answer or consent seeking reorganization or relief under any applicable Federal or State law, or the consent by it to the filing of such petition or to the appointment of or taking possession by a custodian, receiver, liquidator, assignee, trustee, sequestrator or other similar official of the Company or of any substantial part of its property, or the making by it of an assignment for the benefit of creditors, or the admission by it in writing of its inability to pay its debts generally as they become due, or the taking of corporate action by the Company in furtherance of any such action; or

(8) any other Event of Default provided with respect to Securities of that series.

Section 502. Acceleration of Maturity; Rescission and Annulment.

If an Event of Default (other than an Event of Default specified in Section 501(6) or 501(7)) with respect to Securities of any series at the time Outstanding occurs and is continuing, then in every such case the Trustee or the Holders of not less than 25% in principal amount of the Outstanding Securities of that series may declare the principal amount of all the Securities of that series (or, if any Securities of that series are Original Issue Discount Securities, such portion of the principal amount of such Securities as may be specified by the terms thereof) to be due and payable immediately, by a notice in writing to the Company (and to the Trustee if given by Holders), and upon any such declaration such principal amount (or specified amount) shall become immediately due and payable. If an Event of Default specified in Section 501(6) or 501 (7) with respect to Securities of any series at the time Outstanding occurs, the principal amount of all the Securities of that series (or, if any Securities of that series are Original Issue Discount Securities, such portion of the principal amount of such Securities as may be specified by the terms thereof) shall automatically, and without any declaration or other action on the part of the Trustee or any Holder, become immediately due and payable.

At any time after such a declaration of acceleration with respect to Securities of any series has been made and before a judgment or decree for payment of the money due has been obtained by the Trustee as hereinafter in this Article provided, the Holders of a majority in principal amount of the Outstanding Securities of that series, by written notice to the Company and the Trustee, may rescind and annul such declaration and its consequences if

(1) the Company has paid or deposited with the Trustee a sum sufficient to pay

(A) all overdue interest on all Securities of that series,

(B) the principal of (and premium, if any, on) any Securities of that series which have become due otherwise than by such declaration of acceleration and any interest thereon at the rate or rates prescribed therefor in such Securities,

(C) to the extent that payment of such interest is lawful, interest upon overdue interest at the rate or rates prescribed therefor in such Securities, and

(D) all sums paid or advanced by the Trustee hereunder and the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel;

and

(2) all Events of Default with respect to Securities of that series, other than the non-payment of the principal of Securities of that series which have become due solely by such declaration of acceleration, have been cured or waived as provided in Section 513.

No such rescission shall affect any subsequent default or impair any right consequent thereon.

Section 503. Collection of Indebtedness and Suits for Enforcement by Trustee.

The Company covenants that if

(1) default is made in the payment of any interest on any Security when such interest becomes due and payable and such default continues for a period of 30 days, or

(2) default is made in the payment of the principal of (or premium, if any, on) any Security at the Maturity thereof,

the Company will promptly pay to the Trustee, for the benefit of the Holders of such Securities, the whole amount then due and payable on such Securities for principal and any premium and interest and, to the extent that payment of such interest shall be legally enforceable, interest on any overdue principal and premium and on any overdue interest, at the rate or rates prescribed therefor in such Securities, and, in addition thereto, such further amount as shall be sufficient to cover the costs and expenses of collection, including the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel.

If an Event of Default with respect to Securities of any series occurs and is continuing, the Trustee may in its discretion proceed to protect and enforce its rights and the rights of the Holders of Securities of such series by such appropriate judicial proceedings as the Trustee shall deem most effectual to protect and enforce any such rights, whether for the specific enforcement of any covenant or agreement in this Indenture or in aid of the exercise of any power granted herein, or to enforce any other proper remedy.

Section 504. Trustee May File Proofs of Claim.

In case of any judicial proceeding relative to the Company (or any other obligor upon the Securities), its property or its creditors, the Trustee shall be entitled and empowered, by intervention in such proceeding or otherwise, to take any and all actions

authorized under the Trust Indenture Act in order to have claims of the Holders and the Trustee allowed in any such proceeding. In particular, the Trustee shall be authorized to collect and receive any moneys or other property payable or deliverable on any such claims and to distribute the same; and any custodian, receiver, assignee, trustee, liquidator, sequestrator or other similar official in any such judicial proceeding is hereby authorized by each Holder to make such payments to the Trustee and, in the event that the Trustee shall consent to the making of such payments directly to the Holders, to pay to the Trustee any amount due it for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, and any other amounts due the Trustee under Section 607.

No provision of this Indenture shall be deemed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of any Holder any plan of reorganization, arrangement, adjustment or composition affecting the Securities or the rights of any Holder thereof or to authorize the Trustee to vote in respect of the claim of any Holder in any such proceeding; provided, however, that the Trustee may, on behalf of the Holders, vote for the election of a trustee in bankruptcy or similar official and be a member of a creditors' or other similar committee.

Section 505. Trustee May Enforce Claims Without Possession of Securities.

All rights of action and claims under this Indenture or the Securities may be prosecuted and enforced by the Trustee without the possession of any of the Securities or the production thereof in any proceeding relating thereto, and any such proceeding instituted by the Trustee shall be brought in its own name as trustee of an express trust, and any recovery of judgment shall, after provision for the payment of the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, be for the ratable benefit of the Holders of the Securities in respect of which such judgment has been recovered.

Section 506. Application of Money Collected.

Any money collected by the Trustee pursuant to this Article shall be applied in the following order, at the date or dates fixed by the Trustee and, in case of the distribution of such money on account of principal or any premium or interest, upon presentation of the Securities and the notation thereon of the payment if only partially paid and upon surrender thereof if fully paid:

First: To the payment of all amounts due the Trustee under Section 607; and

Second: To the payment of the amounts then due and unpaid for principal of and any premium and interest on the Securities in respect of which or for the benefit of which such money has been collected, ratably, without preference or priority of any kind, according to the amounts due and payable on such Securities for principal and any premium and interest, respectively.

Section 507. Limitation on Suits.

No Holder of any Security of any series shall have any right to institute any proceeding, judicial or otherwise, with respect to this Indenture, or for the appointment of a receiver or trustee, or for any other remedy hereunder, unless

(1) such Holder has previously given written notice to the Trustee of a continuing Event of Default with respect to the Securities of that series;

(2) the Holders of not less than 25% in principal amount of the Outstanding Securities of that series shall have made written request to the Trustee to institute proceedings in respect of such Event of Default in its own name as Trustee hereunder;

(3) such Holder or Holders have offered to the Trustee reasonable indemnity against the costs, expenses and liabilities to be incurred in compliance with such request;

(4) the Trustee for 60 days after its receipt of such notice, request and offer of indemnity has failed to institute any such proceeding; and

(5) no direction inconsistent with such written request has been given to the Trustee during such 60-day period by the Holders of a majority in principal amount of the Outstanding Securities of that series;

it being understood and intended that no one or more of such Holders shall have any right in any manner whatever by virtue of, or by availing of, any provision of this Indenture to affect, disturb or prejudice the rights of any other of such Holders, or to obtain or to seek to obtain priority or preference over any other of such Holders or to enforce any right under this Indenture, except in the manner herein provided and for the equal and ratable benefit of all of such Holders.

Section 508. Unconditional Right of Holders to Receive Principal, Premium and Interest.

Notwithstanding any other provision in this Indenture, the Holder of any Security shall have the right, which is absolute and unconditional, to receive payment of the principal of and any premium and (subject to Section 307) interest on such Security on the respective Stated Maturities expressed in such Security (or, in the case of redemption, on the Redemption Date) and to institute suit for the enforcement of any such payment, and such rights shall not be impaired without the consent of such Holder.

Section 509. Restoration of Rights and Remedies.

If the Trustee or any Holder has instituted any proceeding to enforce any right or remedy under this Indenture and such proceeding has been discontinued or abandoned for any reason, or has been determined adversely to the Trustee or to such Holder, then and in every such case, subject to any determination in such proceeding, the Company, the Trustee and the Holders shall be restored severally and respectively to their former positions hereunder and thereafter all rights and remedies of the Trustee and the Holders shall continue as though no such proceeding had been instituted.

Section 510. Rights and Remedies Cumulative.

Except as otherwise provided with respect to the replacement or payment of mutilated, destroyed, lost or stolen Securities in the last paragraph of Section 306, no right or remedy herein conferred upon or reserved to the Trustee or to the Holders is intended to be exclusive of any other right or remedy, and every right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 511. Delay or Omission Not Waiver.

No delay or omission of the Trustee or of any Holder of any Securities to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right and remedy given by this Article or by law to the Trustee or to the Holders may be exercised from time to time, and as often as may be deemed expedient, by the Trustee or by the Holders, as the case may be.

Section 512. Control by Holders.

The Holders of a majority in principal amount of the Outstanding Securities of any series shall have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred on the Trustee, with respect to the Securities of such series, provided that

(1) such direction shall not be in conflict with any rule of law or with this Indenture, and

(2) the Trustee may take any other action deemed proper by the Trustee which is not inconsistent with such direction.

Section 513. Waiver of Past Defaults.

The Holders of not less than a majority in principal amount of the Outstanding Securities of any series may on behalf of the Holders of all the Securities of such series waive any past default hereunder with respect to such series and its consequences, except a default

(1) in the payment of the principal of or any premium or interest on any Security of such series, or

(2) in respect of a covenant or provision hereof which under Article Nine cannot be modified or amended without the consent of the Holder of each Outstanding Security of such series affected.

Upon any such waiver, such default shall cease to exist, and any Event of Default arising therefrom shall be deemed to have been cured, for every purpose of this Inden ture; but no such waiver shall extend to any subsequent or other default or impair any right consequent thereon.

Section 514. Undertaking for Costs.

In any suit for the enforcement of any right or remedy under this Indenture, or in any suit against the Trustee for any action taken, suffered or omitted by it as Trustee, a court may require any party litigant in such suit to file an undertaking to pay the costs of such suit, and may assess costs against any such party litigant, in the manner and to the extent provided in the Trust Indenture Act; provided that neither this Section nor the Trust Indenture Act shall be deemed to authorize any court to require such an undertaking or to make such an assessment in any suit instituted by the Company.

Section 515. Waiver of Usury, Stay or Extension Laws.

The Company covenants (to the extent that it may lawfully do so) that it will not at any time insist upon, or plead, or in any manner whatsoever claim or take the benefit or advantage of, any usury, stay or extension law wherever enacted, now or at any time hereafter in force, which may affect the covenants or the performance of this Indenture; and the Company (to the extent that it may lawfully do so) hereby expressly waives all benefit or advantage of any such law and covenants that it will not hinder, delay or impede the execution of any power herein granted to the Trustee, but will suffer and permit the execution of every such power as though no such law had been enacted.

ARTICLE SIX

The Trustee

Section 601. Certain Duties and Responsibilities.

The duties and responsibilities of the Trustee shall be as provided by the Trust Indenture Act. Notwithstanding the foregoing, no provision of this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it. Whether or not therein expressly so provided, every provision of this Indenture relating to the conduct or affecting the liability of or affording protection to the Trustee shall be subject to the provisions of this Section.

Section 602. Notice of Defaults.

If a default occurs hereunder with respect to Securities of any series and is known to a Responsible Officer of the Trustee, the Trustee shall give the Holders of Securities of such series notice of such default as and to the extent provided by the Trust Indenture Act; provided, however, that in the case of any default of the character specified in Section 501(4) with respect to Securities of such series, no such notice to Holders shall be given until at least 30 days after the occurrence thereof. For the purpose of this Section and Section 1004, the term "default" means any event which is, or after notice or lapse of time or both would become, an Event of Default with respect to Securities of such series.

Section 603. Certain Rights of Trustee.

Subject to the provisions of Section 601:

(1) the Trustee may rely and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, note, other evidence of indebtedness or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties;

(2) any request or direction of the Company mentioned herein shall be sufficiently evidenced by a Company Request or Company Order, and any resolution of the Board of Directors shall be sufficiently evidenced by a Board Resolution;

(3) whenever in the administration of this Indenture the Trustee shall deem it desirable that a matter be proved or established prior to taking, suffering or omitting

any action hereunder, the Trustee (unless other evidence be herein specifically prescribed) may, in the absence of bad faith on its part, rely upon an Officers' Certificate;

(4) the Trustee may consult with counsel and the written advice of such counsel or any Opinion of Counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon;

(5) the Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request or direction of any of the Holders pursuant to this Indenture, unless such Holders shall have offered to the Trustee reasonable security or indemnity against the costs, expenses and liabilities which might be incurred by it in compliance with such request or direction;

(6) the Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, note, other evidence of indebtedness or other paper or document, but the Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit, and, if the Trustee shall determine to make such further inquiry or investigation, it shall be entitled to examine the books, records and premises of the Company, personally or by agent or attorney; and

(7) the Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents or attorneys and the Trustee shall not be responsible for any misconduct or negligence on the part of any agent or attorney appointed with due care by it hereunder.

Section 604. Not Responsible for Recitals or Issuance of Securities.

The recitals contained herein and in the Securities, except the Trustee's certificates of authentication, shall be taken as the statements of the Company, and neither the Trustee nor any Authenticating Agent assumes any responsibility for their correctness. The Trustee makes no representations as to the validity or sufficiency of this Indenture or of the Securities. Neither the Trustee nor any Authenticating Agent shall be accountable for the use or application by the Company of Securities or the proceeds thereof.

Section 605. May Hold Securities.

The Trustee, any Authenticating Agent, any Paying Agent, any Security Registrar or any other agent of the Company, in its individual or any other capacity, may become the owner or pledgee of Securities and, subject to Sections 608 and 613, may otherwise deal with the Company with the same rights it would have if it were not Trustee, Authenticating Agent, Paying Agent, Security Registrar or such other agent.

Section 606. Money Held in Trust.

Money held by the Trustee in trust hereunder need not be segregated from other funds except to the extent required by law. The Trustee shall be under no liability for interest on any money received by it hereunder except as otherwise agreed with the Company.

Section 607. Compensation and Reimbursement.

The Company agrees

(1) to pay to the Trustee from time to time reasonable compensation for all services rendered by it hereunder (which compensation shall not be limited by any provision of law in regard to the compensation of a trustee of an express trust);

(2) except as otherwise expressly provided herein, to reimburse the Trustee upon its request for all reasonable expenses, disbursements and advances incurred or made by the Trustee in accordance with any provision of this Indenture (including the reasonable compensation and the expenses and disbursements of its agents and counsel including the allocated costs and expenses of its in-house counsel and legal staff), except any such expense, disbursement or advance as may be attributable to its negligence or bad faith; and

(3) to indemnify the Trustee for, and to hold it harmless against, any loss, liability or expense incurred without negligence or bad faith on its part, arising out of or in connection with the acceptance or administration of the trust or trusts hereunder, including the costs and expenses of defending itself against any claim or liability in connection with the exercise or performance of any of its powers or duties hereunder.

Section 608. Conflicting Interests.

If the Trustee has or shall acquire a conflicting interest within the meaning of the Trust Indenture Act, the Trustee shall either eliminate such interest or resign, to the extent and in the manner provided by, and subject to the provisions of, the Trust Indenture Act and this Indenture. To the extent permitted by such Act, the Trustee shall not be deemed to have a conflicting interest by virtue of being a trustee under this Indenture with respect to Securities of more than one series.

Section 609. Corporate Trustee Required; Eligibility.

There shall at all times be one (and only one) Trustee hereunder with respect to the Securities of each series, which may be Trustee hereunder for Securities of one or more other series. Each Trustee shall be a Person that is eligible pursuant to the Trust Indenture Act to act as such, and has a combined capital and surplus of at least

$50,000,000. If any such Person publishes reports of condition at least annually, pursuant to law or to the requirements of its supervising or examining authority, then for the purposes of this Section and to the extent permitted by the Trust Indenture Act, the combined capital and surplus of such Person shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. If at any time the Trustee with respect to the Securities of any series shall cease to be eligible in accordance with the provisions of this Section, it shall resign immediately in the manner and with the effect hereinafter specified in this Article.

Section 610. Resignation and Removal; Appointment of Successor.

No resignation or removal of the Trustee and no appointment of a successor Trustee pursuant to this Article shall become effective until the acceptance of appointment by the successor Trustee in accordance with the applicable requirements of Section 611.

The Trustee may resign at any time with respect to the Securities of one or more series by giving written notice thereof to the Company. If the instrument of acceptance by a successor Trustee required by Section 611 shall not have been delivered to the Trustee within 30 days after the giving of such notice of resignation, the resigning Trustee may petition any court of competent jurisdiction for the appointment of a successor Trustee with respect to the Securities of such series.

The Trustee may be removed at any time with respect to the Securities of any series by Act of the Holders of a majority in principal amount of the Outstanding Securities of such series, delivered to the Trustee and to the Company.

If at any time:

(1) the Trustee shall fail to comply with Section 608 after written request therefor by the Company or by any Holder who has been a bona fide Holder of a Security for at least six months, or

(2) the Trustee shall cease to be eligible under Section 609 and shall fail to resign after written request therefor by the Company or by any such Holder, or

(3) the Trustee shall become incapable of acting or shall be adjudged a bankrupt or insolvent or a receiver of the Trustee or of its property shall be appointed or any public officer shall take charge or control of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation,

then, in any such case, (A) the Company by a Board Resolution may remove the Trustee with respect to all Securities, or (B) subject to Section 514, any Holder who has been a bona fide Holder of a Security for at least six months may, on behalf of himself and all others similarly situated, petition any court of competent jurisdiction for the removal of the Trustee with respect to all Securities and the appointment of a successor Trustee or Trustees.

If the Trustee shall resign, be removed or become incapable of acting, or if a vacancy shall occur in the office of Trustee for any cause, with respect to the Securities of one or more series, the Company, by a Board Resolution, shall promptly appoint a successor Trustee or Trustees with respect to the Securities of that or those series (it being understood that any such successor Trustee may be appointed with respect to the Securities of one or more or all of such series and that at any time there shall be only one Trustee with respect to the Securities of any particular series) and shall comply with the applicable requirements of Section 611. If, within one year after such resignation, removal or incapability, or the occurrence of such vacancy, a successor Trustee with respect to the Securities of any series shall be appointed by Act of the Holders of a majority in principal amount of the Outstanding Securities of such series delivered to the Company and the retiring Trustee, the successor Trustee so appointed shall, forthwith upon its acceptance of such appointment in accordance with the applicable requirements of Section 611, become the successor Trustee with respect to the Securities of such series and to that extent supersede the successor Trustee appointed by the Company. If no successor Trustee with respect to the Securities of any series shall have been so appointed by the Company or the Holders and accepted appointment in the manner required by Section 611, any Holder who has been a bona fide Holder of a Security of such series for at least six months may, on behalf of himself and all others similarly situated, petition any court of competent jurisdiction for the appointment of a successor Trustee with respect to the Securities of such series.

The Company shall give notice of each resignation and each removal of the Trustee with respect to the Securities of any series and each appointment of a successor Trustee with respect to the Securities of any series to all Holders of Securities of such series in the manner provided in Section 106. Each notice shall include the name of the successor Trustee with respect to the Securities of such series and the address of its Corporate Trust Office.

Section 611. Acceptance of Appointment by Successor.

In case of the appointment hereunder of a successor Trustee with respect to all Securities, every such successor Trustee so appointed shall execute, acknowledge and deliver to the Company and to the retiring Trustee an instrument accepting such appointment, and thereupon the resignation or removal of the retiring Trustee shall become effective and such successor Trustee, without any further act, deed or conveyance, shall become vested with all the rights, powers, trusts and duties of the retiring Trustee; but, on the request of the Company or the successor Trustee, such retiring Trustee shall, upon payment of its charges, execute and deliver an instrument transferring to such successor Trustee all the rights, powers and trusts of the retiring Trustee and shall duly assign, transfer and deliver to such successor Trustee all property and money held by such retiring Trustee hereunder.

In case of the appointment hereunder of a successor Trustee with respect to the Securities of one or more (but not all) series, the Company, the retiring Trustee and each successor Trustee with respect to the Securities of one or more series shall execute and

deliver an indenture supplemental hereto wherein each successor Trustee shall accept such appointment and which (1) shall contain such provisions as shall be necessary or desirable to transfer and confirm to, and to vest in, each successor Trustee all the rights, powers, trusts and duties of the retiring Trustee with respect to the Securities of that or those series to which the appointment of such successor Trustee relates, (2) if the retiring Trustee is not retiring with respect to all Securities, shall contain such provisions as shall be deemed necessary or desirable to confirm that all the rights, powers, trusts and duties of the retiring Trustee with respect to the Securities of that or those series as to which the retiring Trustee is not retiring shall continue to be vested in the retiring Trustee, and (3) shall add to or change any of the provisions of this Indenture as shall be necessary to provide for or facilitate the administration of the trusts hereunder by more than one Trustee, it being understood that nothing herein or in such supplemental indenture shall constitute such Trustees co-trustees of the same trust and that each such Trustee shall be trustee of a trust or trusts hereunder separate and apart from any trust or trusts hereunder administered by any other such Trustee; and upon the execution and delivery of such supplemental indenture the resignation or removal of the retiring Trustee shall become effective to the extent provided therein and each such successor Trustee, without any further act, deed or conveyance, shall become vested with all the rights, powers, trusts and duties of the retiring Trustee with respect to the Securities of that or those series to which the appointment of such successor Trustee relates; but, on request of the Company or any successor Trustee, such retiring Trustee shall duly assign, transfer and deliver to such successor Trustee all property and money held by such retiring Trustee hereunder with respect to the Securities of that or those series to which the appointment of such successor Trustee relates.

Upon request of any such successor Trustee, the Company shall execute any and all instruments for more fully and certainly vesting in and confirming to such successor Trustee all such rights, powers and trusts referred to in the first or second preceding paragraph, as the case may be.

No successor Trustee shall accept its appointment unless at the time of such acceptance such successor Trustee shall be qualified and eligible under this Article.

Section 612. Merger, Conversion, Consolidation or Succession to Business.

Any corporation into which the Trustee may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which the Trustee shall be a party, or any corporation succeeding to all or substantially all the corporate trust business of the Trustee, shall be the successor of the Trustee hereunder, provided such corporation shall be otherwise qualified and eligible under this Article, without the execution or filing of any paper or any further act on the part of any of the parties hereto. In case any Securities shall have been authenticated, but not delivered, by the Trustee then in office, any successor by merger, conversion or consolidation to such authenticating Trustee may adopt such authentication and deliver the Securities so authenticated with the same effect as if such successor Trustee had itself authenticated such Securities.

Section 613. Preferential Collection of Claims Against Company.

If and when the Trustee shall be or become a creditor of the Company (or any other obligor upon the Securities), the Trustee shall be subject to the provisions of the Trust Indenture Act regarding the collection of claims against the Company (or any such other obligor).

Section 614. Appointment of Authenticating Agent.

The Trustee may appoint an Authenticating Agent or Agents with respect to one or more series of Securities which shall be authorized to act on behalf of the Trustee to authenticate Securities of such series issued upon original issue and upon exchange, registration of transfer or partial redemption thereof or pursuant to Section 306, and Securities so authenticated shall be entitled to the benefits of this Indenture and shall be valid and obligatory for all purposes as if authenticated by the Trustee hereunder. Wherever reference is made in this Indenture to the authentication and delivery of Securities by the Trustee or the Trustee's certificate of authentication, such reference shall be deemed to include authentication and delivery on behalf of the Trustee by an Authenticating Agent and a certificate of authentication executed on behalf of the Trustee by an Authenticating Agent. Each Authenticating Agent shall be acceptable to the Company and shall at all times be a corporation organized and doing business under the laws of the United States of America, any State thereof or the District of Columbia, authorized under such laws to act as Authenticating Agent, having a combined capital and surplus of not less than $50,000,000 and subject to supervision or examination by Federal or State authority. If such Authenticating Agent publishes reports of condition at least annually, pursuant to law or to the requirements of said supervising or examining authority, then for the purposes of this Section, the combined capital and surplus of such Authenticating Agent shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. If at any time an Authenticating Agent shall cease to be eligible in accordance with the provisions of this Section, such Authenticating Agent shall resign immediately in the manner and with the effect specified in this Section.

Any corporation into which an Authenticating Agent may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which such Authenticating Agent shall be a party, or any corporation succeeding to the corporate agency or corporate trust business of an Authenticating Agent, shall continue to be an Authenticating Agent, provided such corporation shall be otherwise eligible under this Section, without the execution or filing of any paper or any further act on the part of the Trustee or the Authenticating Agent.

An Authenticating Agent may resign at any time by giving written notice thereof to the Trustee and to the Company. The Trustee may at any time terminate the agency of an Authenticating Agent by giving written notice thereof to such Authenticating Agent and to the Company. Upon receiving such a notice of resignation or upon such a termination, or

in case at any time such Authenticating Agent shall cease to be eligible in accordance with the provisions of this Section, the Trustee may appoint a successor Authenticating Agent which shall be acceptable to the Company and shall give notice of such appointment in the manner provided in Section 106 to all Holders of Securities of the series with respect to which such Authenticating Agent will serve. Any successor Authenticating Agent upon acceptance of its appointment hereunder shall become vested with all the rights, powers and duties of its predecessor hereunder, with like effect as if originally named as an Authenticating Agent. No successor Authenticating Agent shall be appointed unless eligible under the provisions of this Section.

The Trustee agrees to pay to each Authenticating Agent from time to time reasonable compensation for its services under this Section, and the Trustee shall be entitled to be reimbursed for such payments, subject to the provisions of Section 607.

If an appointment with respect to one or more series is made pursuant to this Section, the Securities of such series may have endorsed thereon, in addition to the Trustee's certificate of authentication, an alternative certificate of authentication in the following form:

This is one of the Securities of the series designated therein referred to in the within-mentioned Indenture.

The Chase Manhattan Bank,
As Trustee

By.....,
As Authenticating Agent

By.....
Authorized Officer

ARTICLE SEVEN

Holders' Lists and Reports by Trustee and Company

Section 701. Company to Furnish Trustee Names and Addresses of Holders.

The Company will furnish or cause to be furnished to the Trustee

(1) semi-annually, not later than January 15th and June 15th in each year, a list, in such form as the Trustee may reasonably require, of the names and addresses of the Holders of Securities of each series as of the preceding January 1st or June 1st, as the case may be, and

(2) at such other times as the Trustee may request in writing, within 30 days after the receipt by the Company of any such request, a list of similar form and content as of a date not more than 15 days prior to the time such list is furnished;

excluding from any such list names and addresses received by the Trustee in its capacity as Security Registrar.

Section 702. Preservation of Information; Communications to Holders.

The Trustee shall preserve, in as current a form as is reasonably practicable, the names and addresses of Holders contained in the most recent list furnished to the Trustee as provided in Section 701 and the names and addresses of Holders received by the Trustee in its capacity as Security Registrar. The Trustee may destroy any list furnished to it as provided in Section 701 upon receipt of a new list so furnished.

The rights of Holders to communicate with other Holders with respect to their rights under this Indenture or under the Securities, and the corresponding rights and privileges of the Trustee, shall be as provided by the Trust Indenture Act.

Every Holder of Securities, by receiving and holding the same, agrees with the Company and the Trustee that neither the Company nor the Trustee nor any agent of either of them shall be held accountable by reason of any disclosure of information as to names and addresses of Holders made pursuant to the Trust Indenture Act.

Section 703. Reports by Trustee.

The Trustee shall transmit to Holders such reports concerning the Trustee and its actions under this Indenture as may be required pursuant to the Trust Indenture Act at the times and in the manner provided pursuant thereto.

A copy of each such report shall, at the time of such transmission to Holders, be filed by the Trustee with each stock exchange upon which any Securities are listed, with the Commission and with the Company. The Company will notify the Trustee when any Securities are listed on any stock exchange.

Section 704. Reports by Company.

The Company shall file with the Trustee and the Commission, and transmit to Holders, such information, documents and other reports, and such summaries thereof, as may be required pursuant to the Trust Indenture Act at the times and in the manner provided pursuant to such Act; provided that any such information, documents or reports required to be filed with the Commission pursuant to Section 13 or 15(d) of the Exchange Act shall be filed with the Trustee within 15 days after the same is so required to be filed with the Commission.

ARTICLE EIGHT

Consolidation, Merger, Conveyance, Transfer or Lease

Section 801. Company May Consolidate, Etc., Only on Certain Terms.

The Company shall not consolidate with or merge into any other Person or convey, transfer or lease its properties and assets substantially as an entirety to any Person, unless:

(1) in case the Company shall consolidate with or merge into another Person or convey, transfer or lease its properties and assets substantially as an entirety to any Person, the Person formed by such consolidation or into which the Company is merged or the Person which acquires by conveyance or transfer, or which leases, the properties and assets of the Company substantially as an entirety shall be a corporation, partnership or trust, shall be organized and validly existing under the laws of the United States of America, any State thereof or the District of Columbia and shall expressly assume, by an indenture supplemental hereto, executed and delivered to the Trustee, in form satisfactory to the Trustee, the due and punctual payment of the principal of and any premium and interest on all the Securities and the performance or observance of every covenant of this Indenture on the part of the Company to be performed or observed;

(2) immediately after giving effect to such transaction and treating any indebtedness which becomes an obligation of the Company or any Subsidiary as a result of such transaction as having been incurred by the Company or such Subsidiary at the time of such transaction, no Event of Default, and no event which, after notice or lapse of time or both, would become an Event of Default, shall have happened and be continuing;

(3) if, as a result of any such consolidation or merger or such conveyance, transfer or lease, any Principal Property of the Company or any Restricted Subsidiary would become subject to a Lien which would not be permitted by this Indenture, the Company or such successor Person, as the case may be, shall take such steps as shall be necessary effectively to secure the Securities equally and ratably with (or prior to) all indebtedness secured thereby; and

(4) the Company has delivered to the Trustee an Officers' Certificate and an Opinion of Counsel, each addressed to the Trustee and stating that such consolidation, merger, conveyance, transfer or lease and, if a supplemental indenture is required in connection with such transaction, such supplemental indenture comply with this Article and that all conditions precedent herein provided for relating to such transaction have been complied with.

Section 802. Successor Substituted.

Upon any consolidation of the Company with, or merger of the Company into, any other Person or any conveyance, transfer or lease of the properties and assets of the Company substantially as an entirety in accordance with Section 801, the successor Person formed by such consolidation or into which the Company is merged or to which such conveyance, transfer or lease is made shall succeed to, and be substituted for, and may exercise every right and power of, the Company under this Indenture with the same effect as if such successor Person had been named as the Company herein, and thereafter, except in the case of a lease, the predecessor Person shall be relieved of all obligations and covenants under this Indenture and the Securities.

ARTICLE NINE

Supplemental Indentures

Section 901. Supplemental Indentures Without Consent of Holders.

Without the consent of any Holders, the Company, when authorized by a Board Resolution, and the Trustee, at any time and from time to time, may enter into one or more indentures supplemental hereto, in form satisfactory to the Trustee, for any of the following purposes:

(1) to evidence the succession of another Person to the Company and the assumption by any such successor of the covenants of the Company herein and in the Securities; or

(2) to add to the covenants of the Company for the benefit of the Holders of all or any series of Securities (and if such covenants are to be for the benefit of less than all series of Securities, stating that such covenants are expressly being included solely for

the benefit of such series) or to surrender any right or power herein conferred upon the Company; or

(3) to add any additional Events of Default for the benefit of the Holders of all or any series of Securities (and if such additional Events of Default are to be for the benefit of less than all series of Securities, stating that such additional Events of Default are expressly being included solely for the benefit of such series); or

(4) to add to or change any of the provisions of this Indenture to such extent as shall be necessary to permit or facilitate the issuance of Securities in bearer form, registrable or not registrable as to principal, and with or without interest coupons, or to permit or facilitate the issuance of Securities in uncertificated form; or

(5) to add to, change or eliminate any of the provisions of this Indenture in respect of one or more series of Securities, provided that any such addition, change or elimination (A) shall neither (i) apply to any Security of any series created prior to the execution of such supplemental indenture and entitled to the benefit of such provision nor (ii) modify the rights of the Holder of any such Security with respect to such provision or (B) shall become effective only when there is no such Security Outstanding; or

(6) to secure the Securities pursuant to the requirements of Section 1008 or otherwise; or

(7) to establish the form or terms of Securities of any series as permitted by Sections 201 and 301; or

(8) to evidence and provide for the acceptance of appointment hereunder by a successor Trustee with respect to the Securities of one or more series and to add to or change any of the provisions of this Indenture as shall be necessary to provide for or facilitate the administration of the trusts hereunder by more than one Trustee, pursuant to the requirements of Section 611; or

(9) to comply with any requirement of the Commission in connection with qualifying this Indenture under the Trust Indenture Act; or

(10) to cure any ambiguity, to correct or supplement any provision herein which may be defective or inconsistent with any other provision herein, or to make any other provisions with respect to matters or questions arising under this Indenture, including, without limitation, to supplement any of the provisions of this Indenture to such extent as shall be necessary to permit or facilitate the defeasance and discharge of any series of Securities, provided that such action pursuant to this Clause (9) shall not adversely affect the interests of the Holders of Securities of any series in any material respect.

Section 902. Supplemental Indentures With Consent of Holders.

With the consent of the Holders of not less than 50% in principal amount of the Outstanding Securities of each series affected by such supplemental indenture, by Act of said Holders delivered to the Company and the Trustee, the Company, when authorized by a Board Resolution, and the Trustee may enter into an indenture or indentures supplemental hereto for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of this Indenture or of modifying in any manner the rights of the Holders of Securities of such series under this Indenture; provided, however, that no such supplemental indenture shall, without the consent of the Holder of each Outstanding Security affected thereby,

(1) change the Maturity of the principal of, or any installment of principal of or interest on, any Security, or reduce the principal amount thereof or the rate of interest thereon or any premium payable upon the redemption thereof, or reduce the amount of the principal of an Original Issue Discount Security or any other Security which would be due and payable upon a declaration of acceleration of the Maturity thereof pursuant to Section 502, or change any Place of Payment where, or the coin or currency in which, any Security or any premium or interest thereon is payable, or impair the right to institute suit for the enforcement of any such payment on or after the Maturity thereof (or, in the case of redemption, on or after the Redemption Date), or

(2) reduce the percentage in principal amount of the Outstanding Securities of any series, the consent of whose Holders is required for any such supplemental indenture, or the consent of whose Holders is required for any waiver (of compliance with certain provisions of this Indenture or certain defaults hereunder and their consequences) provided for in this Indenture, or

(3) modify any of the provisions of this Section or Section 513, except to increase any such percentage or to provide that certain other provisions of this Indenture cannot be modified or waived without the consent of the Holder of each Outstanding Security affected thereby; provided, however, that this clause shall not be deemed to require the consent of any Holder with respect to changes in the references to "the Trustee" and concomitant changes in this Section, or the deletion of this proviso, in accordance with the requirements of Sections 611 and 901(8).

A supplemental indenture which changes or eliminates any covenant or other provision of this Indenture which has expressly been included solely for the benefit of one or more particular series of Securities, or which modifies the rights of the Holders of Securities of such series with respect to such covenant or other provision, shall be deemed not to affect the rights under this Indenture of the Holders of Securities of any other series.

It shall not be necessary for any Act of Holders under this Section to approve the particular form of any proposed supplemental indenture, but it shall be sufficient if such Act shall approve the substance thereof.

Section 903. Execution of Supplemental Indentures.

In executing, or accepting the additional trusts created by, any supplemental indenture permitted by this Article or the modifications thereby of the trusts created by this Indenture, the Trustee shall be entitled to receive, and (subject to Section 601) shall be fully protected in relying upon, an Opinion of Counsel stating that the execution of such supplemental indenture is authorized or permitted by this Indenture. The Trustee may, but shall not be obligated to, enter into any such supplemental indenture which affects the Trustee's own rights, duties or immunities under this Indenture or otherwise.

Section 904. Effect of Supplemental Indentures.

Upon the execution of any supplemental indenture under this Article, this Indenture shall be modified in accordance therewith, and such supplemental indenture shall form a part of this Indenture for all purposes; and every Holder of Securities theretofore or thereafter authenticated and delivered hereunder shall be bound thereby.

Section 905. Conformity with Trust Indenture Act.

Every supplemental indenture executed pursuant to this Article shall conform to the requirements of the Trust Indenture Act.

Section 906. Reference in Securities to Supplemental Indentures.

Securities of any series authenticated and delivered after the execution of any supplemental indenture pursuant to this Article may, and shall if required by the Trustee, bear a notation in form approved by the Trustee as to any matter provided for in such supplemental indenture. If the Company shall so determine, new Securities of any series so modified as to conform, in the opinion of the Trustee and the Company, to any such supplemental indenture may be prepared and executed by the Company and authenticated and delivered by the Trustee in exchange for Outstanding Securities of such series.

ARTICLE TEN

Covenants

Section 1001. Payment of Principal, Premium and Interest.

The Company covenants and agrees for the benefit of each series of Securities that it will duly and punctually pay the principal of and any premium and interest on the Securities of that series in accordance with the terms of the Securities and this Indenture.

Section 1002. Maintenance of Office or Agency.

The Company will maintain in each Place of Payment for any series of Securities an office or agency where Securities of that series may be presented or surrendered for payment, where Securities of that series may be surrendered for registration of transfer or exchange and where notices and demands to or upon the Company in respect of the Securities of that series and this Indenture may be served. The Company will give prompt written notice to the Trustee of the location, and any change in the location, of such office or agency. If at any time the Company shall fail to maintain any such required office or agency or shall fail to furnish the Trustee with the address thereof, such presentations, surrenders, notices and demands may be made or served at the Corporate Trust Office of the Trustee, and the Company hereby appoints the Trustee as its agent to receive all such presentations, surrenders, notices and demands.

The Company may also from time to time designate one or more other offices or agencies where the Securities of one or more series may be presented or surrendered for any or all such purposes and may from time to time rescind such designations; pro vided, however, that no such designation or rescission shall in any manner relieve the Company of its obligation to maintain an office or agency in each Place of Payment for Securities of any series for such purposes. The Company will give prompt written notice to the Trustee of any such designation or rescission and of any change in the location of any such other office or agency.

Section 1003. Money for Securities Payments to Be Held in Trust.

If the Company shall at any time act as its own Paying Agent with respect to any series of Securities, it will, on or before each due date of the principal of or any premium or interest on any of the Securities of that series, segregate and hold in trust for the benefit of the Persons entitled thereto a sum sufficient to pay the principal and any premium and interest so becoming due until such sums shall be paid to such Persons or otherwise disposed of as herein provided and will promptly notify the Trustee of its action or failure so to act.

Whenever the Company shall have one or more Paying Agents for any series of Securities, it will, on or before each due date of the principal of or any premium or interest on any Securities of that series, deposit with a Paying Agent a sum sufficient to pay such amount, such sum to be held as provided by the Trust Indenture Act, and (unless such Paying Agent is the Trustee) the Company will promptly notify the Trustee of its action or failure so to act.

The Company will cause each Paying Agent for any series of Securities other than the Trustee to execute and deliver to the Trustee an instrument in which such Paying Agent shall agree with the Trustee, subject to the provisions of this Section, that such Paying Agent will (1) comply with the provisions of the Trust Indenture Act applicable to it as a Paying Agent and (2) during the continuance of any default by the Company (or any other obligor upon the Securities of that series) in the making of any payment in respect of

the Securities of that series, upon the written request of the Trustee, forthwith pay to the Trustee all sums held in trust by such Paying Agent for payment in respect of the Securities of that series.

The Company may at any time, for the purpose of obtaining the satisfaction and discharge of this Indenture or for any other purpose, pay, or by Company Order direct any Paying Agent to pay, to the Trustee all sums held in trust by the Company or such Paying Agent, such sums to be held by the Trustee upon the same trusts as those upon which such sums were held by the Company or such Paying Agent; and, upon such payment by any Paying Agent to the Trustee, such Paying Agent shall be released from all further liability with respect to such money.

Any money deposited with the Trustee or any Paying Agent, or then held by the Company, in trust for the payment of the principal of or any premium or interest on any Security of any series and remaining unclaimed for two years after such principal, premium or interest has become due and payable shall be paid to the Company on Company Request, or (if then held by the Company) shall be discharged from such trust; and the Holder of such Security shall thereafter, as an unsecured general creditor, look only to the Company for payment thereof, and all liability of the Trustee or such Paying Agent with respect to such trust money, and all liability of the Company as trustee thereof, shall thereupon cease; provided, however, that the Trustee or such Paying Agent, before being required to make any such repayment, may at the expense of the Company cause to be published once, in a newspaper published in the English language, customarily published on each Business Day and of general circulation in New York, New York, notice that such money remains unclaimed and that, after a date specified therein, which shall not be less than 30 days from the date of such publication, any unclaimed balance of such money then remaining will be repaid to the Company.

Section 1004. Statement by Officers as to Default.

The Company will deliver to the Trustee, within 120 days after the end of each fiscal year of the Company ending after the date hereof, an Officers' Certificate, stating whether or not to the best knowledge of the signers thereof the Company is in default in the performance and observance of any of the terms, provisions and conditions of this Indenture (without regard to any period of grace or requirement of notice provided hereunder) and, if the Company shall be in default, specifying all such defaults and the nature and status thereof of which they may have knowledge.

Section 1005. Existence.

Subject to Article Eight, the Company will do or cause to be done all things necessary to preserve and keep in full force and effect its existence, rights (charter and statutory) and franchises; provided, however, that the Company shall not be required to preserve any such right or franchise if the Company shall determine that the preservation thereof is no longer desirable in the conduct of the business of the Company.

Section 1006. Maintenance of Properties.

The Company will cause all properties used or useful in the conduct of its business or the business of any Restricted Subsidiary to be maintained and kept in good condition, repair and working order and supplied with all necessary equipment and will cause to be made all necessary repairs, renewals, replacements, betterments and improvements thereof, all as in the judgment of the Company may be necessary so that the business carried on in connection therewith may be properly and advantageously conducted at all times; provided, however, that nothing in this Section shall prevent the Company from discontinuing the operation or maintenance of any of such properties if such discontinuance is, in the judgment of the Company, desirable in the conduct of its business or the business of any Subsidiary.

Section 1007. Payment of Taxes.

The Company will pay or discharge or cause to be paid or discharged, before the same shall become delinquent, all taxes, assessments and governmental charges levied or imposed upon the Company or any Restricted Subsidiary or upon the income, profits or property of the Company or any Restricted Subsidiary; provided, however, that the Company shall not be required to pay or discharge or cause to be paid or discharged any such tax, assessment or charge whose amount, applicability or validity is being contested in good faith by appropriate proceedings.

Section 1008. Limitation on Liens.

Except as described below under "Exempted Liens and Sale and Lease-Back Transactions," so long as any of the Securities shall be Outstanding the Company will not create, assume or suffer to exist, or permit any Restricted Subsidiary to create, assume or suffer to exist, any Lien of or upon any (i) Principal Property of the Company or any Restricted Subsidiary or (ii) any shares of capital stock or Debt issued by any Restricted Subsidiary and owned by the Company or any Restricted Subsidiary, without making effective provision whereby all of the Securities (together with, if the Company shall so determine, any other indebtedness or any other obligation of the Company or such Restricted Subsidiary then existing or thereafter created that is not subordinate to the Securities of each series) shall be secured equally and ratably with (or prior to) any Debt thereby secured as long as such Debt shall be so secured; provided
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that the foregoing restriction shall not apply to:

(a) Liens existing on the date of this Indenture;

(b) Liens existing on (i) Principal Property at the time of acquisition thereof by the Company or a Restricted Subsidiary or (ii) property or indebtedness of, or an equity interest in, any corporation at the time such corporation becomes a Restricted Subsidiary;

(c) Liens to secure Debt in an amount no greater than the Acquisition Cost or the Cost of Construction or improvement of one or more Principal Properties acquired or constructed by the Company or a Restricted Subsidiary, provided such Debt is incurred and related Liens are created not later than 24 months after acquisition or completion of construction (including any improvements on an existing property), whichever is later;

(d) Liens on shares of capital stock or Debt issued by one or more Restricted Subsidiaries to secure Debt in an amount no greater than the Acquisition Cost of such Restricted Subsidiary or Restricted Subsidiaries; provided such Debt is incurred and related Liens are created not later than 24 months after the acquisition of such Restricted Subsidiary or Restricted Subsidiaries;

(e) Liens created or deposits made to secure the performance of tenders, bids, leases, statutory obligations, surety and appeal bonds, government contracts, performance and return-of-money bonds and other obligations of a like nature incurred in the ordinary course of business;

(f) Liens in favor of the Company or a Subsidiary; and

(g) any extension, renewal or replacement, in whole or in part, of any Liens referred to in the foregoing clauses (a) through (f) or of any Debt secured thereby, including the extension, renewal or replacement of any Lien on any individual property with a Lien on one or more different properties; provided, however, that the principal amount of Debt secured thereby shall not exceed (x) the greater of (i) the principal amount secured thereby at the time of such extension, renewal or replacement and (ii) 80% of the fair market value (in the opinion of the Company) of the properties subject to such extension, renewal or replacement plus (y) any costs incurred in connection with such extension, renewal or replacement.

Section 1009. Restrictions on Sale and Lease-Back Transactions.

Except as described below under "Exempted Liens and Sale and Lease-Back Transactions," so long as any of the Debt Securities shall be Outstanding the Company will not enter into, or permit any Restricted Subsidiary to enter into, any arrangement with any lessor (other than the Company or a Subsidiary), providing for the leasing to the Company or a Restricted Subsidiary for a period of more than three years (including renewals at the option of the lessee) of any Principal Property that has been or is to be sold or transferred by the Company or such Restricted Subsidiary to such lessor or to any other Person, to which funds have been or are to be advanced by such lessor or other Person on the security of the leased property (referred to herein as "Sale and Lease-Back Transactions") unless either:

(a) the Company or such Restricted Subsidiary would be entitled, pursuant to Section 1008, to create, assume or suffer to exist a Lien on the property to be leased back in an amount equal to the Attributable Debt of such Sale and Lease-Back Transaction without equally and ratably securing the Securities, or

(b) the Company within 240 days after the effective date of such Sale and Lease-Back Transaction (whether made by the Company or a Restricted Subsidiary) applies to the retirement, repayment or other discharge of the Securities, or Debt ranking prior to, or on a parity with, the Securities, an amount not less than (x) the greater of (i) the net cash proceeds of the sale of the property leased pursuant to such Sale and Lease-Back Transaction or (ii) the fair market value (in the opinion of the Company) of such property at the time of entering into such Sale and Lease-Back Transaction less (y) the fair market value (in the opinion of the Company) of any non-cash proceeds of the sale of such property provided, that, such
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non-cash proceeds shall be considered "Principal Property" acquired on the date the property sold in the Sale and Lease-Back Transaction was acquired by the Company or any of its Subsidiaries for purposes of Sections 1008 and 1009.

Section 1010. Exempted Liens and Sale and Lease-Back Transactions.

Notwithstanding the restrictions on Liens and Sale and Lease-Back Transactions contained in Section 1008 and 1009, the Company or any Restricted Subsidiary may create, assume or suffer to exist Liens or enter into Sale and Lease-Back Transactions not otherwise permitted as contained in Sections 1008 and 1009, provided that at the time of such event, and after giving effect thereto, the sum of outstanding Debt secured by such Liens plus all Attributable Debt in respect of such Sale and Lease-Back Transactions entered into, measured in each case, at the time any Lien is incurred or any Sale and Lease-Back Transaction is entered into, by the Company and Restricted Subsidiaries does not exceed the greater of (i) $400 million or (ii) 10% of Consolidated Net Assets. For purposes of the foregoing sentence, the Debt of any Person other than the Company or any Restricted Subsidiary which is secured by a Lien on Principal Property of the Company or any Restricted Subsidiary or capital stock or Debt issued by any Restricted Subsidiary shall be deemed to be an amount equal to the lesser of (i) the amount of such Debt or (ii) the fair market value (in the opinion of the Company) of the property of the Company and its Restricted Subsidiaries which is encumbered by such Lien.

Section 1011 Furnishing Information.

As long as any Transfer Restricted Securities are subject to such resale restrictions, unless the Company is subject to Section 13 or 15(d) of the Exchange Act, the Company shall furnish to the Holders and to prospective investors in the Securities, upon their request, the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act.

Section 1012 Waiver of Certain Covenants.

Except as otherwise specified as contemplated by Section 301 for Securities of such series, the Company may, with respect to the Securities of any series, omit in any particular instance to comply with any term, provision or condition set forth in any covenant provided pursuant to Section 301(18), 901(2) or 901(7) for the benefit of the Holders of such series or in any of Sections 1008 to 1010, inclusive, if before the time for such compliance the Holders of at least 50% in principal amount of the Outstanding

Securities of such series shall, by Act of such Holders, either waive such compliance in such instance or generally waive compliance with such term, provision or condition, but no such waiver shall extend to or affect such term, provision or condition except to the extent so expressly waived, and, until such waiver shall become effective, the obligations of the Company and the duties of the Trustee in respect of any such term, provision or condition shall remain in full force and effect.

ARTICLE ELEVEN

Redemption of Securities

Section 1101. Applicability of Article.

Securities of any series which are redeemable before their Stated Maturity shall be redeemable in accordance with their terms and (except as otherwise specified as contemplated by Section 301 for such Securities) in accordance with this Article.

Section 1102. Election to Redeem; Notice to Trustee.

The election of the Company to redeem any Securities shall be evidenced by a Board Resolution or in another manner specified as contemplated by Section 301 for such Securities. In case of any redemption at the election of the Company of less than all the Securities of any series (including any such redemption affecting only a single Security), the Company shall, at least 60 days (or such shorter period specified in the applicable Board Resolution creating the terms of such Securities) prior to the Redemption Date fixed by the Company (unless a shorter notice shall be satisfactory to the Trustee), notify the Trustee of such Redemption Date, of the principal amount of Securities of such series to be redeemed and, if applicable, of the tenor of the Securities to be redeemed. In the case of any redemption of Securities prior to the expiration of any restriction on such redemption provided in the terms of such Securities or elsewhere in this Indenture, the Company shall furnish the Trustee with an Officers' Certificate evidencing compliance with such restriction.

Section 1103. Selection by Trustee of Securities to Be Redeemed.

If less than all the Securities of any series are to be redeemed (unless all the Securities of such series and of a specified tenor are to be redeemed or unless such redemption affects only a single Security), the particular Securities to be redeemed shall be selected not more than 60 days (or such shorter period specified in the applicable Board Resolution creating the terms of such Securities) prior to the Redemption Date by the Trustee, from the Outstanding Securities of such series not previously called for redemption, by lot or by such other method as the Trustee shall deem fair and appropriate and which may provide for the selection for redemption of a portion of the principal

amount of any Security of such series, provided that the unredeemed portion of the principal amount of any Security shall be in an authorized denomination (which shall not be less than the minimum authorized denomination) for such Security. If less than all the Securities of such series and of a specified tenor are to be redeemed (unless such redemption affects only a single Security), the particular Securities to be redeemed shall be selected not more than 60 days (or such shorter period specified in the applicable Board Resolution creating the terms of such Securities) prior to the Redemption Date by the Trustee, from the Outstanding Securities of such series and specified tenor not previously called for redemption in accordance with the preceding sentence.

The Trustee shall promptly notify the Company in writing of the Securities selected for redemption as aforesaid and, in case of any Securities selected for partial redemption as aforesaid, the principal amount thereof to be redeemed.

The provisions of the two preceding paragraphs shall not apply with respect to any redemption affecting only a single Security, whether such Security is to be redeemed in whole or in part. In the case of any such redemption in part, the unredeemed portion of the principal amount of the Security shall be in an authorized denomination (which shall not be less than the minimum authorized denomination) for such Security.

For all purposes of this Indenture, unless the context otherwise requires, all provisions relating to the redemption of Securities shall relate, in the case of any Securities redeemed or to be redeemed only in part, to the portion of the principal amount of such Securities which has been or is to be redeemed.

Section 1104. Notice of Redemption.

Notice of redemption shall be given by first-class mail, postage prepaid, mailed not less than 30 nor more than 60 days (or such period specified in the applicable Board Resolution creating the terms of such Securities) prior to the Redemption Date, to each Holder of Securities to be redeemed, at his address appearing in the Security Register.

All notices of redemption shall state:

(1) the Redemption Date,

(2) the Redemption Price,

(3) if less than all the Outstanding Securities of any series consisting of more than a single Security are to be redeemed, the identification (and, in the case of partial redemption of any such Securities, the principal amounts) of the particular Securities to be redeemed and, if less than all the Outstanding Securities of any series consisting of a single Security are to be redeemed, the principal amount of the particular Security to be redeemed,

(4) that on the Redemption Date the Redemption Price will become due and payable upon each such Security to be redeemed and, if applicable, that interest thereon will cease to accrue on and after said date,

(5) the place or places where each such Security is to be surrendered for payment of the Redemption Price, and

(6) that the redemption is for a sinking fund, if such is the case.

Notice of redemption of Securities to be redeemed at the election of the Company shall be given by the Company or, at the Company's request, by the Trustee in the name and at the expense of the Company and shall be irrevocable.

Section 1105. Deposit of Redemption Price.

Prior to any Redemption Date, the Company shall deposit with the Trustee or with a Paying Agent (or, if the Company is acting as its own Paying Agent, segregate and hold in trust as provided in Section 1003) an amount of money sufficient to pay the Redemption Price of, and (except if the Redemption Date shall be an Interest Payment Date) accrued interest on, all the Securities which are to be redeemed on that date.

Section 1106. Securities Payable on Redemption Date.

Notice of redemption having been given as aforesaid, the Securities so to be redeemed shall, on the Redemption Date, become due and payable at the Redemption Price therein specified, and from and after such date (unless the Company shall default in the payment of the Redemption Price and accrued interest) such Securities shall cease to bear interest. Upon surrender of any such Security for redemption in accordance with said notice, such Security shall be paid by the Company at the Redemption Price, together with accrued interest to the Redemption Date; provided, however, that, unless otherwise specified as contemplated by Section 301, installments of interest whose Stated Maturity is on or prior to the Redemption Date will be payable to the Holders of such Securities, or one or more Predecessor Securities, registered as such at the close of business on the relevant Record Dates according to their terms and the provisions of Section 307.

If any Security called for redemption shall not be so paid upon surrender thereof for redemption, the principal and any premium shall, until paid, bear interest from the Redemption Date at the rate prescribed therefor in the Security.

Section 1107. Securities Redeemed in Part.

Any Security which is to be redeemed only in part shall be surrendered at a Place of Payment therefor (with, if the Company or the Trustee so requires, due endorsement by, or a written instrument of transfer in form satisfactory to the Company and the Trustee

duly executed by, the Holder thereof or his attorney duly authorized in writing), and the Company shall execute, and the Trustee shall authenticate and deliver to the Holder of such Security without service charge to such Holder, a new Security or Securities of the same series and of like tenor, of any authorized denomination as requested by such Holder, in aggregate principal amount equal to and in exchange for the unredeemed portion of the principal of the Security so surrendered.

ARTICLE TWELVE

Sinking Funds

Section 1201. Applicability of Article.

The provisions of this Article shall be applicable to any sinking fund for the retirement of Securities of any series except as otherwise specified as contemplated by Section 301 for such Securities.

The minimum amount of any sinking fund payment provided for by the terms of any Securities is herein referred to as a "mandatory sinking fund payment", and any payment in excess of such minimum amount provided for by the terms of such Securities is herein referred to as an "optional sinking fund payment". If provided for by the terms of any Securities, the cash amount of any sinking fund payment may be subject to reduction as provided in Section 1202. Each sinking fund payment shall be applied to the redemption of Securities as provided for by the terms of such Securities.

Section 1202. Satisfaction of Sinking Fund Payments with Securities.

The Company (1) may deliver Outstanding Securities of a series (other than any previously called for redemption) and (2) may apply as a credit Securities of a series which have been redeemed either at the election of the Company pursuant to the terms of such Securities or through the application of permitted optional sinking fund payments pursuant to the terms of such Securities, in each case in satisfaction of all or any part of any sinking fund payment with respect to any Securities of such series required to be made pursuant to the terms of such Securities as and to the extent provided for by the terms of such Securities; provided that the Securities to be so credited have not been previously so credited. The Securities to be so credited shall be received and credited for such purpose by the Trustee at the Redemption Price, as specified in the Securities so to be redeemed, for redemption through operation of the sinking fund and the amount of such sinking fund payment shall be reduced accordingly.

Section 1203. Redemption of Securities for Sinking Fund.

Not less than sixty days prior to each sinking fund payment date for any Securities, the Company will deliver to the Trustee an Officers' Certificate specifying the amount of the next ensuing sinking fund payment for such Securities pursuant to the terms of such Securities, the portion thereof, if any, which is to be satisfied by payment of cash and the portion thereof, if any, which is to be satisfied by delivering and crediting Securities pursuant to Section 1202 and will also deliver to the Trustee any Securities to be so delivered. Not less than forty-five days prior to each such sinking fund payment date, the Trustee shall select the Securities to be redeemed upon such sinking fund payment date in the manner specified in Section 1103 and cause notice of the redemption thereof to be given in the name of and at the expense of the Company in the manner provided in Section 1104. Such notice having been duly given, the redemption of such Securities shall be made upon the terms and in the manner stated in Sections 1106 and 1107.

ARTICLE THIRTEEN

Defeasance and Covenant Defeasance

Section 1301. Company's Option to Effect Defeasance or Covenant Defeasance.

The Company may elect, at its option at any time, to have Section 1302 or Section 1303 applied to any Securities or any series of Securities, as the case may be, designated pursuant to Section 301 as being defeasible pursuant to such Section 1302 or 1303, in accordance with any applicable requirements provided pursuant to Section 301 and upon compliance with the conditions set forth below in this Article. Any such election shall be evidenced by a Board Resolution or in another manner specified as contemplated by Section 301 for such Securities.

Section 1302. Defeasance and Discharge.

Upon the Company's exercise of its option (if any) to have this Section applied to any Securities or any series of Securities, as the case may be, the Company shall be deemed to have been discharged from its obligations with respect to such Securities as provided in this Section on and after the date the conditions set forth in Section 1304 are satisfied (hereinafter called "Defeasance"). For this purpose, such Defeasance means that the Company shall be deemed to have paid and discharged the entire indebtedness represented by such Securities and to have satisfied all its other obligations under such Securities and this Indenture insofar as such Securities are concerned (and the Trustee, at the expense of the Company, shall execute proper instruments acknowledging the same), subject to the following which shall survive until otherwise terminated or discharged hereunder: (1) the rights of Holders of such Securities to receive, solely from the trust fund described in Section 1304 and as more fully set forth in such Section, payments in respect of the principal of and any premium and interest on such Securities when

payments are due, (2) the Company's obligations with respect to such Securities under Sections 304, 305, 306, 1002 and 1003, (3) the rights, powers, trusts, duties and immunities of the Trustee hereunder and (4) this Article. Subject to compliance with this Article, the Company may exercise its option (if any) to have this Section applied to any Securities notwithstanding the prior exercise of its option (if any) to have Section 1303 applied to such Securities.

Section 1303. Covenant Defeasance.

Upon the Company's exercise of its option (if any) to have this Section applied to any Securities or any series of Securities, as the case may be, (1) the Company shall be released from its obligations under Section 801(3), Sections 1006 through 1010, inclusive, and any covenants provided pursuant to Section 301(18), 901(2) or 901(7) for the benefit of the Holders of such Securities, and (2) the occurrence of any event specified in Sections 501(4) (with respect to any of Section 801(3), Sections 1006 through 1010, inclusive, and any such covenants provided pursuant to Section 301(18), 901(2) or 901(7)), 501(5) and 501(8) shall be deemed not to be or result in an Event of Default, in each case with respect to such Securities as provided in this Section on and after the date the conditions set forth in Section 1304 are satisfied (hereinafter called "Covenant Defeasance"). For this purpose, such Covenant Defeasance means that, with respect to such Securities, the Company may omit to comply with and shall have no liability in respect of any term, condition or limitation set forth in any such specified Section (to the extent so specified in the case of Section 501(4)), whether directly or indirectly by reason of any reference elsewhere herein to any such Section or by reason of any reference in any such Section to any other provision herein or in any other document, but the remainder of this Indenture and such Securities shall be unaffected thereby.

Section 1304. Conditions to Defeasance or Covenant Defeasance.

The following shall be the conditions to the application of Section 1302 or Section 1303 to any Securities or any series of Securities, as the case may be:

(1) The Company shall irrevocably have deposited or caused to be deposited with the Trustee (or another trustee which satisfies the requirements contemplated by Section 609 and agrees to comply with the provisions of this Article applicable to it) as trust funds in trust for the purpose of making the following payments, specifically pledged as security for, and dedicated solely to, the benefits of the Holders of such Securities, (A) money in an amount, or (B) U.S. Government Obligations which through the scheduled payment of principal and interest in respect thereof in accordance with their terms will provide, not later than one day before the due date of any payment, money in an amount, or (C) a combination thereof, in each case sufficient, in the opinion of a nationally recognized firm of independent public accountants expressed in a written certification thereof delivered to the Trustee, to pay and discharge, and which shall be applied by the Trustee (or any such other qualifying trustee) to pay and discharge, the principal of and any premium and interest on such Securities on the

respective Stated Maturities, in accordance with the terms of this Indenture and such Securities. As used herein, "U.S. Government Obligation" means (x) any security which is (i) a direct obligation of the United States of America for the payment of which the full faith and credit of the United States of America is pledged or (ii) an obligation of a Person controlled or supervised by and acting as an agency or instrumentality of the United States of America the payment of which is unconditionally guaranteed as a full faith and credit obligation by the United States of America, which, in either case (i) or (ii), is not callable or redeemable at the option of the issuer thereof, and (y) any depositary receipt issued by a bank (as defined in Section 3(a)(2) of the Securities Act) as custodian with respect to any U.S. Government Obligation which is specified in Clause (x) above and held by such bank for the account of the holder of such depositary receipt, or with respect to any specific payment of principal of or interest on any U.S. Government Obligation which is so specified and held, provided that (except as required by law) such custodian is not authorized to make any deduction from the amount payable to the holder of such depositary receipt from any amount received by the custodian in respect of the U.S. Government Obligation or the specific payment of principal or interest evidenced by such depositary receipt.

(2) In the event of an election to have Section 1302 apply to any Securities or any series of Securities, as the case may be, the Company shall have delivered to the Trustee an Opinion of Counsel stating that (A) the Company has received from, or there has been published by, the Internal Revenue Service a ruling or (B) since the date of this instrument, there has been a change in the applicable Federal income tax law, in either case (A) or (B) to the effect that, and based thereon such opinion shall confirm that, the Holders of such Securities will not recognize gain or loss for Federal income tax purposes as a result of the deposit, Defeasance and discharge to be effected with respect to such Securities and will be subject to Federal income tax on the same amount, in the same manner and at the same times as would be the case if such deposit, Defeasance and discharge were not to occur.

(3) In the event of an election to have Section 1303 apply to any Securities or any series of Securities, as the case may be, the Company shall have delivered to the Trustee an Opinion of Counsel to the effect that the Holders of such Securities will not recognize gain or loss for Federal income tax purposes as a result of the deposit and Covenant Defeasance to be effected with respect to such Securities and will be subject to Federal income tax on the same amount, in the same manner and at the same times as would be the case if such deposit and Covenant Defeasance were not to occur.

(4) The Company shall have delivered to the Trustee an Officer's Certificate to the effect that neither such Securities nor any other Securities of the same series, if then listed on any securities exchange, will be delisted as a result of such deposit.

(5) No event which is, or after notice or lapse of time or both would become, an Event of Default with respect to such Securities or any other Securities shall have occurred and be continuing at the time of such deposit or, with regard to any such event specified in Sections 501(6) and (7), at any time on or prior to the 90th day after the

date of such deposit (it being understood that this condition shall not be deemed satisfied until after such 90th day).

(6) Such Defeasance or Covenant Defeasance shall not cause the Trustee to have a conflicting interest within the meaning of the Trust Indenture Act (assuming all Securities are in default within the meaning of such Act).

(7) Such Defeasance or Covenant Defeasance shall not result in a breach or violation of, or constitute a default under, any other agreement or instrument to which the Company is a party or by which it is bound.

(8) Such Defeasance or Covenant Defeasance shall not result in the trust arising from such deposit constituting an investment company within the meaning of the Investment Company Act unless such trust shall be registered under such Act or exempt from registration thereunder.

(9) The Company shall have delivered to the Trustee an Officer's Certificate and an Opinion of Counsel, each stating that all conditions precedent with respect to such Defeasance or Covenant Defeasance have been complied with.

Section 1305. Deposited Money and U.S. Government Obligations to Be Held in Trust; Miscellaneous Provisions.

Subject to the provisions of the last paragraph of Section 1003, all money and U.S. Government Obligations (including the proceeds thereof) deposited with the Trustee or other qualifying trustee (solely for purposes of this Section and Section 1306, the Trustee and any such other trustee are referred to collectively as the "Trustee") pursuant to Section 1304 in respect of any Securities shall be held in trust and applied by the Trustee, in accordance with the provisions of such Securities and this Indenture, to the payment, either directly or through any such Paying Agent (including the Company acting as its own Paying Agent) as the Trustee may determine, to the Holders of such Securities, of all sums due and to become due thereon in respect of principal and any premium and interest, but money so held in trust need not be segregated from other funds except to the extent required by law.

The Company shall pay and indemnify the Trustee against any tax, fee or other charge imposed on or assessed against the U.S. Government Obligations deposited pursuant to Section 1304 or the principal and interest received in respect thereof other than any such tax, fee or other charge which by law is for the account of the Holders of Outstanding Securities.

Anything in this Article to the contrary notwithstanding, the Trustee shall deliver or pay to the Company from time to time upon Company Request any money or U.S. Government Obligations held by it as provided in Section 1304 with respect to any Securities which, in the opinion of a nationally recognized firm of independent public accountants expressed in a written certification thereof delivered to the Trustee, are in

excess of the amount thereof which would then be required to be deposited to effect the Defeasance or Covenant Defeasance, as the case may be, with respect to such Securities.

Section 1306. Reinstatement.

If the Trustee or the Paying Agent is unable to apply any money in accordance with this Article with respect to any Securities by reason of any order or judgment of any court or governmental authority enjoining, restraining or otherwise prohibiting such application, then the obligations under this Indenture and such Securities from which the Company has been discharged or released pursuant to Section 1302 or 1303 shall be revived and reinstated as though no deposit had occurred pursuant to this Article with respect to such Securities, until such time as the Trustee or Paying Agent is permitted to apply all money held in trust pursuant to Section 1305 with respect to such Securities in accordance with this Article; provided, however, that if the Company makes any payment of principal of or any premium or interest on any such Security following such reinstatement of its obligations, the Company shall be subrogated to the rights (if any) of the Holders of such Securities to receive such payment from the money so held in trust.

ARTICLE FOURTEEN

Issuance of Restricted Securities

Section 1401. Transfer Restricted Securities.

(a) Any Security initially offered and sold to (and any Security issued upon registration of transfer of, or in exchange for, or in lieu of, such Security) (i) "qualified institutional buyers" (as defined in Rule 144A under the Securities Act) ("QIBs") in accordance with Rule 144A under the Securities Act (such rule or any successor provision thereto, "Rule 144A") or (ii) "accredited investors" within the meaning of Rule 501(a)(1)(2)(3) or (7) under the Securities Act ("IAIs") or (iii) in offshore transactions in reliance on Regulation S, shall be deemed "Transfer Restricted Securities" during the period beginning on the later of the date such Security was issued and the last date on which either the Company or any Affiliate of the Company was the owner of the Security (or any predecessor Security) and ending on the date two years (or such shorter period of time as permitted by Rule 144(k) under the Securities Act or any successor provision thereunder) from any such date; provided, however, that the term "Transfer Restricted Security" shall not include (i) any Security which is issued upon transfer of, or in exchange for, any Security which is not a Transfer Restricted Security or (ii) any Security as to which such restrictions on transfer have been terminated in accordance with this Article Fourteen.

(b) All Transfer Restricted Securities shall bear the Private Placement Legend and be subject to the restrictions on transfer provided in the Private Placement Legend and the Holder of each Transfer Restricted Security or Holder of a beneficial interest therein, by such Holder's or holder's acceptance thereof, agrees to be bound by such restrictions on transfer.

(c) All Securities initially offered and sold to IAIs shall be in registered certificated form and any Securities initially offered and sold to QIBs may be in registered global form. Securities initially offered and sold in offshore transactions in reliance on Regulation S shall be issued initially in the form of one or more temporary global Securities in registered form (the "Regulation S Temporary Global Securities"). The Regulation S Temporary Global Securities shall be registered in the name of, and held by, a temporary certificate holder until the 40th day after the later of the commencement of the distribution of such Series and the date such Security was issued with respect to the offer and sale of such series (the "Regulation S Exchange Date"). The Company shall promptly notify the Trustee in writing of the occurrence of the Regulation S Exchange Date and, within a reasonable time after the Regulation S Exchange Date, upon receipt by the Trustee and the Company of one or more certificates substantially in the form of Exhibit C hereto from one or more Holders of interests in the applicable Regulation S Temporary Global Securities, the Company shall execute, and the Trustee shall authenticate and deliver, one or more permanent global Securities in registered form (the "Regulation S Permanent Global Securities", and together with the related Regulation S Temporary Global Securities, the "Regulation S Global Securities") in exchange for the Regulation S Temporary Global Securities of like tenor and amount.

(d) The restrictions on transfer on any Transfer Restricted Security imposed by this Article Fourteen shall cease and terminate and the Private Placement Legend shall no longer be necessary (i) in the case of the Regulation S Global Securities, on the Regulation S Exchange Date or (ii) in the case of a Rule 144A Global Security or Restricted Definitive Security, on (x) the later of two years (or such shorter period of time as permitted by Rule 144(k) under the Securities Act or any successor provision thereunder) after the later of the date the Security was issued or the last date on which the Company or any Affiliate of the Company was the owner of such Transfer Restricted Security (or any predecessor of such Transfer Restricted Security) or (y) (if earlier) if and when such Transfer Restricted Security has been sold pursuant to an effective registration statement under the Securities Act or, unless the Holder thereof is an Affiliate of the Company, transferred pursuant to Rule 144 under the Securities Act (or any successor provision). The Company shall inform the Security Registrar in writing of the effective date of any registration statement registering any Transfer Restricted Securities under the Securities Act.

Section 1402. Special Transfer Provisions.

As long as the restrictions on transfer on a Transfer Restricted Security or an interest therein is applicable, the following provisions shall apply:

(a) Transfers to Non-QIB Institutional Accredited Investors. The following provisions shall apply with respect to the registration of any proposed transfer of an interest in a Transfer Restricted Security to any IAI which is not a QIB that is consistent with the Private Placement Legend:

(i) The Security Registrar shall register the transfer of any Security, whether or not such Security bears the Private Placement Legend, if (x) the requested transfer is at least two years after the later of the date such Security was issued and the last date on which the Company or any of its Affiliates was the owner of such Security or (y) the proposed transferor has delivered to the Security Registrar a certificate substantially in the form set forth in Exhibit A hereto and the proposed transferee has delivered to the Security Registrar a certificate substantially in the form set forth in Exhibit B hereto.

(ii) If the proposed transferor is a participant of the Depositary holding a beneficial interest in a Rule 144A Global Security seeking to transfer a Restricted Definitive Security to another Person, upon receipt by the Security Registrar of (x) the documents, if any, required by paragraph (i) and (y) instructions given in accordance with the Depositary's and the Security Registrar's procedures therefor, the Security Registrar shall reflect on its books and records the date and a decrease in the principal amount of such Rule 144A Global Security in an amount equal to the principal amount of the beneficial interest in such Rule 144A Global Security to be transferred, and the Company shall execute, and the Trustee shall authenticate and deliver, one or more Restricted Definitive Securities of like tenor and amount.

(iii) An IAI which is not a QIB shall only hold Restricted Definitive Securities.

(b) Transfers to QIBs. The following provisions shall apply with respect to the registration of any proposed transfer of an interest in a Transfer Restricted Security to a QIB:

(i) If the Security to be transferred consists of (x) Restricted Definitive Securities, the Security Registrar shall register the transfer if such transfer is being made by a proposed transferor who has delivered to the Trustee a certificate substantially in the form set forth in Exhibit A hereto or (y) an interest in the Rule 144A Global Security, the transfer of such interest may be effected only through the book entry system maintained by the Depositary.

(ii) If the Security to be transferred consists of Restricted Definitive Securities, upon receipt by the Trustee of instructions given in accordance with the Depositary's and the Security Registrar's procedures therefor, the Security Registrar shall reflect on its books and records the date and an increase in the principal amount of the Rule 144A Global Security in an amount equal to the principal amount of the Restricted Definitive Security, to be transferred, and the Trustee shall cancel the Restricted Definitive Security so transferred.

(c) Transfers of Interests in the Regulation S Global Security or the Regulation S Temporary Global Security to U.S. Persons. The following provisions shall apply with respect to any transfer of an interest in the Regulation S Global Security or the Regulation S Temporary Global Security to U.S. Persons:

(i) If the beneficial interest to be transferred is in a Regulation S Temporary Global Security, transfers by an owner of a beneficial interest in such Regulation S Temporary

Global Security to a transferee who takes delivery of such interest through the corresponding Rule 144A Global Security will be made only upon the receipt by the Trustee from the transferor of a certificate substantially in the form of Exhibit D hereto to the effect that such transfer is being made to a Person whom the transferor reasonably believes is a QIB within the meaning of Rule 144A in a transaction meeting the requirements of Rule 144A.

(ii) If the beneficial interest to be transferred is in a Regulation S Permanent Global Security, the Security Registrar shall register the transfer of any such Security without requiring any additional certification.

(d) Transfers to Non-U.S. Persons at Any Time. The following provisions shall apply with respect to any transfer of an interest in a Security to a Non-U.S. Person:

(i) The Security Registrar shall register any proposed transfer to any Non-U.S. Person if the Security to be transferred is a Restricted Definitive Security or an interest in a Rule 144A Global Security only upon receipt of a certificate substantially in the form set forth in Exhibit E hereto from the proposed transferor. Prior to the Regulation S Exchange Date, any Non-U.S. Person shall be delivered a beneficial interest in the corresponding Regulation S Temporary Global Security.

(ii) (x) If the proposed transferor holds a beneficial interest in the Rule 144A Global Security, upon receipt by the Security Registrar of (1) the documents required by paragraph (i) of this paragraph (d) and (2) instructions in accordance with the Depositary's and the Security Registrar's procedures, the Security Registrar shall reflect on its books and records the date and a decrease in the principal amount of such Rule 144A Global Security in an amount equal to the principal amount of the beneficial interest in such Rule 144A Global Security to be transferred and (y) upon receipt by the Security Registrar of instructions given in accordance with the Depositary's and the Security Registrar's procedures, the Security Registrar shall reflect on its books and records the date and an increase in the principal amount of the corresponding Regulation S Global Security in an amount equal to the principal amount of the Restricted Definitive Security or such Rule 144A Global Security, as the case may be, to be transferred, and the Security Registrar shall cancel the Restricted Definitive Security so transferred or decrease the principal amount of such Rule 144A Global Security, as the case may be.

(e) Other Transfers, If Specified. If so specified by Section 301 for the Securities evidenced thereby, the registration of any proposed transfer of a Transfer Restricted Security other than pursuant to paragraphs (a)-(d) of this Section 1402 shall be governed by the provisions of said Section 301.

(f) Private Placement Legend. Upon the transfer, exchange or replacement of Securities not bearing the Private Placement Legend, the Security Registrar shall deliver Securities that do not bear the Private Placement Legend. Upon the transfer, exchange or replacement of Securities bearing the Private Placement Legend, the Security Registrar shall deliver only Securities that bear the Private Placement Legend unless either (i) the

Private Placement Legend is no longer required pursuant to this Article Fourteen or (ii) there is delivered to the Security Registrar an Opinion of Counsel reasonably satisfactory to the Company and the Trustee to the effect that neither such legend nor the related restrictions on transfer are required in order to maintain compliance with the provisions of the Securities Act.

(g) General. By its acceptance of any Security, or any beneficial interest in any Global Security, bearing the Private Placement Legend, each Holder of such Security or holder of such beneficial interest acknowledges the restrictions on transfer of such Security set forth in this Indenture and in the Private Placement Legend and agrees that it will transfer such Security only as provided in this Indenture. The Security Registrar shall not register a transfer of any Security unless such transfer complies with the restrictions on transfer of such Security set forth in this Indenture. In connection with any transfer of Securities to an IAI, each such Holder or beneficial owner agrees by its acceptance of the Securities to furnish the Security Registrar or the Company such certifications, legal opinions or other information as such Person may reasonably require to confirm that such transfer is being made pursuant to an exemption from, or a transaction not subject to, the registration requirements of the Securities Act; provided, that the Security Registrar shall not be required to determine (but may rely on a determination made by the Company with respect to) the sufficiency of any such certifications, legal opinions or other information.

The Security Registrar shall retain copies of all letters, notices and other written communications received pursuant to this Article Fourteen. The Company shall have the right to inspect and make copies of all such letters, notices or other written communications at any reasonable time upon the giving of reasonable written notice to the Security Registrar.

This instrument may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument.

In Witness Whereof, the parties hereto have caused this Indenture to be duly executed, and their respective corporate seals to be hereunto affixed and attested, all as of the day and year first above written.

Marriott International, Inc.

By /s/ Carolyn B. Handlon
.....
Carolyn B. Handlon
Vice President and
Assistant Treasurer

Attest:

/s/ W.D. Mann
.....

The Chase Manhattan Bank

By /s/ Joseph C. Progar
.....
Joseph C. Progar
Vice President

Attest:

/s/ J. Gordon
.....

State of Maryland)
) ss.:
County of Montgomery)

On the 12th day of November, 1998, before me personally came Carolyn B. Handlon, to me known, who, being by me duly sworn, did depose and say that she is Vice President and Assistant Treasurer of Marriott International, Inc., one of the corporations described in and which executed the foregoing instrument; that she knows the seal of said corporation; that the seal affixed to said instrument is such corporate seal; that it was so affixed by authority of the Board of Directors of said corporation; and that she signed her name thereto by like authority.

/s/ Suzanne M. Ricci

[notorial seal]

State of Pennsylvania)
) ss:
County of Philadelphia)

On the 13th day of November, 1998, before me personally came Joseph C. Progar, to me known, who, being by me duly sworn, did depose and say that he is Vice President of The Chase Manhattan Bank, one of the corporations described in and which executed the foregoing instrument; that he knows the seal of said corporation; that the seal affixed to said instrument is such corporate seal; that it was so affixed by authority of the Board of Directors of said corporation; and that he signed his name thereto by like authority.

/s/ Caroline N. Hunter

[Notorial Seal]

EXHIBIT A

CERTIFICATE TO BE DELIVERED UPON EXCHANGE OR REGISTRATION OF TRANSFER RESTRICTED SECURITIES

This certificate relates to $_____ principal amount of ___% Notes Due ____ (the "Securities") issued by Marriott International, Inc. (the "Company") held in (check applicable space) [__] book-entry or [__] definitive form by the undersigned.

The undersigned (check one box below):

[ ] has requested the Trustee by written order to deliver in exchange for its beneficial interest in the Global Security held by the Depository a Security or Securities in definitive, registered form of authorized denominations and an aggregate principal amount equal to its beneficial interest in such Global Security (or the portion thereof indicated above), subject to the restrictions in the Indenture;

[ ] has requested the Trustee by written order to exchange or register the transfer of a Security or Securities.

In connection with any transfer of any of the Securities evidenced by this certificate occurring prior to the expiration of the period referred to in Rule 144(k) under the Securities Act after the later of the date of original issuance of such Securities and the last date, if any, on which such Securities were owned by the Company or any Affiliate of the Company, the undersigned confirms that such principal amount of Securities are being transferred in accordance with its terms:

CHECK ONE BOX BELOW:

(1) [ ] to the Company; or

(2) [ ] pursuant to an effective registration statement under the Securities Act of 1933; or

(3) [ ] inside the United States to a "qualified institutional buyer" (as defined in Rule 144A under the Securities Act of 1933) that purchases for its own account or for the account of a qualified institutional buyer to whom notice is given that such transfer is being made in reliance on Rule 144A, in each case pursuant to and in compliance with Rule 144A under the Securities Act of 1933; or

(4) [ ] outside the United States in an offshore transaction meeting the requirements of Rule 904 under the Securities Act of 1933; or

(5) [ ] inside the United States to an "accredited investor" within the meaning of Rule 501(a)(1), (2), (3) or (7) under the Securities Act that is an institutional investor acquiring in a transaction exempt from the registration requirements of the Securities Act.

Unless one of the boxes is checked, the Company or the Trustee will refuse to register any of the Securities evidenced by this certificate in the name of any person other than the registered holder thereof; provided, however, that if box (4) or (5) is checked, the Company or the Trustee may require, prior to registering any such transfer of the Securities, such legal opinions, certifications and/or other information satisfactory to each of them to confirm that such transfer is being made pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act of 1933.

_____
Signature

Signature Guarantee:
(Signature must be guaranteed)

_____
Signature

TO BE COMPLETED BY PURCHASER IF (3) ABOVE IS CHECKED.

The undersigned represents and warrants that it is purchasing this Security for its own account or an account with respect to which it exercises sole investment discretion and that it and any such account is a "qualified institutional buyer" within the meaning of Rule 144A under the Securities Act of 1933, and is aware that the sale to it is being made in reliance on Rule 144A and acknowledges that it has received such information regarding the Company as the undersigned has requested pursuant to Rule 144A or has determined not to request such information and that it is aware that the transferor is relying upon the undersigned's foregoing representations in order to claim the exemption from registration provided by Rule 144A.

Dated:_____ _____
Signature

NOTICE: To be executed by an executive officer

This certificate is in addition to any other certificates that may be required under the Indenture.

EXHIBIT B

FORM OF CERTIFICATE TO BE DELIVERED IN CONNECTION WITH TRANSFERS TO INSTITUTIONAL ACCREDITED INVESTORS WHICH ARE NOT QIBS

This certificate is delivered to request a transfer of $[_____] principal amount of the __% Notes Due _____, (the "Securities") issued by Marriott International, Inc. (the "Company").

Upon transfer, the Securities would be registered in the name of the new beneficial owner as follows:

Name:_____

Address:_____

Taxpayer ID Number:_____

The undersigned represents and warrants to you that:

1. The undersigned is an institutional "accredited investor" (as defined in Rule 501(a)(1), (2), (3) or (7) under the Securities Act of 1933, as amended (the "Securities Act")) purchasing for its own account or for the account of an institutional "accredited investor" Securities in a transaction exempt from the registration requirements of the Securities Act. The undersigned has such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risk of its investment in the Securities and invests in or purchase securities similar to the Securities in the normal course of our business. The undersigned and any accounts for which it is acting are each able to bear the economic risk of its investment.

2. The undersigned understands that the Securities have not been registered under the Securities Act and, unless so registered, may not be sold except as permitted in the following sentence. The undersigned agrees on its own behalf and on behalf of any investor account for which it is purchasing Securities to offer, sell or otherwise transfer such Securities prior to the date which is two years after the later of the date of original issue and the last date on which the Company or any affiliate of the Company was the owner of such Securities (or any predecessor thereto) (the "Resale Restriction Termination Date") only (a) to the Company, (b) pursuant to a registration statement which has been declared effective under the Securities Act, (c) in a transaction complying with the requirements of Rule 144A under the Securities Act, to a person it reasonably believes is a qualified institutional buyer under Rule 144A (a "QIB") that purchases for its own account or for the account of a QIB and to whom notice is given that the transfer is being made in reliance on Rule 144A, (d) pursuant to offers and sales to Non-U.S. Persons that occur outside the United States within the meaning of Regulation S under the Securities Act, or

(e) to an institutional "accredited investor" within the meaning of Rule 501(a)(1), (2), (3) or (7) under the Securities Act that is purchasing for its own account or for the account of such an institutional "accredited investor", in a transaction exempt from the registration requirements of the Securities Act (if available) and, in each case (a) through (e), in accordance with all applicable securities laws of the states of the United States and other jurisdictions. The foregoing restrictions on resale will not apply subsequent to the Resale Restriction Termination Date. If any resale or other transfer of the Securities is proposed to be made pursuant to clause (d) or (e) above prior to the Resale Restriction Termination Date, the transferor shall deliver a letter from the transferee substantially in the form of this letter to the Company and the Trustee, which shall provide, among other things, that the transferee is an institutional "accredited investor" within the meaning of Rule 501(a)(1), (2), (3) or (7) under the Securities Act and that it is acquiring such Securities for investment purposes and not for distribution in violation of the Securities Act. Each purchaser acknowledges that the Company and the Trustee reserve the right prior to any offer, sale or other transfer prior to the Resale Restriction Termination Date of the Securities pursuant to clause (d) and (e) above to require the delivery of an opinion of counsel, certifications and/or other information satisfactory to the Company and the Trustee.

TRANSFEREE:_____

BY:_____

EXHIBIT C

FORM OF CERTIFICATE TO BE DELIVERED UPON TERMINATION OF RESTRICTED PERIOD

This certificate relates to Securities represented by a temporary global Security certificate (the "Temporary Certificate"). Pursuant to Section 1401 of the Indenture dated as of November 16, 1998 relating to the Securities (the "Indenture"), the undersigned hereby certifies that (1) the undersigned is the beneficial owner of $[_____] principal amount of initial Securities represented by the Temporary Certificate and (2) the undersigned is a Non-U.S. Person (as defined in the Indenture) to whom the initial Securities could be transferred in accordance with Rule 904 of Regulation S promulgated under the Securities Act of 1933, as amended. Accordingly, you are hereby requested to transfer the principal amount of initial Securities represented by the Temporary Certificate into a permanent global certificate, all in the manner provided by the Indenture.

The Trustee and the Company are entitled to rely upon this letter and are irrevocably authorized to produce this letter or a copy hereof to any interested party in any administrative or legal proceedings or official inquiry with respect to the matters covered hereby. Terms used in this certificate have the meanings set forth in Regulation S.

Very truly yours,

[Name of Holder]

By:_____
Authorized Signature

EXHIBIT D

FORM OF TRANSFER CERTIFICATE FOR TRANSFER TO RULE 144A GLOBAL SECURITY BEARING A SECURITIES ACT LEGEND

Reference is hereby made to the Indenture dated as of November 16, 1998 between Marriott International, Inc. and The Chase Manhattan Bank (the "Indenture"). Capitalized terms used but not defined herein will have the meaning given them in the Indenture.

This certificate relates to $[_____] aggregate principal amount of the Securities which are held in [the form of a beneficial interest in the Regulation S Temporary Global Security (CINS No. _____) with the Depositary in the name of the undersigned.

The undersigned has requested transfer of such Securities to a Person who will take delivery thereof in the form of a beneficial interest in the Rule 144A Global Security (CUSIP No. _____). In connection with such transfer, the undersigned does hereby confirm that such transfer has been effected in accordance with the transfer restrictions set forth in the Indenture and on the Securities and pursuant to and in accordance with Rule 144A under the U.S. Securities Act of 1933, as amended, and accordingly, the undersigned represents that:

1. The Securities are being transferred to a transferee that the undersigned reasonably believes is purchasing the Securities for its own account or one or more accounts with respect to which the transferee exercises sole investment discretion; and

2. The undersigned reasonably believes that transferee and any such account is a "qualified institutional buyer" within the meaning of Rule 144A, in a transaction meeting the requirements of Rule 144A and in accordance with any applicable securities laws of any state of the United States or any other jurisdiction.

[NAME OF TRANSFEROR]

By:_____
Name:
Title:

Dated:_____

EXHIBIT E

FORM OF CERTIFICATE TO BE DELIVERED IN CONNECTION WITH TRANSFERS PURSUANT TO REGULATION S

Reference is hereby made to the Indenture dated as of November 16, 1998 between Marriott International, Inc. and The Chase Manhattan Bank as Trustee. Capitalized terms used but not defined herein will have the meaning given them in the Indenture.

In connection with our proposed sale of $[_____] aggregate principal amount of the Securities, the undersigned confirms that such sale has been effected pursuant to and in accordance with Regulation S under the United States Securities Act of 1933, as amended (the "Securities Act"), and, accordingly, the undersigned represents that:

(1) the offer of the Securities was not made to a person in the United States;

(2) either (a) at the time the buy order was originated, the transferee was outside the United States or the undersigned and any person acting on its behalf reasonably believed that the transferee was outside the United States or (b) the transaction was executed in, on or through the facilities of a designated off-shore securities market and neither the undersigned nor any person acting on its behalf knows that the transaction has been prearranged with a buyer in the United States;

(3) no directed selling efforts have been made in the United States in contravention of the requirements of Rule 904(b) of Regulation S, as applicable; and

(4) the transaction is not part of a plan or scheme to evade the registration requirements of the Securities Act.

In addition, if the sale is made during the restricted period and the provisions of Rule 903(c)(2) or Rule 904(c)(1) of Regulation S are applicable thereto, the undesigned confirms that such sale has been made in accordance with the applicable provisions of Rule 903(c)(2) or Rule 904(c)(1), as the case may be.

The Trustee and the Company are entitled to rely upon this letter and are irrevocably authorized to produce this letter or a copy hereof to any interested party in any administrative or legal proceedings or official inquiry with respect to the matters covered hereby. Terms used in this certificate have the meanings set forth in Regulation S.

Very truly yours,

_____
[Name of Transferor]

By:_____
Authorized Signature

Name:
Title:
Date:

Upon transfer, the Securities should be registered in the name of the new beneficial owner as follows:

Name:_____

Address:_____

Taxpayer ID Number:_____

THIS SECURITY IS A GLOBAL SECURITY WITHIN THE MEANING OF THE INDENTURE HEREINAFTER REFERRED TO AND IS REGISTERED IN THE NAME OF A DEPOSITARY OR A NOMINEE THEREOF. THIS SECURITY MAY NOT BE EXCHANGED IN WHOLE OR IN PART FOR A SECURITY REGISTERED, AND NO TRANSFER OF THIS SECURITY IN WHOLE OR IN PART MAY BE REGISTERED, IN THE NAME OF ANY PERSON OTHER THAN SUCH DEPOSITARY OR A NOMINEE THEREOF, EXCEPT IN THE LIMITED CIRCUMSTANCES DESCRIBED IN THE INDENTURE.

UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION ("DTC"), TO ISSUER OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE, OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY STATE SECURITIES LAWS. NEITHER THIS SECURITY NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE OFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, REGISTRATION.

THE HOLDER OF THIS SECURITY BY ITS ACCEPTANCE HEREOF AGREES TO OFFER, SELL OR OTHERWISE TRANSFER SUCH SECURITY BEFORE THE DATE WHICH IS TWO YEARS AFTER THE LATER OF THE ORIGINAL ISSUE DATE HEREOF AND THE LAST DATE ON WHICH THE COMPANY OR ANY AFFILIATE OF THE COMPANY WAS THE OWNER OF THIS SECURITY (OR ANY PREDECESSOR OF THIS SECURITY) ONLY (A) TO THE COMPANY, (B) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, (C) FOR SO LONG AS THE SECURITIES ARE ELIGIBLE FOR RESALE PURSUANT TO RULE 144A, TO A PERSON IT REASONABLY BELIEVES IS A "QUALIFIED INSTITUTIONAL BUYER" AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT THAT PURCHASES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (D) PURSUANT TO OFFERS AND SALES TO NON-U.S. PERSONS THAT OCCUR OUTSIDE THE UNITED STATES WITHIN THE MEANING OF REGULATION S UNDER THE SECURITIES ACT OR (E) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT, SUBJECT TO THE COMPANY'S AND THE TRUSTEE'S RIGHT PRIOR TO ANY SUCH OFFER, SALE OR TRANSFER (I) PURSUANT TO CLAUSE (D) OR (E) TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATION AND/OR OTHER INFORMATION SATISFACTORY TO EACH OF THEM, AND (II) IN EACH OF THE FOREGOING CASES, TO REQUIRE THAT A CERTIFICATE OF TRANSFER IN THE FORM APPEARING ON THE OTHER SIDE OF THIS SECURITY IS COMPLETED AND DELIVERED BY THE TRANSFEROR TO THE TRUSTEE.

Marriott International, Inc.

6-5/8% Series A Notes due November 15, 2003

No. R-1 $ 200,000,000.00
CUSIP 571900 AJ 8

Marriott International, Inc., a corporation duly organized and existing under the laws of Delaware (herein called the "Company" which term includes any successor Person under the Indenture hereinafter referred to), for value received, hereby promises to pay to Cede & Co., or registered assigns, the principal sum of Two Hundred Million Dollars on November 15, 2003, and to pay interest thereon from November 16, 1998 or from the most recent Interest Payment Date to which interest has been paid or duly provided for, semi-annually on May 15 and November 15 in each year, commencing May 15, 1999, at the rate of 6-5/8% per annum, until the principal hereof is paid or made available for payment. All such payments of principal, interest and premium, if any, shall be paid in immediately available funds. The interest so payable, and punctually paid or duly provided for, on any Interest Payment Date will, as provided in such Indenture, be paid to the Person in whose name this Security (or one or more Predecessor Securities) is registered at the close of business on the Regular Record Date for such interest, which shall be the April 30 or October 31 (whether or not a Business Day), as the case may be, next preceding such Interest Payment Date. Any such interest not so punctually paid or duly provided for will forthwith cease to be payable to the Holder on such Regular Record Date and may either be paid to the Person in whose name this Security (or one or more Predecessor Securities) is registered at the close of business on a Special Record Date for the payment of such Defaulted Interest to be fixed by the Trustee, notice whereof shall be given to Holders of Securities of this series not less than 10 days prior to such Special Record Date, or be paid at any time in any other lawful manner not inconsistent with the requirements of any securities exchange on which the Securities of this series may be listed, and upon such notice as may be required by such exchange, all as more fully provided in said Indenture.

Payment of the principal of (and premium, if any) and interest on this Security will be made at the office or agency of the Trustee maintained for that purpose in Dallas, Texas, in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts; provided, however, that payment of interest may be made by check mailed to the address of the Person entitled thereto as such address shall appear in the Security Register; and provided, further, that notwithstanding the foregoing, the Person in whose name this Security is registered may elect to receive payments of interest on this Security (other than at Maturity) by electronic funds transfer of immediately available funds to an account maintained by such Person, provided such Person so elects by giving written notice to a Paying Agent designating such account, no later than the April 15 or the October 15 immediately preceding the May 15 or November 15 Interest Payment Date, as the case may be. Unless such designation is revoked by such Person, any such designation made by such Person with respect to such Securities shall remain in effect with respect to any future payments with respect to such

Securities payable to such Person.

Reference is hereby made to the further provisions of this Security set forth on the reverse hereof, which further provisions shall for all purposes have the same effect as if set forth at this place.

Unless the certificate of authentication hereon has been executed by the Trustee referred to on the reverse hereof by manual signature, this Security shall not be entitled to any benefit under the Indenture or be valid or obligatory for any purpose.

In Witness Whereof, the Company has caused this instrument to be duly executed under its corporate seal.

Dated: November 16, 1998

Marriott International, Inc.

By.....
Carolyn B. Handlon, Vice President
and Assistant Treasurer

Attest:

.....

This is one of the Securities of the series designated therein referred to in the within-mentioned Indenture.

The Chase Manhattan Bank,
As Trustee

By.....
Authorized Officer

[Reverse of Security]

This Security is one of a duly authorized issue of securities of the Company (herein called the "Securities"), issued and to be issued in one or more series under an Indenture, dated as of November 16, 1998 (herein called the "Indenture", which term shall have the meaning assigned to it in such instrument), between the Company and The Chase Manhattan Bank, as Trustee (herein called the "Trustee", which term includes any successor trustee under the Indenture), and reference is hereby made to the Indenture for a statement of the respective rights, limitations of rights, duties and immunities thereunder of the Company, the Trustee and the Holders of the Securities and of the terms upon which the Securities are, and are to be, authenticated and delivered. This Security is one of the series designated on the face hereof, limited in aggregate principal amount to $200,000,000.

The Indenture contains provisions for defeasance at any time of the entire indebtedness of this Security or certain restrictive covenants and Events of Default with respect to this Security, in each case upon compliance with certain conditions set forth in the Indenture.

If an Event of Default with respect to Securities of this series shall occur and be continuing, the principal of the Securities of this series may be declared due and payable in the manner and with the effect provided in the Indenture.

The Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Company and the rights of the Holders of the Securities of each series to be affected under the Indenture at any time by the Company and the Trustee with the consent of the Holders of 50% in principal amount of the Securities at the time Outstanding of each series to be affected. The Indenture also contains provisions permitting the Holders of specified percentages in principal amount of the Securities of each series at the time Outstanding, on behalf of the Holders of all Securities of such series, to waive compliance by the Company with certain provisions of the Indenture and certain past defaults under the Indenture and their consequences. Any such consent or waiver by the Holder of this Security shall be conclusive and binding upon such Holder and upon all future Holders of this Security and of any Security issued upon the registration of transfer hereof or in exchange herefor or in lieu hereof, whether or not notation of such consent or waiver is made upon this Security.

As provided in and subject to the provisions of the Indenture, the Holder of this Security shall not have the right to institute any proceeding with respect to the Indenture or for the appointment of a receiver or trustee or for any other remedy thereunder, unless such Holder shall have previously given the Trustee written notice of a continuing Event of Default with respect to the Securities of this series, the Holders of not less than 25% in principal amount of the Securities of this series at the time Outstanding shall have made written request to the Trustee to institute proceedings in respect of such Event of Default as Trustee and offered the Trustee reasonable

indemnity, and the Trustee shall not have received from the Holders of a majority in principal amount of Securities of this series at the time Outstanding a direction inconsistent with such request, and shall have failed to institute any such proceeding, for 60 days after receipt of such notice, request and offer of indemnity. The foregoing shall not apply to any suit instituted by the Holder of this Security for the enforcement of any payment of principal hereof or any premium or interest hereon on or after the respective due dates expressed herein.

No reference herein to the Indenture and no provision of this Security or of the Indenture shall alter or impair the obligation of the Company, which is absolute and unconditional, to pay the principal of and any premium and interest on this Security at the times, place and rate, and in the coin or currency, herein prescribed.

As provided in the Indenture and subject to certain limitations therein set forth, the transfer of this Security is registrable in the Security Register, upon surrender of this Security for registration of transfer at the office or agency of the Company in any place where the principal of and any premium and interest on this Security are payable, duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Company and the Security Registrar duly executed by, the Holder hereof or his attorney duly authorized in writing, and thereupon one or more new Securities of this series and of like tenor, of authorized denominations and for the same aggregate principal amount, will be issued to the designated transferee or transferees.

Pursuant to the Exchange and Registration Rights Agreement, the Company will be obligated upon the occurrence of certain events to consummate an exchange offer pursuant to which the holders of this Security shall, subject to certain limitations, have the right to exchange this Security for an Exchange Security (as defined in such agreement), which will be registered under the Securities Act, in like principal amount and having terms identical in all material respects as this Security. The Holders shall be entitled to receive certain additional interest in the event such exchange offer is not consummated and upon certain other conditions, all pursuant to and in accordance with the terms of the Exchange and Registration Rights Agreement.

The Securities of this series are issuable only in registered form without coupons in denominations of $100,000 and integral multiples of $1,000 in excess thereof. As provided in the Indenture and subject to certain limitations therein set forth, Securities of this series are exchangeable for a like aggregate principal amount of Securities of this series and of like tenor of a different authorized denomination, as requested by the Holder surrendering the same.

No service charge shall be made for any such registration of transfer or exchange, but the Company may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

Prior to due presentment of this Security for registration of transfer, the Company, the Trustee and any agent of the Company or the Trustee may treat the Person in whose name this Security is registered as the owner hereof for all purposes, whether or not this Security be

overdue, and neither the Company, the Trustee nor any such agent shall be affected by notice to the contrary.

All terms used in this Security which are defined in the Indenture shall have the meanings assigned to them in the Indenture.

_____

The following abbreviations, when used in the inscription on the face of the within Security, shall be construed as though they were written out in full according to applicable laws or regulations.

TEN COM --	as tenants in common	UNIF GIFT MIN Act	_____Custodian_____
TEN ENT --	as tenants bythe entireties	(Cust)	(Minor)
JT TEN --	as joint tenants with right of survivorship and not as tenants in common	under Uniform Gifts to Minors Act	_____ (State)

Additional abbreviations may also be used though not in the above list

_____

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers unto

PLEASE INSERT SOCIAL SECURITY
OR OTHER IDENTIFYING NUMBER
OF ASSIGNEE

_____

_____

_____

(Name and Address of Assignee, including zip code, must be printed or typewritten)

_____

the within Security, and all rights thereunder, hereby irrevocably constituting and appointing

_____ Attorney to transfer said Security on the books of the Company, with full power of substitution in the premises.

Dated:

NOTICE: The signature to this assignment must correspond with the name as it appears upon the face of the within Security in every particular, without alteration or enlargement of any change whatever.

THIS SECURITY IS A GLOBAL SECURITY WITHIN THE MEANING OF THE INDENTURE HEREINAFTER REFERRED TO AND IS REGISTERED IN THE NAME OF A DEPOSITARY OR A NOMINEE THEREOF. THIS SECURITY MAY NOT BE EXCHANGED IN WHOLE OR IN PART FOR A SECURITY REGISTERED, AND NO TRANSFER OF THIS SECURITY IN WHOLE OR IN PART MAY BE REGISTERED, IN THE NAME OF ANY PERSON OTHER THAN SUCH DEPOSITARY OR A NOMINEE THEREOF, EXCEPT IN THE LIMITED CIRCUMSTANCES DESCRIBED IN THE INDENTURE.

UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION ("DTC"), TO ISSUER OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE, OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY STATE SECURITIES LAWS. NEITHER THIS SECURITY NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE OFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, REGISTRATION.

THE HOLDER OF THIS SECURITY BY ITS ACCEPTANCE HEREOF AGREES TO OFFER, SELL OR OTHERWISE TRANSFER SUCH SECURITY BEFORE THE DATE WHICH IS TWO YEARS AFTER THE LATER OF THE ORIGINAL ISSUE DATE HEREOF AND THE LAST DATE ON WHICH THE COMPANY OR ANY AFFILIATE OF THE COMPANY WAS THE OWNER OF THIS SECURITY (OR ANY PREDECESSOR OF THIS SECURITY) ONLY (A) TO THE COMPANY, (B) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, (C) FOR SO LONG AS THE SECURITIES ARE ELIGIBLE FOR RESALE PURSUANT TO RULE 144A, TO A PERSON IT REASONABLY BELIEVES IS A "QUALIFIED INSTITUTIONAL BUYER" AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT THAT PURCHASES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (D) PURSUANT TO OFFERS AND SALES TO NON-U.S. PERSONS THAT OCCUR OUTSIDE THE UNITED STATES WITHIN THE MEANING OF REGULATION S UNDER THE SECURITIES ACT OR (E) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT, SUBJECT TO THE COMPANY'S AND THE TRUSTEE'S RIGHT PRIOR TO ANY SUCH OFFER, SALE OR TRANSFER (I) PURSUANT TO CLAUSE (D) OR (E) TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATION AND/OR OTHER INFORMATION SATISFACTORY TO EACH OF THEM, AND (II) IN EACH OF THE FOREGOING CASES, TO REQUIRE THAT A CERTIFICATE OF TRANSFER IN THE FORM APPEARING ON THE OTHER SIDE OF THIS SECURITY IS COMPLETED AND DELIVERED BY THE TRANSFEROR TO THE TRUSTEE.

Marriott International, Inc.

6-7/8% Series B Notes due November 15, 2005

No. R-1 $ 200,000,000.00
CUSIP 571900 AM 1

Marriott International, Inc., a corporation duly organized and existing under the laws of Delaware (herein called the "Company" which term includes any successor Person under the Indenture hereinafter referred to), for value received, hereby promises to pay to Cede & Co., or registered assigns, the principal sum of Two Hundred Million Dollars on November 15, 2005, and to pay interest thereon from November 16, 1998 or from the most recent Interest Payment Date to which interest has been paid or duly provided for, semi-annually on May 15 and November 15 in each year, commencing May 15, 1999, at the rate of 6-7/8% per annum, until the principal hereof is paid or made available for payment. All such payments of principal, interest and premium, if any, shall be paid in immediately available funds. The interest so payable, and punctually paid or duly provided for, on any Interest Payment Date will, as provided in such Indenture, be paid to the Person in whose name this Security (or one or more Predecessor Securities) is registered at the close of business on the Regular Record Date for such interest, which shall be the April 30 or October 31 (whether or not a Business Day), as the case may be, next preceding such Interest Payment Date. Any such interest not so punctually paid or duly provided for will forthwith cease to be payable to the Holder on such Regular Record Date and may either be paid to the Person in whose name this Security (or one or more Predecessor Securities) is registered at the close of business on a Special Record Date for the payment of such Defaulted Interest to be fixed by the Trustee, notice whereof shall be given to Holders of Securities of this series not less than 10 days prior to such Special Record Date, or be paid at any time in any other lawful manner not inconsistent with the requirements of any securities exchange on which the Securities of this series may be listed, and upon such notice as may be required by such exchange, all as more fully provided in said Indenture.

Payment of the principal of (and premium, if any) and interest on this Security will be made at the office or agency of the Trustee maintained for that purpose in Dallas, Texas, in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts; provided, however, that payment of interest may be made by check mailed to the address of the Person entitled thereto as such address shall appear in the Security Register; and provided, further, that notwithstanding the foregoing, the Person in whose name this Security is registered may elect to receive payments of interest on this Security (other than at Maturity) by electronic funds transfer of immediately available funds to an account maintained by such Person, provided such Person so elects by giving written notice to a Paying Agent designating such account, no later than the April 15 or the October 15 immediately preceding the May 15 or November 15 Interest Payment Date, as the case may be. Unless such designation is revoked by such Person, any such designation made by such Person with respect to such Securities shall remain in effect with respect to any future payments with respect to such

Securities payable to such Person.

Reference is hereby made to the further provisions of this Security set forth on the reverse hereof, which further provisions shall for all purposes have the same effect as if set forth at this place.

Unless the certificate of authentication hereon has been executed by the Trustee referred to on the reverse hereof by manual signature, this Security shall not be entitled to any benefit under the Indenture or be valid or obligatory for any purpose.

In Witness Whereof, the Company has caused this instrument to be duly executed under its corporate seal.

Dated: November 16, 1998

Marriott International, Inc.

By.....
Carolyn B. Handlon, Vice President
and Assistant Treasurer

Attest:

.....

This is one of the Securities of the series designated therein referred to in the within-mentioned Indenture.

The Chase Manhattan Bank,
As Trustee

By.....
Authorized Officer

[Reverse of Security]

This Security is one of a duly authorized issue of securities of the Company (herein called the "Securities"), issued and to be issued in one or more series under an Indenture, dated as of November 16, 1998 (herein called the "Indenture", which term shall have the meaning assigned to it in such instrument), between the Company and The Chase Manhattan Bank, as Trustee (herein called the "Trustee", which term includes any successor trustee under the Indenture), and reference is hereby made to the Indenture for a statement of the respective rights, limitations of rights, duties and immunities thereunder of the Company, the Trustee and the Holders of the Securities and of the terms upon which the Securities are, and are to be, authenticated and delivered. This Security is one of the series designated on the face hereof, limited in aggregate principal amount to $200,000,000.

The Indenture contains provisions for defeasance at any time of the entire indebtedness of this Security or certain restrictive covenants and Events of Default with respect to this Security, in each case upon compliance with certain conditions set forth in the Indenture.

If an Event of Default with respect to Securities of this series shall occur and be continuing, the principal of the Securities of this series may be declared due and payable in the manner and with the effect provided in the Indenture.

The Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Company and the rights of the Holders of the Securities of each series to be affected under the Indenture at any time by the Company and the Trustee with the consent of the Holders of 50% in principal amount of the Securities at the time Outstanding of each series to be affected. The Indenture also contains provisions permitting the Holders of specified percentages in principal amount of the Securities of each series at the time Outstanding, on behalf of the Holders of all Securities of such series, to waive compliance by the Company with certain provisions of the Indenture and certain past defaults under the Indenture and their consequences. Any such consent or waiver by the Holder of this Security shall be conclusive and binding upon such Holder and upon all future Holders of this Security and of any Security issued upon the registration of transfer hereof or in exchange herefor or in lieu hereof, whether or not notation of such consent or waiver is made upon this Security.

As provided in and subject to the provisions of the Indenture, the Holder of this Security shall not have the right to institute any proceeding with respect to the Indenture or for the appointment of a receiver or trustee or for any other remedy thereunder, unless such Holder shall have previously given the Trustee written notice of a continuing Event of Default with respect to the Securities of this series, the Holders of not less than 25% in principal amount of the Securities of this series at the time Outstanding shall have made written request to the Trustee to institute proceedings in respect of such Event of Default as Trustee and offered the Trustee reasonable

indemnity, and the Trustee shall not have received from the Holders of a majority in principal amount of Securities of this series at the time Outstanding a direction inconsistent with such request, and shall have failed to institute any such proceeding, for 60 days after receipt of such notice, request and offer of indemnity. The foregoing shall not apply to any suit instituted by the Holder of this Security for the enforcement of any payment of principal hereof or any premium or interest hereon on or after the respective due dates expressed herein.

No reference herein to the Indenture and no provision of this Security or of the Indenture shall alter or impair the obligation of the Company, which is absolute and unconditional, to pay the principal of and any premium and interest on this Security at the times, place and rate, and in the coin or currency, herein prescribed.

As provided in the Indenture and subject to certain limitations therein set forth, the transfer of this Security is registrable in the Security Register, upon surrender of this Security for registration of transfer at the office or agency of the Company in any place where the principal of and any premium and interest on this Security are payable, duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Company and the Security Registrar duly executed by, the Holder hereof or his attorney duly authorized in writing, and thereupon one or more new Securities of this series and of like tenor, of authorized denominations and for the same aggregate principal amount, will be issued to the designated transferee or transferees.

Pursuant to the Exchange and Registration Rights Agreement, the Company will be obligated upon the occurrence of certain events to consummate an exchange offer pursuant to which the holders of this Security shall, subject to certain limitations, have the right to exchange this Security for an Exchange Security (as defined in such agreement), which will be registered under the Securities Act, in like principal amount and having terms identical in all material respects as this Security. The Holders shall be entitled to receive certain additional interest in the event such exchange offer is not consummated and upon certain other conditions, all pursuant to and in accordance with the terms of the Exchange and Registration Rights Agreement.

The Securities of this series are issuable only in registered form without coupons in denominations of $100,000 and integral multiples of $1,000 in excess thereof. As provided in the Indenture and subject to certain limitations therein set forth, Securities of this series are exchangeable for a like aggregate principal amount of Securities of this series and of like tenor of a different authorized denomination, as requested by the Holder surrendering the same.

No service charge shall be made for any such registration of transfer or exchange, but the Company may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

Prior to due presentment of this Security for registration of transfer, the Company, the Trustee and any agent of the Company or the Trustee may treat the Person in whose name this Security is registered as the owner hereof for all purposes, whether or not this Security be

overdue, and neither the Company, the Trustee nor any such agent shall be affected by notice to the contrary.

All terms used in this Security which are defined in the Indenture shall have the meanings assigned to them in the Indenture.

_____

The following abbreviations, when used in the inscription on the face of the within Security, shall be construed as though they were written out in full according to applicable laws or regulations.

TEN COM --	as tenants in common	UNIF GIFT MIN Act	_____Custodian_____
TEN ENT --	as tenants by the entireties		(Cust) (Minor)
JT TEN --	as joint tenants with right of survivorship and not as Tenants in common		under Uniform Gifts to Minors Act _____ (State)

Additional abbreviations may also be used though not in the above list

_____

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers unto

PLEASE INSERT SOCIAL SECURITY
OR OTHER IDENTIFYING NUMBER
OF ASSIGNEE

_____

_____

_____

(Name and Address of Assignee, including zip code, must be printed or typewritten)

_____

the within Security, and all rights thereunder, hereby irrevocably constituting and appointing

_____ Attorney to transfer said Security on the books of the Company, with full power of substitution in the premises.

Dated:

_____

NOTICE: The signature to this assignment must correspond with the name as it appears upon the face of the within Security in every particular, without alteration or enlargement of any change whatever.

EXHIBIT 10.9

==========

U.S. $500,000,000

CREDIT AGREEMENT

dated as of February 2, 1999

among

MARRIOTT INTERNATIONAL, INC.

THE BANKS NAMED HEREIN

CITIBANK, N.A.,
as Administrative Agent,

THE BANK OF NOVA SCOTIA,
as Syndication Agent,

THE CHASE MANHATTAN BANK,
as Documentation Agent

and

SALOMON SMITH BARNEY INC.

and

THE BANK OF NOVA SCOTIA,
as Joint Arrangers and Bookrunners

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TABLE OF CONTENTS

SCHEDULES

EXHIBITS

CREDIT AGREEMENT

AGREEMENT dated as of February 2, 1999, among MARRIOTT INTERNATIONAL, INC., a Delaware corporation (the "Company"), the banks listed on the signature pages hereof under the heading "Banks" (the "Banks"), CITIBANK, N.A., as administrative agent (in such capacity, the "Administrative Agent") for the Lenders hereunder, THE BANK OF NOVA SCOTIA, as syndication agent (in such capacity, the "Syndication Agent") and THE CHASE MANHATTAN BANK, as documentation agent (in such capacity, the "Documentation Agent").

The Company has requested the Banks to provide the credit facilities hereinafter referred to for the general corporate purposes of the Company, and the Banks are prepared to provide such credit facilities on and subject to the terms and conditions hereof. Accordingly, the parties hereto agree as follows:

ARTICLE I

DEFINITIONS AND ACCOUNTING TERMS

SECTION 1.01. Certain Defined Terms. As used in this Agreement, the following terms shall have the following meanings (such meanings to be equally applicable to both the singular and plural forms of the terms defined):

"Acceptance" means an Assignment and Acceptance or a New Commitment Acceptance.

"Adjusted Total Debt" means, as at any date, the sum for the Company and its Subsidiaries (determined on a Consolidated basis without duplication in accordance with GAAP) of:

(a) the aggregate principal amount of Debt for Borrowed Money of the Company and its Subsidiaries (other than any such Debt for Borrowed Money constituting Non-Recourse Indebtedness) outstanding on such date plus

(b) the excess, if any, of (i) the aggregate of all Guarantees by the Company and its Subsidiaries of Debt for Borrowed Money of others as of such date over (ii) $400,000,000.

"Administrative Agent" has the meaning specified in the recital of parties to this Agreement.

"Administrative Agent's Account" means, in respect of any Currency, such account as the Administrative Agent shall designate in a notice to the Company and the Lenders.

"Affected Person" has the meaning specified in Sections 2.11(j), 3.04(d), 3.05 and 3.07.

"Affiliate" means, as to any Person, any other Person that, directly or indirectly, controls, is controlled by or is under common control with such Person or, unless the reference is to an Affiliate of a Lender, is a Marriott Family Member or is a partner, member, director or officer of such Person. For purposes of this definition, the term "control" (including the terms "controlling", "controlled by" and "under common control with") of a Person means the possession, direct or indirect, of the power to vote 5% or more of the Voting Stock of such Person or to direct or cause the direction of the management and policies of such Person, whether through the ownership of Voting Stock, by contract or otherwise.

"Alternate Currency" means, at any time, any currency other than Dollars, provided that, at such time, (i) such Currency is dealt with in the London (or, in the case of Pounds Sterling, Paris) interbank deposit market, (ii) such Currency is freely transferable and convertible into Dollars in the London (or, in the case of Pounds Sterling, Paris) foreign exchange market and (iii) no central bank or other governmental authorization in the jurisdiction of issue of such currency is required to permit use of such Currency by any Lender for making any Loan and/or to permit the relevant Borrower to borrow and repay the principal thereof and to pay the interest thereon (unless such authorization has been obtained and is in full force and effect).

"Applicable Lending Office" means, with respect to each Lender, and for each Type and Currency of Loan, such Lender's Domestic Lending Office in the case of a Base Rate Loan and such Lender's Eurocurrency Lending Office in the case of a Eurocurrency Rate Loan and, in the case of a Competitive Bid Loan, the office of such Lender notified by such Lender to the Administrative Agent as its Applicable Lending Office with respect to such Competitive Bid Loan, or in any case such other office of such Lender or of an Affiliate of such Lender as such Lender may from time to time specify to the Administrative Agent and the Company.

"Applicable Margin" means, subject to the proviso below, as of any date, the applicable margin set forth below under the Eurocurrency Rate column set forth below, based upon the Public Debt Rating in effect on such date:

Public Debt Rating S&P/Moody's	Eurocurrency Rate
Level 1	
A/A2 or higher	0.215%
Level 2	
A-/A3	0.295%
Level 3	
BBB+/Baa1	0.375%
Level 4	
BBB/Baa2	0.475%
Level 5	
BBB-/Baa3	0.675%
Level 6	
Lower than Level 5	0.900%

provided that at any time (1) the aggregate outstanding principal amount of all Loans (for which purpose the amount of any Loan that is denominated in an Alternate Currency shall be deemed to be the Dollar Equivalent thereof as of the date of determination) exceeds (2) an amount equal to 25% of the then Current Aggregate Commitment, the "Applicable Margin" shall be the applicable margin set forth below under the Eurocurrency Rate column set forth below, based upon the Public Debt Rating in effect on such date:

Public Debt Rating S&P/Moody's	Eurocurrency Rate
Level 1	
A/A2 or higher	0.290%
Level 2	
A-/A3	0.395%
Level 3	
BBB+/Baa1	0.500%
Level 4	
BBB/Baa2	0.600%
Level 5	
BBB-/Baa3	0.800%
Level 6	
Lower than Level 5	1.050%

"Applicable Percentage" means, as of any date, the applicable percentage set forth below under the Facility Fee column based upon the Public Debt Rating in effect on such date:

Public Debt Rating S&P/Moody's	Facility Fee
Level 1 A/A2 or higher	0.085%
Level 2 A-/A3	0.105%
Level 3 BBB+/Baa1	0.125%
Level 4 BBB/Baa2	0.150%
Level 5 BBB-/Baa3	0.200%
Level 6 Lower than Level 5	0.300%

"Assignment and Acceptance" means an assignment and acceptance entered into by a Lender and an Eligible Assignee, and accepted by the Administrative Agent, in accordance with Section 9.07 and in substantially the form of Exhibit C-1 hereto.

"BNS" means The Bank of Nova Scotia and its successors.

"Banks" has the meaning specified in the recital of parties to this Agreement.

"Base Rate" means, for any period, a fluctuating interest rate per annum as shall be in effect from time to time which rate per annum shall at all times be equal to the highest of:

(a) the rate of interest announced publicly by Citibank in New York, New York, from time to time, as its "base rate";

(b) the sum (adjusted to the nearest 1/4 of one percent, or if there is no nearest 1/4 of one percent, to the next higher 1/4 of one percent) of (i) 1/2 of one percent per annum, plus (ii) the rate obtained by dividing (A) the latest three-week moving average of secondary market morning offering rates in the United States for three-month certificates of deposit of major United States money market banks, such three-week moving average (adjusted to the basis of a year of 365/366 days) being determined weekly on each Monday (or, if any such date is not a Business Day, on the next succeeding Business Day) for the three-week period ending on the previous Friday by Citibank on the basis of such rates reported by certificate of deposit dealers to and

published by the Federal Reserve Bank of New York or, if such publication shall be suspended or terminated, on the basis of quotations for such rates received by Citibank from three New York certificate of deposit dealers of recognized standing selected by Citibank, by (B) a percentage equal to 100% minus the average of the daily percentages specified during such three-week period by the Board of Governors of the Federal Reserve System (or any successor) for determining the maximum reserve requirement (including, but not limited to, any emergency, supplemental or other marginal reserve requirement) for Citibank with respect to liabilities consisting of or including (among other liabilities) three-month U.S. dollar non-personal time deposits in the United States, plus (iii) the average during such three-week period of the annual assessment rates for determining the then current annual assessment payable by Citibank to the FDIC for insuring U.S. dollar deposits in the United States; and

(c) 1/2 of one percent per annum above the Federal Funds Rate.

"Base Rate Loan" means a Loan which bears interest as provided in Section 2.07(a)(i).

"Base Rate Swing Loan" has the meaning specified in Section 3.03(b).

"Bondable Lease Obligation" of any Person means the obligation of such Person as tenant under an operating lease, upon the occurrence of a significant underinsured casualty, an under-compensated governmental taking or the practical inability to operate the premises for an extended period of time due to force majeure or loss of a material permit, to make a payment to the landlord (or to make an irrevocable offer to purchase the landlord's fee interest to avoid termination of such lease) in an amount that is calculated with reference to the landlord's leasehold indebtedness.

"Borrowers" means, at any time, collectively, the Company (both as a Borrower and as guarantor under Article X of Loans made to the Designated Borrowers) and each Designated Borrower.

"Borrowing" means a Revolving Loan Borrowing, a Swing Loan Borrowing or a Competitive Bid Loan Borrowing.

"Business Day" means a day of the year on which commercial banks are not required or authorized to close in New York City and, if the applicable Business Day relates to any Eurocurrency Rate Loans, on which dealings are carried on in the London (and, in the case of Pounds Sterling, Paris) interbank market and, if such day relates to a Borrowing of, a payment or prepayment of principal of or interest on, or an Interest Period for, any Loan denominated in an Alternate Currency, or a notice with respect to any such Borrowing, payment, prepayment or Interest Period, also on which foreign exchange trading is carried out in the London (and, in the case of Pounds Sterling, Paris) interbank market and on which banks are open in the place of payment in the country in whose Currency such Loan is denominated.

"Change of Control" means:

(i) any Person or two or more Persons acting in concert (other than a Significant Shareholder or group of Significant Shareholders) shall have acquired beneficial ownership (within the meaning of Rule 13d-3 of the Securities and Exchange Commission under the Securities Exchange Act of 1934), directly or indirectly, of Voting Stock of the Company (or other securities convertible into such Voting Stock) representing not less than 30% of the combined voting power of all Voting Stock of the Company; or

(ii) during any period of up to 24 consecutive months, commencing on the date of this Agreement, individuals who at the beginning of such 24-month period were directors of the Company (together with any new director whose election by the board of directors or whose nomination for election by the stockholders of the Company was approved by a vote of at least two-thirds of the directors then in office who either were directors at the beginning of such period or whose election or nomination for election was previously so approved) shall cease for any reason (other than solely as a result of (a) death or disability or (b) voluntary retirement of any individual in the ordinary course and not for reasons related to an actual or proposed change in control of the Company) to constitute a majority of the board of directors of the Company; or

(iii) any Person or two or more Persons acting in concert (other than a Significant Shareholder or group of Significant Shareholders) shall have acquired the power to exercise, directly or indirectly, effective control for any purpose over Voting Stock of the Company (or other securities convertible into such securities) representing not less than 30% of the combined voting power of all Voting Stock of the Company.

"Chase" means The Chase Manhattan Bank and its successors.

"Citibank" means Citibank, N.A. and its successors.

"Code" means the Internal Revenue Code of 1986, as amended from time to time, and the regulations promulgated and rulings issued thereunder.

"COLI Debt" means all Indebtedness of the Company or any of its Subsidiaries to the insurance company issuing the COLI Policies, if and for so long as:

(a) the aggregate principal amount of such Indebtedness is equal to or less than the aggregate account value of all COLI Policies at the time such Indebtedness is incurred by the Company and such Subsidiaries and at all times thereafter; and

(b) the documentation with respect to such Indebtedness limits the recourse of the insurance company issuing the COLI Policies, as lender, against the Company and such

Subsidiaries for the payment of such Indebtedness directly to the ownership interest of the Company and its Subsidiaries in the COLI Policies.

"COLI Policies" means all corporate-owned life insurance policies purchased and maintained by the Company or any of its Subsidiaries to insure the lives of certain employees of the Company and its Subsidiaries.

"Commitment" means, as to any Lender, (i) the Dollar amount set forth opposite its name on Schedule I hereto or (ii) if such Lender has entered into one or more Acceptances, the amount set forth for such Lender in the Register, in each case as the same may be reduced as expressly provided herein (including, without limitation, pursuant to Sections 2.05, 2.14(c) and 3.07).

"Company" has the meaning specified in the recital of parties to this Agreement.

"Competitive Bid Loan" means a loan by a Lender to a Borrower as part of a Competitive Bid Loan Borrowing resulting from the auction bidding procedure described in Section 3.02.

"Competitive Bid Loan Borrowing" means a Borrowing by a Borrower from each of the Lenders whose offer to make one or more Competitive Bid Loans as part of such borrowing has been accepted by the Company under the auction bidding procedure described in Section 3.02.

"Competitive Bid Loan Note" means a promissory note of a Borrower payable to the order of any Lender, in substantially the form of Exhibit A-2 hereto, evidencing the indebtedness of such Borrower to such Lender resulting from a Competitive Bid Loan made by such Lender.

"Competitive Bid Loan Reduction" has the meaning specified in Section 2.01.

"Confidential Information" means information that the Company or any of its Subsidiaries or Affiliates furnishes to the Administrative Agent, the Syndication Agent, the Documentation Agent or any Lender on a confidential basis by informing the recipient that such information is confidential or marking such information as such, but does not include any such information that (i) is or becomes generally available to the public or (ii) is or becomes available to such Person or Persons from a source other than the Company or any of its Subsidiaries or Affiliates, unless such Person has actual knowledge that (a) such source is bound by a confidentiality agreement or (b) such information has been previously furnished to such Person on a confidential basis.

"Consolidated" refers to the consolidation of accounts of the Company and its Subsidiaries in accordance with GAAP.

"Conversion", "Convert" and "Converted" each refer to a conversion of Revolving Loans of one Type into Revolving Loans of the other Type pursuant to Section 2.13.

"Currency" means Dollars or any Alternate Currency.

"Current Aggregate Commitment" means, at any time, the aggregate amount of the Commitments as then in effect (computed without regard to any Competitive Bid Loan Reduction or any Swing Loan Reduction).

"Debt for Borrowed Money" of any Person means:

(i) all indebtedness of such Person for borrowed money;

(ii) all obligations of such Person evidenced by bonds, debentures, notes or other similar instruments;

(iii) all obligations of such Person to pay the deferred purchase price of property or services (other than trade payables and accruals incurred in the ordinary course of such Person's business);

(iv) all obligations of such Person as lessee under leases which shall have been or should be, in accordance with GAAP, recorded as capital leases; and

(v) all obligations, contingent or otherwise, of such Person under acceptance, letter of credit or similar facilities to the extent that such obligations support an obligation described in clauses (i) through (iv) above.

"Default" means any Event of Default or any event that would constitute an Event of Default but for the requirement that notice be given or time elapse or both.

"Designated Borrower" means any Wholly-Owned Subsidiary of the Company, as to which a Designation Letter has been delivered to the Administrative Agent and as to which a Termination Letter has not been delivered to the Administrative Agent in accordance with Section 2.15.

"Designation Letter" has the meaning specified in Section 2.15(a).

"Documentation Agent" has the meaning specified in the recital of parties to this Agreement.

"Dollar Equivalent" means, with respect to any principal of or interest on any Loan denominated in an Alternate Currency, the amount of Dollars that would be required to purchase the amount of the Alternate Currency of such principal or interest on the date such Loan is requested (or (x) as otherwise provided in Section 2.06(d), (y) in the case of any

Competitive Bid Loan, the date of the related Notice of Competitive Bid Loan Borrowing, and (z) in the case of any redenomination under Section 2.10(e), on the date of such redenomination), based upon the arithmetic mean (rounded upwards, if necessary, to the nearest 1/100 of 1%), as determined by the Administrative Agent, of the spot selling rate at which the Reference Banks offer to sell such Alternate Currency for Dollars in the London foreign exchange market at approximately 11:00 a.m. London time for delivery two Business Days thereafter.

"Dollars" and "$" mean lawful money of the United States of America.

"Domestic Lending Office" means, with respect to any Lender, the office of such Lender specified as its "Domestic Lending Office" opposite its name on Schedule I hereto or in the Acceptance pursuant to which it became a Lender, or such other office of such Lender as such Lender may from time to time specify to the Company and the Administrative Agent.

"EBITDA" means, for any period, net income (or net loss) plus the sum of (a) Interest Expense, (b) income tax expense, (c) depreciation expense, (d) amortization expense and (e) non-recurring non-cash charges (including the cumulative effect of accounting changes), in each case determined in accordance with GAAP for such period.

"Effective Date" has the meaning set forth in Section 4.01.

"Eligible Assignee" means:

(i) a Lender and any Affiliate of such Lender;

(ii) a commercial bank organized under the laws of the United States, or any State thereof, and having total assets in excess of $1,000,000,000;

(iii) a savings bank organized under the laws of the United States, or any State thereof, and having total assets in excess of $500,000,000;

(iv) a commercial bank organized under the laws of any other country which is a member of the OECD or a political subdivision of any such country, and having total assets in excess of $1,000,000,000; and

(v) a finance company, insurance company or other financial institution or fund (whether a corporation, partnership or other entity) which is engaged in making, purchasing or otherwise investing in commercial loans in the ordinary course of its business, and having total assets in excess of $150,000,000.

"Environmental Law" means any federal, state or local law, rule, regulation, order, writ, judgment, injunction, decree, determination or award relating to the environment, health, safety or hazardous materials, including, without limitation, CERCLA, the Resource Conservation and Recovery Act, the Hazardous Materials Transportation Act, the Clean Water

Act, the Toxic Substances Control Act, the Clean Air Act, the Safe Drinking Water Act, the Atomic Energy Act, the Federal Insecticide, Fungicide and Rodenticide Act and the Occupational Safety and Health Act.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended from time to time, and the regulations promulgated and rulings issued thereunder.

"ERISA Affiliate" means any Person who for purposes of Title IV of ERISA is a member of the Company's controlled group, or under common control with the Company, within the meaning of Section 414(b) or 414(c) of the Code.

"ERISA Event" means, with respect to any Person, (a) the occurrence of a reportable event, within the meaning of Section 4043 of ERISA, with respect to any Plan of such Person or any of its ERISA Affiliates unless the 30-day notice requirement with respect to such event has been waived by the PBGC; (b) the provision by the administrator of any Plan of such Person or any of its ERISA Affiliates of a notice of intent to terminate such Plan pursuant to Section 4041(a)(2) of ERISA with respect to a termination described in Section 4041(c)(2) of ERISA (including any such notice with respect to a plan amendment referred to in Section 4041(e) of ERISA); (c) the cessation of operations at a facility of such Person or any of its ERISA Affiliates in the circumstances described in Section 4062(e) of ERISA; (d) the withdrawal by such Person or any of its ERISA Affiliates from a Multiple Employer Plan during a plan year for which it was a substantial employer, as defined in Section 4001(a)(2) of ERISA; (e) the failure by such Person or any members of its controlled group (within the meaning of Section 302(f)(6)(B) of ERISA) to make a payment to a Plan required under Section 302(f)(1)(A) and (B) of ERISA; (f) the adoption of an amendment to a Plan of such Person or any of its ERISA Affiliates requiring the provision of security to such Plan, pursuant to Section 307 of ERISA; or (g) the institution by the PBGC of proceedings to terminate a Plan of such Person or any of its ERISA Affiliates, pursuant to Section 4042 of ERISA.

"Eurocurrency Lending Office" means, with respect to any Lender, the office of such Lender specified as its "Eurocurrency Lending Office" opposite its name on Schedule I hereto or in the Acceptance pursuant to which it became a Lender (or, if no such office is specified, its Domestic Lending Office), or such other office of such Lender as such Lender may from time to time specify to the Company and the Administrative Agent.

"Eurocurrency Liabilities" has the meaning assigned to that term in Regulation D of the Board of Governors of the Federal Reserve System, as in effect from time to time.

"Eurocurrency Rate" means, for any Interest Period for each Eurocurrency Rate Loan in any Currency comprising part of the same Revolving Loan Borrowing, the rate per annum (rounded upwards, if necessary, to the nearest 1/100 of one percent) appearing on the Screen for such Currency as the London Interbank Offered Rate for deposits in such Currency at approximately 11:00 A.M. London time (or as soon thereafter as practicable) two Business Days prior to the first day of the Interest Period for such Loan; provided that if such rate does not

appear on such Screen (or, if such Screen shall cease to be publicly available or if the information contained on such Screen, in the Administrative Agent's reasonable judgment, shall cease accurately to reflect such London Interbank Offered Rate, as reported by any publicly available source of similar market data selected by the Administrative Agent that, in the Administrative Agent's reasonable judgment, accurately reflects such London Interbank Offered Rate), the "Eurocurrency Rate" for such Interest Period for such Eurocurrency Rate Loan in such Currency shall be (a) the arithmetic average (rounded to the nearest 1/100 of one percent) of the rates per annum at which deposits in such Currency are offered by the principal office of each of the Reference Banks in London, England to prime banks in the London (or, in the case of Pounds Sterling, Paris) interbank market at approximately 11:00 A.M. (London time) two Business Days before the first day of the Interest Period for such Loan in an amount substantially equal to such Reference Bank's Eurocurrency Rate Loan comprising part of such Revolving Loan Borrowing to be outstanding during such Interest Period; provided, further, that in the case of each Lender that is subject to
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the jurisdiction of the Financial Services Authority of England (or any successor) (the "FSA"), the Eurocurrency Rate shall be increased for each
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Interest Period by the associated cost rate (if any) applicable to Loans denominated for such Interest Period in the lawful currency of England or a foreign currency pursuant to applicable regulations of the FSA.

The Eurocurrency Rate for any Interest Period for each Eurocurrency Rate Loan comprising part of the same Revolving Loan Borrowing shall be determined by the Administrative Agent on the basis of the applicable Screen or the applicable rates furnished to and received by the Administrative Agent from the Reference Banks, as the case may be, two Business Days before the first day of such Interest Period, subject, however, to the provisions of Section 2.08.
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"Eurocurrency Rate Loan" means a Loan which bears interest as
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provided in Section 2.07(a)(ii).

"Eurocurrency Rate Reserve Percentage" of any Lender for any

Interest Period for any Eurocurrency Rate Loan means the reserve percentage applicable during such Interest Period (or if more than one such percentage shall be so applicable, the daily average of such percentages for those days in such Interest Period during which any such percentage shall be so applicable) under regulations issued from time to time by the Board of Governors of the Federal Reserve System (or any successor) for determining the maximum reserve requirement (including, without limitation, any emergency, supplemental or other marginal reserve requirement) for such Lender with respect to liabilities or assets consisting of or including Eurocurrency Liabilities having a term equal to such Interest Period.

"Events of Default" has the meaning specified in Section 7.01.

"Excluded Representations" means the representations and warranties
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set forth in (i) the last sentence of Section 5.01(b) (to the extent the representations and warranties set forth in such sentence relate to matters other than the Loan Documents), (ii) the last sentence of Section 5.01(e) and (iii) Sections 5.01(g), 5.01(h), 5.01(i), 5.01(j) and 5.01(l).

"FDIC" means the Federal Deposit Insurance Corporation or any successor.

"Federal Funds Rate" means, for any period, a fluctuating interest rate per annum equal for each day during such period to the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers, as published for such day (or, if such day is not a Business Day, for the next preceding Business Day) by the Federal Reserve Bank of New York, or, if such rate is not so published for any day which is a Business Day, the average of the quotations for such day on such transactions received by the Administrative Agent from three Federal funds brokers of recognized standing selected by it.

"Final Termination Date" means, at any time, the latest occurring Termination Date in effect at such time.

"Foreclosure Guarantee" means any guarantee of secured Indebtedness the obligations under which guarantee are limited to providing that following foreclosure (or sale in lieu thereof) on all such security the guarantor will pay the holder of such Indebtedness the amount (if any) by which the aggregate proceeds received by such holder from such foreclosure or sale fall short of a specified amount, provided that such specified amount does not exceed 25% of the original principal amount of such secured Indebtedness.

"Foreign Currency Equivalent" means, with respect to any amount in Dollars, the amount of an Alternate Currency that could be purchased with such amount of Dollars using the reciprocal of foreign exchange rate(s) specified in the definition of the term "Dollar Equivalent", as determined by the Administrative Agent.

"GAAP" means generally accepted accounting principles in the United States of America as in effect from time to time, except that, with respect to the determination of compliance by the Company with the covenant set forth in Section 6.01(j), "GAAP" shall mean such principles in the United States of America as in effect as of the date of, and used in, the preparation of the audited financial statements of the Company referred to in Section 5.01(e).

"Guarantee" of any Person means (a) any obligation, contingent or otherwise, directly or indirectly guaranteeing any Debt for Borrowed Money of any other Person and (b) any other arrangement having the economic effect of a Guarantee and the principal purpose of which is to assure a creditor against loss in respect of Debt for Borrowed Money, in each case other than (i) the endorsement for collection or deposit in the ordinary course of business, (ii) any Foreclosure Guarantee and (iii) any Bondable Lease Obligation. The amount of any Guarantee (other than for purposes of determining the Company's obligations under Article X) shall be deemed to be the lower of (a) an amount equal to the stated or determinable amount of the primary obligation in respect of which such Guarantee is made, and (b) the maximum amount for which such Person may be liable pursuant to the instrument embodying such Guarantee, unless such primary obligation and the maximum amount for which such guaranteeing Person

may be liable are not stated or determinable, in which case the amount of such Guarantee shall be such Person's maximum reasonably anticipated liability in respect thereof as determined by the Company in good faith.

"Guaranteed Obligations" has the meaning specified in Section 10.01.

"Indebtedness" of any Person means (i) all Debt for Borrowed Money of such Person, (ii) all obligations of such Person created or arising under any conditional sale or other title retention agreement with respect to property acquired by such Person and (iii) all Guarantees of such Person.

"Indemnified Party" has the meaning specified in Section 9.04(b).

"Insufficiency" means, with respect to any Plan, the amount, if any, of its unfunded benefit liabilities, as defined in Section 4001(a)(18) of ERISA.

"Interest Expense" means, for any period, gross interest expense plus capitalized interest for such period, in each case determined in accordance with GAAP.

"Interest Period" means: (a) with respect to each Eurocurrency Rate Loan, the period commencing on the date of such Eurocurrency Rate Loan and ending on the numerically corresponding day in the first, second, third or sixth (or, if requested by the Company and acceptable to each of the Lenders, ninth or twelfth) calendar month thereafter, as the Company (on its own behalf and on behalf of any other Borrower) may, upon notice received by the Administrative Agent not later than 12:00 noon (New York City time) on the third Business Day prior to the first day of such Interest Period, select;

(b) with respect to each Base Rate Loan, the period commencing on the date of such Base Rate Loan and ending on the first Quarterly Date thereafter; and

(c) with respect to each Competitive Bid Loan, the period commencing on the date of such Competitive Bid Loan and ending on the maturity date thereof determined in accordance with Section 2.02(c);

provided that:

(i) the Company may not select any Interest Period that ends after the Final Termination Date;

(ii) Interest Periods commencing on the same date for Revolving Loans comprising part of the same Revolving Loan Borrowing shall be of the same duration; and

(iii) whenever the last day of any Interest Period would otherwise occur on a day other than a Business Day, the last day of such Interest Period shall be extended to occur on the next succeeding Business Day, provided in the case of any Interest Period for a Eurocurrency Rate Loan, that if such extension would cause the last day of such Interest Period to occur in the next following calendar month, the last day of such Interest Period shall occur on the next preceding Business Day.

"Lenders" means the Banks listed on the signature pages hereof and each Eligible Assignee that shall become a party hereto pursuant to Section 9.07.

"Leverage Ratio" means, as at the last day of any fiscal quarter of the Company ending on or after the date hereof, the ratio of:

(a) Adjusted Total Debt as of such day, to

(b) Consolidated EBITDA for the period of four fiscal quarters ending on such day.

"Lien" means any lien, security interest or other charge or encumbrance of any kind, or any other type of preferential arrangement having the practical effect of any of the foregoing, including, without limitation, the lien or retained security title of a conditional vendor and any easement, right of way or other encumbrance on title to real property.

"Loans" means all Revolving Loans, all Swing Loans and all Competitive Bid Loans.

"Loan Documents" means this Agreement, the Notes, each Designation Letter and each Termination Letter.

"Local Time" means, with respect to any Loan denominated, or any payment to be made, in Dollars, New York City time, and with respect to any Loan denominated, or any payment to be made, in an Alternate Currency, the local time in the Principal Financial Center for such Currency.

"Margin Regulations" means, collectively, Regulations T, U and X, as from time to time in effect, and any regulation replacing the same, of the Board of Governors of the Federal Reserve System, or any successor thereto.

"Marriott Family Member" means Alice Marriott, J.W. Marriott, Jr., Richard E. Marriott, any brother or sister of J.W. Marriott, Sr., any children or grandchildren of any of the foregoing, any spouses of any of the foregoing, or any trust or other entity established primarily for the benefit of one or more of the foregoing.

"Material Adverse Change" means any material adverse change in the business, condition (financial or otherwise), operations or properties of the Company and its Subsidiaries taken as a whole.

"Material Adverse Effect" means a material adverse effect on (a) the business, condition (financial or otherwise), operations or properties of the Company and its Subsidiaries taken as a whole, (b) the rights and remedies of the Administrative Agent or any Lender under the Loan Documents or (c) the ability of the Company to perform its obligations under the Loan Documents.

"Material Subsidiary" means, at any time, a Subsidiary of the Company having (i) at least 10% of the total Consolidated assets of the Company and its Subsidiaries (determined as of the last day of the most recent fiscal quarter of the Company) or (ii) at least 10% of the Consolidated revenues of the Company and its Subsidiaries for the fiscal year of the Company then most recently ended.

"MICC" means Marriott International Capital Corporation, a Delaware corporation.

"Moody's" means Moody's Investors Service, Inc., or any successor by merger or consolidation to its business.

"Multiemployer Plan" of any Person means a multiemployer plan, as defined in Section 4001(a)(3) of ERISA, and which is a defined benefit plan, to which such Person or any of its ERISA Affiliates is making or accruing an obligation to make contributions, or has within any of the preceding five plan years made or accrued an obligation to make contributions.

"Multiple Employer Plan" of any Person means a single employer plan, as defined in Section 4001(a)(15) of ERISA, that (a) is maintained for employees of such Person or any of its ERISA Affiliates and at least one Person other than such Person and its ERISA Affiliates or (b) was so maintained and in respect of which such Person or any of its ERISA Affiliates could have liability under Section 4064 or Section 4069 of ERISA in the event such plan has been or were to be terminated.

"MVCI" means Marriott Ownership Resorts, Inc. (d/b/a Marriott Vacation Club International).

"New Commitment Acceptance" means a New Commitment Acceptance executed and delivered by a New Lender, and accepted by the Administrative Agent, in accordance with Section 9.07 and in substantially the form of Exhibit C-3 hereto.

"New Lender" means, for purposes of Sections 2.14(c) and 9.07(c), an Eligible Assignee (which may be a Lender) approved by the Administrative Agent (which approval shall

not be unreasonably withheld) that the Company has requested to become a Lender hereunder pursuant to said Section 2.14(c).

"Non-Recourse Indebtedness" means any Indebtedness of the Company or any of its Subsidiaries if, and so long as, such Indebtedness meets the requirements of clause (i), clause (ii), clause (iii) or clause (iv) below:

(i) Such Indebtedness is secured solely by Purchase Money Liens and:

(a) the instruments governing such Indebtedness limit the recourse (whether direct or indirect) of the holders thereof against the Company and its Subsidiaries for the payment of such Indebtedness to the property securing such Indebtedness (with customary exceptions, including, without limitation, recourse for fraud, waste, misapplication of insurance or condemnation proceeds, and environmental liabilities); provided that any partial Guarantee by, or any other limited recourse for payment of such Indebtedness against, the Company or its Subsidiaries which is not expressly excluded from the definition of "Guarantee" in this Section 1.01 shall, to the extent thereof, constitute a Guarantee for purposes of the calculation of Adjusted Total Debt but shall not prevent the non-guaranteed and non-recourse portion of such Indebtedness from constituting Non-Recourse Indebtedness; and

(b) if such Indebtedness is incurred after the date hereof by the Company or a Subsidiary of the Company which is organized under the laws of the United States or any of its political subdivisions, either:

(x) (1) the holders of such Indebtedness shall have irrevocably agreed that in the event of any bankruptcy, insolvency or other similar proceeding with respect to the obligor of such Indebtedness, such holders will elect (pursuant to Section 1111(b) of the Federal Bankruptcy Code or otherwise) to be treated as fully secured by, and as having no recourse against such obligor or any property of such obligor other than, the property securing such Indebtedness, and (2) if, notwithstanding any election pursuant to clause (1) above, such holders shall have or shall obtain recourse against such obligor or any property of such obligor other than the property securing such Indebtedness, such recourse shall be subordinated to the payment in full in cash of the obligations owing to the Lenders and the Administrative Agent hereunder and under the Notes; or

(y) the property securing such Indebtedness is not material to the business, condition (financial or otherwise), operations or properties of the Company and its Subsidiaries, taken as a whole, as determined at the time such Indebtedness is incurred;

(ii) (a) The sole obligor of such Indebtedness (such obligor, a "Specified Entity") is a corporation or other entity formed solely for the purpose of owning (or owning and operating) property which is (or may be) subject to one or more Purchase Money Liens, (b) such Specified Entity owns no other material property, (c) the sole collateral security provided by the Company and its Subsidiaries with respect to such Indebtedness (if any) consists of property owned by such Specified Entity and/or the capital stock of (or equivalent ownership interests in) such Specified Entity (provided that any partial Guarantee by, or any other limited recourse for payment of such Indebtedness against, the Company or its Subsidiaries which is not expressly excluded from the definition of "Guarantee" in this Section 1.01 shall, to the extent thereof, constitute a Guarantee for purposes of the calculation of Adjusted Total Debt but shall not prevent the non-guaranteed and non-recourse portion of such Indebtedness from constituting Non-Recourse Indebtedness), and (d) such Specified Entity conducts its business and operations separately from that of the Company and its other Subsidiaries;

(iii) Such Indebtedness is COLI Debt; or

(iv) Such Indebtedness is non-recourse Indebtedness in an aggregate principal amount not exceeding $53,782,000 owing by Essex House Condominium Corporation (a Subsidiary of the Company), as Owner Participant under the Trust Indenture and Security Agreement (Delta 1993-6) dated as of June 1, 1993 with NationsBank of Georgia, N.A., as indenture trustee, which Indebtedness is secured by a Boeing 767 aircraft leased to Delta Airlines and by an assignment of such lease.

"Note" means a Revolving Loan Note or a Competitive Bid Loan Note.

"Notice of Competitive Bid Loan Borrowing" has the meaning specified in Section 3.02(a).

"Notice of Revolving Loan Borrowing" has the meaning specified in Section 3.01(a).

"Notice of Swing Loan Borrowing" has the meaning specified in Section 3.03(a).

"OECD" means the Organization for Economic Cooperation and Development.

"Operating Agreement" means an agreement between the Company or one of its Subsidiaries and the owner of a lodging or senior living facility pursuant to which the Company or such Subsidiary operates such lodging or senior living facility.

"Other Taxes" has the meaning specified in Section 2.11(b).

"Participation Agreement" means a loan participation agreement in substantially the form of Exhibit C-2 hereto, with such modifications, if any, as may be approved by the Company.

"PBGC" means the Pension Benefit Guaranty Corporation or any successor.

"Permitted Liens" means any of the following:

(a) Liens for taxes, assessments and governmental charges or levies which are not yet due or are payable without penalty or of which the amount, applicability or validity is being contested by the Company or the Subsidiary whose property is subject thereto in good faith by appropriate proceedings as to which adequate reserves are being maintained;

(b) Liens imposed by law, such as materialmen's, mechanics', carriers', workmen's and repairmen's Liens and other similar Liens arising in the ordinary course of business which are not delinquent or remain payable without penalty or which are being contested or defended in good faith by appropriate proceedings, or which are suspended or released by the filing of lien bonds, or deposits to obtain the release of such Liens;

(c) pledges, deposits and other Liens made in the ordinary course of business to secure obligations under worker's compensation laws, unemployment insurance, social security legislation or similar legislation or to secure public or statutory obligations;

(d) Liens to secure the performance of bids, tenders, contracts, leases or statutory obligations, or Liens to secure obligations under the Self-Insurance Program, or to secure surety, stay or appeal or other similar types of deposits, Liens or pledges (to the extent such Liens do not secure obligations for the payment of Debt for Borrowed Money);

(e) attachment or judgment Liens to the extent such Liens are being contested in good faith and by proper proceedings, as to which adequate reserves are being maintained (provided that any such Liens as to which enforcement has been commenced and is unstayed, by reason of pending appeal or otherwise, for a period of more than thirty consecutive days, do not, in the aggregate, secure judgments in excess of $25,000,000);

(f) Liens on any property of any Subsidiary of the Company to secure Indebtedness owing by it to the Company or another Subsidiary of the Company;

(g) easements, rights of way and other encumbrances on title to real property that do not render title to the property encumbered thereby unmarketable or materially adversely affect the use of such property for its present purposes;

(h) Liens arising in connection with operating leases incurred in the ordinary course of business of the Company and its Subsidiaries;

(i) Liens created in connection with the L/C Cash Collateral Account, as defined in the $1,500,000,000 Credit Agreement dated as of February 19, 1998, among the Company, the lenders parties thereto, The Chase Manhattan Bank and The First National Bank of Chicago, as managing agents, The Bank of Nova Scotia, as documentation agent and letter of credit agent, and Citibank, N.A., as administrative agent, as from time to time amended; or any similar cash collateral account arrangement in relation to letters of credit under any credit agreement that replaces said Credit Agreement;

(j) (i) subordination of any Operating Agreement to any ground lease and/or any mortgage debt of the owner or landlord, and (ii) any agreement by the Company or any of its Subsidiaries as operator to attorn to the holder of such mortgage debt, the lessor under such ground lease or any successor to either; and

(k) additional Liens upon cash and investment securities; provided that (i) the only obligations secured by such Liens are obligations arising under Swap Transactions entered into with one or more counterparties who are not Affiliates of the Company or any of its Subsidiaries and (ii) the aggregate fair market value of cash and investment securities covered by such Liens does not at any time exceed the aggregate amount of the respective termination or liquidation payments that would be payable to such counterparties upon the occurrence of an event of default or other similar event as to which the Company or any of its Subsidiaries is the defaulting or affected party (subject to the application of any customary and reasonable collateral valuation discount percentages and minimum collateral transfer thresholds contained in the respective security and margin agreements).

"Person" means an individual, partnership, corporation (including a business trust), joint stock company, trust, unincorporated association, limited liability company, joint venture or other entity, or a government or any political subdivision or agency thereof.

"Plan" means a Single Employer Plan or a Multiple Employer Plan.

"Pounds Sterling" means the lawful money of England.

"Principal Financial Center" means, in the case of any Currency, the principal financial center of the country of issue of such Currency, as determined by the Administrative Agent.

"property" or "properties" means any right or interest in or to property of any kind whatsoever, whether real, personal or mixed and whether tangible or intangible.

"Public Debt Rating" means, as of any date, the lowest rating that has been most recently announced by either S&P or Moody's, as the case may be, for any class of long-term senior unsecured, non-credit enhanced debt issued by the Company. For purposes of the foregoing:

(a) if no Public Debt Rating shall be available from either S&P or Moody's, the Applicable Margin and the Applicable Percentage will be set in accordance with Level 6 under the definition of "Applicable Margin" or "Applicable Percentage", as the case may be;

(b) if only one of S&P and Moody's shall have in effect a Public Debt Rating, the Applicable Margin and the Applicable Percentage shall be determined by reference to the available rating;

(c) if the ratings established by S&P and Moody's shall fall within different levels, the Applicable Margin and the Applicable Percentage shall be based upon the higher rating, provided that if the lower rating falls more than one level below the higher rating (or in any event if the higher split rating is Level 5), then the Applicable Margin and the Applicable Percentage shall be based on the rating set forth in the level under the definition of "Applicable Margin" or "Applicable Percentage" immediately above the level for such lower rating; and

(d) if any rating established by S&P or Moody's shall be changed, such change shall be effective as of the date on which such change is first announced publicly by the rating agency making such change.

"Purchase Money Lien" means any Lien on property, real or personal, acquired or constructed by the Company or any Subsidiary of the Company after December 30, 1994:

(i) to secure the purchase price of such property;

(ii) that was existing on such property at the time of acquisition thereof by the Company or such Subsidiary and assumed in connection with such acquisition;

(iii) to secure Indebtedness otherwise incurred to finance the acquisition or construction of such property (including, without limitation, Indebtedness incurred to finance the cost of acquisition or construction of such property within 24 months after such acquisition or the completion of such construction); or

(iv) to secure any Indebtedness incurred in connection with any extension, refunding or refinancing of Indebtedness (whether or not secured and including Indebtedness under this Agreement) incurred, maintained or assumed in connection with, or otherwise related to, the acquisition or construction of such property;

provided in each case that (1) such Liens do not extend to or cover or otherwise
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encumber any property other than property acquired or constructed by the Company
and its Subsidiaries after December 30, 1994, and (2) such Liens do not cover
current assets of the Company or any of its Subsidiaries other than current
assets that relate solely to other property subject to such Lien.

"Quarterly Dates" means the last Business Day of each March, June, September
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and December, commencing on the first such date to occur after the Effective
Date.

"Quoted Rate Swing Loan" has the meaning specified in Section 3.03(b).

"Reference Banks" means Citibank, BNS and Chase.

"Register" has the meaning specified in Section 9.07(d).

"Required Lenders" means Lenders having at least 51% of the aggregate amount
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of the Commitments or, if the Commitments shall have terminated, Lenders holding
at least 51% of the aggregate unpaid principal amount of the Loans (provided
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that, for purposes hereof, neither any Borrower, nor any of its Affiliates, if a
Lender, shall be included in (i) the Lenders holding such amount of the Loans or
having such amount of the Commitments or (ii) determining the aggregate unpaid
principal amount of the Loans or the total Commitments).

"Revolving Loan" means a Loan by a Lender to a Borrower as part of a Revolving
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Loan Borrowing and refers to a Base Rate Loan or a Eurocurrency Rate Loan, each
of which shall be a "Type" of Revolving Loan.

"Revolving Loan Borrowing" means a borrowing consisting of simultaneous
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Revolving Loans of the same Type made by each of the Lenders pursuant to Section
2.01.

"Revolving Loan Note" means a promissory note of a Borrower payable to the
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order of any Lender, in substantially the form of Exhibit A-1 hereto, evidencing
the aggregate indebtedness of such Borrower to such Lender resulting from the
Revolving Loans made by such Lender to such Borrower.

"S&P" means Standard & Poor's Ratings Services, a division of The McGraw-Hill
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Companies, Inc., or any successor by merger or consolidation to its business.

"Screen" means, with respect to any Currency, the relevant display page as
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determined by the Administrative Agent of the Dow Jones Markets Service on which
appears the London Interbank Offered Rate for deposits in such Currency.

"Self-Insurance Program" means the self-insurance program (including related
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self-funded insurance programs) established and maintained by the Company in the
ordinary course of its business.

"Significant Shareholder" means any Person that:

(i) is either a Marriott Family Member or on the date hereof possesses, directly or indirectly, and such possession has been publicly disclosed, the power to vote 5% or more of the outstanding shares of common stock of the Company,

(ii) is or hereafter becomes a spouse of or any other relative (by blood, marriage or adoption) of a Person described in clause (i),

(iii) is or becomes a transferee of the interests of any of the foregoing Person or Persons by descent or by trust or similar arrangement intended as a method of descent, or

(iv) is (x) an employee benefit or stock ownership plan of the Company or (y) a grantor trust established for the funding, directly or indirectly, of the Company's employee benefit plans and programs.

"Single Employer Plan" of any Person means a single employer plan, as defined in Section 4001(a)(15) of ERISA, that (a) is maintained for employees of such Person or any of its ERISA Affiliates and no Person other than such Person and its ERISA Affiliates or (b) was so maintained and in respect of which such Person or any of its ERISA Affiliates could have liability under Section 4069 of ERISA in the event such plan has been or were to be terminated.

"SLS Entity" means any of Marriott Senior Living Services, Inc. and Marriott Senior Living Services Investment 10, Inc. and each other Subsidiary of the Company that owns or operates a senior living services facility.

"Subsidiary" of any Person means any corporation, partnership, limited liability company, joint venture, trust or estate of which more than 50% of (a) the issued and outstanding capital stock having ordinary voting power to elect a majority of the Board of Directors of such corporation (irrespective of whether at the time capital stock of any other class or classes of such corporation shall or might have voting power upon the occurrence of any contingency), (b) the interest in the capital or profits of such partnership, limited liability company or joint venture or (c) the beneficial interest in such trust or estate is at the time directly or indirectly owned or controlled by such Person, by such Person and one or more of its other Subsidiaries or by one or more of such Person's other Subsidiaries.

"Swap Transaction" means (a) any rate, basis, commodity, currency, debt or equity swap, (b) any cap, collar or floor agreement, (c) any rate, basis, commodity, currency, debt or equity exchange or forward agreement, (d) any rate, basis, commodity, currency, debt or equity option, (e) any other similar agreement, (f) any option to enter into any of the foregoing, (g) any investment management, master or other agreement providing for any of the foregoing and (h) any combination of any of the foregoing.

"Swing Loan" means a Loan made by (a) a Swing Loan Bank pursuant to Section 3.03 or (b) any Lender pursuant to Section 3.03.

"Swing Loan Bank" means Citibank or such other Lender as shall, with the consent of the Administrative Agent and the Company, have agreed to become a Swing Loan Bank for purposes hereof or, as to any Swing Loan Bank, such other Lender as shall, with the consent of such Swing Loan Bank, the Administrative Agent and the Company, have assumed the obligations of such Swing Loan Bank with respect to any or all of such Swing Loan Bank's Swing Loans (and its ability to make Swing Loans) hereunder.

"Swing Loan Borrowing" means a borrowing consisting of a Swing Loan made by a Swing Loan Bank.

"Swing Loan Facility" means, as to any Swing Loan Bank, an aggregate amount not to exceed at any time outstanding such aggregate amount as the Company may separately agree in writing with such Swing Loan Bank and, as to all Swing Loan Banks collectively, an aggregate amount not to exceed $50,000,000 at any time outstanding.

"Swing Loan Rate" has the meaning specified in Section 3.03.

"Swing Loan Reduction" has the meaning specified in Section 2.01.

"Syndication Agent" has the meaning specified in the recital of parties to this Agreement.

"Taxes" has the meaning specified in Section 2.11(a).

"Termination Date" of any Lender means the date five (5) years after the Effective Date (as the same may be extended or changed pursuant to Section 2.14 or 9.07(a)(vi)) or, if earlier, the date of termination in whole of the Commitments pursuant to the second sentence of Section 2.05 or pursuant to Section 7.01.

"Type" has the meaning specified in the definition of "Revolving Loan".

"Unused Commitments" means, at any time, the aggregate amount of the Commitments then unused and outstanding after giving effect to the Competitive Bid Loan Reduction and the Swing Loan Reduction.

"Voting Stock" means capital stock issued by a corporation or equivalent interests in any other Person, the holders of which are ordinarily, in the absence of contingencies, entitled to vote for the election of directors (or persons performing similar functions) of such Person, even though the right to so vote has been suspended by the happening of such contingency.

"Welfare Plan" means a welfare plan, as defined in Section 3(1) of ERISA.

"Wholly-Owned Subsidiary" of any Person means any Subsidiary of such Person
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100% of the Voting Stock of which (other than directors' qualifying shares or other shares held to satisfy legal or regulatory requirements) are directly or indirectly owned by such Person, or by one or more Wholly-Owned Subsidiaries of such Person, or by such Person and one or more Wholly-Owned Subsidiaries of such Person.

"Withdrawal Liability" has the meaning specified in Part 1 of Subtitle E of
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Title IV of ERISA.

SECTION 1.02. Computation of Time Periods.

In this Agreement in the computation of periods of time from a specified date to a later specified date, the word "from" means "from and including" and the words "to" and "until" each means "to but excluding".

SECTION 1.03. Accounting Terms.

All accounting terms not specifically defined herein shall be construed in accordance with GAAP.

ARTICLE II

AMOUNTS AND TERMS OF THE LOANS

SECTION 2.01. The Revolving Loans.

(a) Each Lender severally agrees, on the terms and conditions hereinafter set forth, to make Revolving Loans to the Company and any Designated Borrower in Dollars or (in the case of any Eurocurrency Rate Loan only) in any Alternate Currency from time to time on any Business Day during the period from the Effective Date until the Termination Date of such Lender in an aggregate amount as to all Borrowers not to exceed at any time outstanding the amount of such Lender's Commitment; provided that the
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aggregate amount of the Commitments of the Lenders shall be deemed used from time to time to the extent of (i) the aggregate amount of Competitive Bid Loans then outstanding and (ii) the aggregate amount of Swing Loans then outstanding, and such deemed uses of the aggregate amount of the Commitments shall be applied to the Lenders ratably according to their respective Commitments as in effect from time to time (such deemed uses of the aggregate amount of the Commitments with respect to (a) Competitive Bid Loans being a "Competitive Bid Loan Reduction" and (b) Swing Loans being a
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"Swing Loan Reduction").

(b) Each Revolving Loan Borrowing shall be in an aggregate amount not less than $10,000,000 or, in the case of Eurocurrency Rate Loans denominated in an Alternate Currency, the Foreign Currency Equivalent thereof (or, if less, an aggregate amount equal to the lesser of (x) the difference between the aggregate amount of a proposed Competitive Bid Loan Borrowing requested by the Company and the aggregate amount of Competitive Bid Loans offered to be made by the Lenders and accepted by the

Company in respect of such Competitive Bid Loan Borrowing, if such Competitive Bid Loan Borrowing is made on the same date as such Revolving Loan Borrowing and (y) the then remaining Unused Commitments of the Lenders participating in such Borrowing, as applicable) and (subject to Section 2.08(d)) shall consist of Revolving Loans of the same Type in the same Currency made on the same day by the Lenders ratably according to their respective Commitments.

(c) Within the limits of each Lender's Commitment, each Borrower may from time to time borrow, repay pursuant to Section 2.06 or prepay pursuant to Section 2.09 and reborrow under this Section 2.01.

(d) For purposes of determining (i) whether the amount of any Borrowing, together with all other Loans then outstanding, would exceed the aggregate amount of the Commitments, and (ii) whether the aggregate outstanding principal amount of the Loans is such as to require prepayment under Section 2.06(d), the outstanding principal amount of any Loan that is denominated in an Alternate Currency shall be deemed to be the Dollar Equivalent of the Alternate Currency amount of such Loan.

SECTION 2.02. The Competitive Bid Loans.

(a) The Company may request the making of Competitive Bid Loan Borrowings to any Borrower in Dollars or in any Alternate Currency from time to time on any Business Day during the period from the Effective Date until the date occurring 30 days prior to the Final Termination Date in the manner set forth in Section 3.02, provided that, following the making of each Competitive Bid Loan Borrowing, the aggregate amount of the Loans then outstanding shall not exceed the lesser of (i) the Current Aggregate Commitment and (ii) the aggregate amount of the Commitments scheduled to be in effect on the scheduled maturity date of the Competitive Bid Loans to be made as part of such Borrowing.

(b) Within the limits and on the conditions set forth in this Section 2.02, each Borrower may from time to time borrow under this Section 2.02, repay or prepay pursuant to subsection (c) below, and reborrow under this Section 2.02, provided that a Competitive Bid Loan Borrowing shall not be made within three Business Days of the date of any other Competitive Bid Loan Borrowing.

(c) Each Borrower shall repay to the Administrative Agent for the account of each Lender which has made a Competitive Bid Loan to such Borrower, or each other holder of a Competitive Bid Loan Note of such Borrower, on the maturity date of each Competitive Bid Loan made to such Borrower (such maturity date being that specified by the Company for repayment of such Competitive Bid Loan in the related Notice of Competitive Bid Loan Borrowing delivered pursuant to Section 3.02 and provided in the Competitive Bid Loan Note evidencing such Competitive Bid Loan), the then unpaid

principal amount of such Competitive Bid Loan. Unless otherwise agreed by the relevant Lender in its sole discretion, no Borrower shall have the right to prepay any principal amount of any Competitive Bid Loan of such Lender except, and then only on the terms, specified by the Company for such Competitive Bid Loan in the related Notice of Competitive Bid Loan Borrowing delivered pursuant to Section 3.02 and set forth in the Competitive Bid Loan Note evidencing such Competitive Bid Loan.

(d) Each Borrower shall pay interest on the unpaid principal amount of each Competitive Bid Loan made to such Borrower from the date of such Competitive Bid Loan to the date the principal amount of such Competitive Bid Loan is repaid in full, at the rate of interest for such Competitive Bid Loan specified by the Lender making such Competitive Bid Loan in its notice with respect thereto delivered pursuant to Section 3.02, payable on the interest payment date or dates specified by the Company for such Competitive Bid Loan in the related Notice of Competitive Bid Loan Borrowing delivered pursuant to Section 3.02, as provided in the Competitive Bid Loan Note evidencing such Competitive Bid Loan.

(e) The indebtedness of each Borrower resulting from each Competitive Bid Loan made to such Borrower as part of a Competitive Bid Loan Borrowing shall be evidenced by a separate Competitive Bid Loan Note of such Borrower payable to the order of the Lender making such Competitive Bid Loan.

SECTION 2.03. The Swing Loans. The Company may request each Swing Loan Bank to make, and each Swing Loan Bank may from time to time, in its sole discretion, make, on the terms and conditions hereinafter set forth, Swing Loans to any Borrower in Dollars from time to time on any Business Day during the period from the date of the initial Borrowing until 60 days before the Final Termination Date in an aggregate amount as to all Borrowers not to exceed at any time outstanding the lesser of (i) the Swing Loan Facility and (ii) the then Unused Commitments of Lenders having Termination Dates falling on or after the proposed maturity date of such Swing Loan. Each Swing Loan Borrowing shall be in an amount of $5,000,000 or an integral multiple of $1,000,000 in excess thereof and shall bear interest at the Base Rate or at the Swing Loan Rate for such Loan as provided in Section 3.03. Within the limits of the Swing Loan Facility and the Unused Commitments as aforesaid, each Borrower may borrow under this Section 2.03, repay pursuant to Section 2.06 or prepay pursuant to Section 2.09 and reborrow under this Section 2.03.

SECTION 2.04. Fees.

(a) Facility Fees. The Company agrees to pay to the Administrative Agent for the account of each Lender a facility fee on the average daily amount (whether used or unused) of such Lender's Commitment (computed without regard to any Competitive Bid Loan Reduction or any Swing Loan Reduction) from the Effective Date (in the case of each Bank), and from the effective date specified in the Acceptance pursuant to which it became a Lender (in the case of each other Lender), until the Termination Date of such

Lender, payable in arrears on each Quarterly Date during the term of such Lender's Commitment, and on the Termination Date of such Lender, at a rate per annum equal to the Applicable Percentage in effect from time to time.

(b) Up-Front Fees. The Company agrees to pay to the Administrative Agent on the date of this Agreement for account of the Banks such fees as have previously been agreed upon between the Company and the Administrative Agent.

(c) Competitive Bid Loan Fee. The Company agrees to pay to the Administrative Agent for its own account a fee in the amount of $2,500 for each request made by the Company for a Competitive Bid Loan Borrowing pursuant to Section 3.02.

(d) Other Fees. The Company agrees to pay to the Administrative Agent for its account such fees as from time to time may be separately agreed between the Company and the Administrative Agent.

SECTION 2.05. Reductions of the Commitments. The Commitment of each Lender shall be automatically reduced to zero on the Termination Date of such Lender. In addition, the Company shall have the right, upon at least three Business Days' notice to the Administrative Agent, to terminate in whole or reduce ratably in part the unused portions of the respective Commitments of the Lenders, provided that (i) the aggregate amount of the Commitments of the Lenders shall not be reduced pursuant to this sentence to an amount which is less than the aggregate principal amount of the Loans then outstanding and (ii) each partial reduction shall be in an aggregate amount of at least $10,000,000. Each Commitment reduction pursuant to this Section 2.05 shall be permanent.

SECTION 2.06. Repayment.

(a) Revolving Loans. Each Borrower shall repay the principal amount of each Revolving Loan made by each Lender to such Borrower, in the Currency of such Revolving Loan, and each Revolving Loan made by such Lender shall mature, on the last day of the Interest Period for such Revolving Loan.

(b) Competitive Bid Loans. Each Borrower shall repay the principal amount of each Competitive Bid Loan made by each Lender to such Borrower, in the Currency of such Loan, as provided in Section 2.02(c).

(c) Swing Loans. Each Borrower shall repay to each Swing Loan Bank (with notice to the Administrative Agent), and to the Administrative Agent for the account of each other Lender that has made a Swing Loan, the outstanding principal amount of each Swing Loan to such Borrower made by each of them on the earlier of the maturity date specified in the applicable Notice of Swing Loan Borrowing (which maturity shall be no later than the seventh day after the requested date of such Borrowing) and the Termination Date of such Lender.

(d) Certain Prepayments.

(i) If at any time (1) the aggregate amount of all Loans (for which purpose the amount of any Loan that is denominated in an Alternate Currency shall be deemed to be the Dollar Equivalent thereof as of the date of determination) exceeds (2) 103% of the then Current Aggregate Commitment, the Administrative Agent shall use all reasonable efforts to give prompt written notice thereof to the Company, specifying the amount to be prepaid under this clause (i), and the Company shall, within two Business Days of the date of such notice, prepay the Loans, or cause Loans to be prepaid, in an amount so that after giving effect thereto the aggregate outstanding principal amount of the Loans (determined as aforesaid) does not exceed the aggregate amount of the Commitments; provided that any such payment shall be accompanied by any amounts payable under Section 9.04(c). The determinations of the Administrative Agent hereunder shall be conclusive and binding on the Company and the other Borrowers in the absence of manifest error.

(ii) In addition, if on the last day of any Interest Period the aggregate outstanding principal amount of the Loans (after giving effect to any Loans being made to repay Loans maturing on that date) would exceed 100% of the aggregate amount of the Commitments, the Administrative Agent shall use all reasonable efforts to give prompt written notice thereof to the Company, specifying the amount to be prepaid under this clause (ii), and the Company shall, within two Business Days of the date of such notice, prepay the Loans, or cause Loans to be prepaid, or reduce the requested Loans in such amounts that after giving effect to such action the aggregate outstanding principal amount of the Loans (after giving effect to any Loans being made to repay Loans maturing on that date) does not exceed the aggregate amount of the Commitments; provided that any such payment shall be accompanied by any amounts payable under Section 9.04(c). The determinations of the Administrative Agent hereunder shall be conclusive and binding on the Company and the other Borrowers in the absence of manifest error.

SECTION 2.07. Interest.

(a) Ordinary Interest. Each Borrower shall pay interest on the unpaid principal amount of each Loan made by each Lender to such Borrower, in the Currency of such Loan, from the date of such Loan until such principal amount shall be paid in full, at the following rates per annum:

(i) Base Rate Loans and Swing Loans. If such Loan is a Revolving Loan or a Swing Loan (other than a Quoted Rate Swing Loan) which bears interest at the Base Rate, a rate per annum equal at all times to the Base Rate in effect from

time to time, payable on each Quarterly Date while such Revolving Loan or Swing Loan is outstanding and on the date such Revolving Loan or Swing Loan shall be paid in full.

(ii) Eurocurrency Rate Loans. If such Revolving Loan is a Eurocurrency Rate Loan, a rate per annum equal at all times during each Interest Period for such Revolving Loan to the sum of the Eurocurrency Rate for such Interest Period plus the Applicable Margin, payable on the last day of such Interest Period and, if such Interest Period has a duration of more than three months, at three-month intervals following the first day of such Interest Period.

(b) Default Interest. Notwithstanding the foregoing, each Borrower shall pay interest on (x) the unpaid principal amount of each Loan made by each Lender to such Borrower that is not paid when due, payable in arrears on the dates referred to in clause (a)(i) or (a)(ii) above, at a rate per annum equal at all times to two percentage points (2%) per annum above the rate per annum required to be paid on such Loan pursuant to said clause (a)(i) or (a)(ii) and (y) the amount of any interest, fee or other amount payable hereunder that is not paid when due, from the date such amount shall be due until such amount shall be paid in full, payable in arrears on the date such amount shall be paid in full and on demand, at a rate per annum equal at all times to two percentage points (2%) per annum above the rate per annum required to be paid on Base Rate Loans pursuant to clause (a)(i) above.

SECTION 2.08. Interest Rate Determinations.

(a) Each Reference Bank agrees to furnish to the Administrative Agent timely information for the purpose of determining each Eurocurrency Rate. If any one or more of the Reference Banks shall not furnish such timely information to the Administrative Agent for the purpose of determining any such interest rate, the Administrative Agent shall determine such interest rate on the basis of timely information furnished by the remaining Reference Banks.

(b) The Administrative Agent shall give prompt notice to the Company and the Lenders of the applicable interest rate determined by the Administrative Agent for purposes of Section 2.07(a)(i) or (ii), and the applicable rate, if any, displayed on the relevant Screen or furnished by each Reference Bank, as the case may be, for the purpose of determining the applicable interest rate under Section 2.07(a)(ii).

(c) If prior to 10:00 A.M. (New York City time) on any date on which an interest rate is to be determined pursuant to the proviso to the definition of "Eurocurrency Rate", the Administrative Agent receives notice from two or more of the Reference Banks that deposits in the relevant Currency are not being offered by such Reference Bank or Banks to prime banks in the London (or, in the case of Pounds Sterling, Paris) interbank market for the applicable Interest Period or in the applicable amounts, the Administrative Agent

shall so notify the Company of such circumstances, whereupon the right of the Company to select Eurocurrency Rate Loans in such Currency for any requested Revolving Loan Borrowing or any subsequent Revolving Loan Borrowing shall be suspended until the first date on which the circumstances causing such suspension cease to exist. If the Company shall not, in turn, before 11:00 a.m. (New York City time) on such date notify the Administrative Agent that its Notice of Revolving Loan Borrowing with respect to which such Eurocurrency Rate was to be determined shall be converted to a Notice of Revolving Loan Borrowing for Eurocurrency Rate Loan in a different Currency or a Base Rate Loan, such Notice of Revolving Loan Borrowing shall be deemed to be canceled and of no force or effect, and Company shall not be liable to the Administrative Agent or any Lender with respect thereto except as set forth in Section 3.01(c). In the event of such a suspension, the Administrative Agent shall review the circumstances giving rise to such suspension at least weekly and shall notify the Company and the Lenders promptly of the end of such suspension, and thereafter the Borrowers shall be entitled, on the terms and subject to the conditions set forth herein, to borrow Eurocurrency Rate Loans in such Currency.

(d) Notwithstanding anything in this Agreement to the contrary, no Lender whose Termination Date falls prior to the last day of any Interest Period for any Eurocurrency Rate Loan (a "Relevant Lender") shall
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participate in such Loan. Without limiting the generality of the foregoing, no Relevant Lender shall (i) participate in a Borrowing of any Eurocurrency Rate Loan having an initial Interest Period ending after such Lender's Termination Date, (ii) have any outstanding Eurocurrency Rate Loan continued for a subsequent Interest Period if such subsequent Interest Period would end after such Lender's Termination Date or (iii) have any outstanding Base Rate Loan Converted into a Eurocurrency Rate Loan if such Eurocurrency Rate Loan would have an initial Interest Period ending after such Lender's Termination Date. If any Relevant Lender has outstanding a Eurocurrency Rate Loan that cannot be continued for a subsequent Interest Period pursuant to clause (ii) above or has outstanding a Base Rate Loan that cannot be Converted into a Eurocurrency Rate Loan pursuant to clause (iii) above, such Lender's ratable share of such Eurocurrency Rate Loan (in the case of said clause (ii)) shall be repaid by the relevant Borrower on the last day of its then current Interest Period and such Lender's ratable share of such Base Rate Loan (in the case of said clause (iii)) shall be repaid by the relevant Borrower on the day on which the Loans of Lenders unaffected by said clause (iii) are so Converted. Subject to the terms and conditions of this Agreement, the Borrowers may fund the repayment of the Relevant Lenders' ratable shares of such Eurocurrency Rate Loans and Base Rate Loans by borrowing from Lenders hereunder that are not Relevant Lenders.

SECTION 2.09. Prepayments.

(a) The Borrowers shall have no right to prepay any principal amount of any Revolving Loan or Swing Loan other than as provided in subsection (b) below.

(b) Each Borrower may, (i) upon at least the number of Business Days' prior notice specified in the first sentence of Section 3.01(a) with respect to any Revolving Loan of the same Type, or (ii) upon notice by no later than 11:00 A.M. (New York time) on the date of prepayment of any Swing Loan, in either case given to the Administrative Agent stating the proposed date and aggregate principal amount of the prepayment, and if such notice is given, such Borrower shall, prepay the outstanding principal amounts of the Loans made to such Borrower comprising part of the same Revolving Loan Borrowing or Swing Loan Borrowing in whole or ratably in part, together with accrued interest to the date of such prepayment on the principal amount prepaid; provided, however, that (x) each partial
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prepayment shall be in an aggregate principal amount not less than $10,000,000 (or $5,000,000 in the case of Swing Loans) or an integral multiple of $1,000,000 in excess thereof (or the Foreign Currency Equivalent of such respective amounts) and (y) if any prepayment of any Eurocurrency Rate Loans shall be made on a date which is not the last day of an Interest Period for such Loans (or on a date which is not the maturity date of such Swing Loans), such Borrower shall also pay any amounts owing to each Lender pursuant to Section 9.04(c) so long as such Lender makes written demand upon such Borrower therefor (with a copy of such demand to the Administrative Agent) within 20 Business Days after such prepayment.

(c) Upon the occurrence of a Change of Control, if so requested in writing by the Required Lenders through the Administrative Agent within sixty (60) days after the Company notifies the Administrative Agent of the occurrence of such Change of Control, (i) the Company shall, on a day not later than five Business Days after the date of such request, prepay and/or cause to be prepaid the full principal of and interest on the Loans and the Notes and all other amounts whatsoever payable under this Agreement (including without limitation amounts payable under Section 9.04(c) as a result of such prepayment) and (ii) the Commitments shall, on the date of such request, forthwith terminate.

(d) If (i) the obligations of the Company under Article X with respect to any outstanding Guaranteed Obligations owing by any Designated Borrower (herein, the "Affected Borrower") shall for any reason (x) be terminated,
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(y) cease to be in full force and effect or (z) not be the legal, valid and binding obligations of the Company enforceable against the Company in accordance with its terms, and (ii) such condition continues unremedied for 15 days after written notice thereof shall have been given to the Company by the Administrative Agent or any Lender, then the Affected Borrower shall, no later than the 15th day after the date of such notice, prepay (and the Company shall cause to be prepaid) the full principal of and interest on the Loans owing by, and the Notes payable by, such Affected Borrower and all other amounts whatsoever payable hereunder by such Affected Borrower (including, without limitation, all amounts payable under Section 9.04(c) as a result of such prepayment).

SECTION 2.10. Payments and Computations.

(a) (i) Except to the extent otherwise provided herein, all payments of principal of and interest on Loans made in Dollars, and all other amounts (other than the principal of and interest on any Loan denominated in an Alternate Currency) payable by a Borrower under this Agreement and the Notes, shall be made in Dollars, and all payments of principal of and interest on Loans denominated in an Alternate Currency shall (subject to Section 2.10(e)) be made in such Alternate Currency, in each case in immediately available funds, without deduction, setoff or counterclaim, to the Administrative Agent's Account for the relevant Currency, not later than 11:00 A.M. (New York City time) (in the case of Loans denominated in Dollars and other amounts payable in Dollars) or 11:00 A.M. Local Time in the location of the Administrative Agent's Account (in the case of Loans denominated in an Alternate Currency), on the day when due, provided

that if a new Loan is to be made by any Lender to any Borrower on a ate on which such Borrower is to repay any principal of an outstanding Loan of such Lender in the same Currency, such Lender shall apply the proceeds of such new Loan to the payment of the principal to be repaid and only an amount equal to the difference between the principal to be borrowed and the principal to be repaid shall be made available by such Lender to the Administrative Agent as provided in Article III or paid by such Borrower to the Administrative Agent pursuant to this Section 2.10, as the case may be.

(ii) The Administrative Agent will promptly thereafter cause to be distributed like funds relating to the payment of principal or interest or facility fees ratably (other than amounts payable pursuant to Section 2.02, 2.08(d), 2.11, 2.14(c) or 3.04) to the Lenders entitled thereto for the account of their respective Applicable Lending Offices, and like funds relating to the payment of any other amount payable to any Lender to such Lender for the account of its Applicable Lending Office, in each case to be applied in accordance with the terms of this Agreement.

(iii) Upon its acceptance of an Acceptance and recording of the information contained therein in the Register pursuant to Section 9.07(d), from and after the effective date specified in such Acceptance the Administrative Agent shall make all payments hereunder and under the Notes in respect of the interest assigned or assumed thereby to the Lender assignee or New Lender thereunder (as the case may be). The parties to each Assignment and Acceptance shall make all appropriate adjustments in such payments for periods prior to such effective date directly between themselves.

(b) All computations of interest based on the Base Rate and of fees shall be made by the Administrative Agent on the basis of a year of 365 or 366 days, as the case may be, and all computations of interest based on the Eurocurrency Rate or the Federal Funds

Rate shall be made by the Administrative Agent on the basis of a year of 360 days, in each case for the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest or facility fees are payable. Each determination by the Administrative Agent of an interest rate hereunder shall be conclusive and binding for all purposes, absent manifest error.

(c) Whenever any payment hereunder or under the Notes shall be stated to be due on a day other than a Business Day, such payment shall be made on the next succeeding Business Day, and such extension of time shall in such case be included in the computation of payment of interest or facility fee, as the case may be; provided, however, if such extension would cause payment of interest on
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or principal of Eurocurrency Rate Loans to be made in the next following calendar month, such payment shall be made on the next preceding Business Day.

(d) Unless the Administrative Agent shall have received notice from a Borrower prior to the date on which any payment is due to the Lenders hereunder that such Borrower will not make such payment in full, the Administrative Agent may assume that such Borrower has made such payment in full to the Administrative Agent on such date and the Administrative Agent may, in reliance upon such assumption, cause to be distributed to each Lender on such due date an amount equal to the amount then due such Lender. If and to the extent that such Borrower shall not have so made such payment in full to the Administrative Agent, each Lender shall repay to the Administrative Agent forthwith on demand such amount distributed to such Lender together with interest thereon, for each day from the date such amount is distributed to such Lender until the date such Lender repays such amount to the Administrative Agent, at the Federal Funds Rate.

(e) Anything in Sections 2.06 or 2.07 to the contrary notwithstanding, and without prejudice to Sections 2.07(b) or 7.01(a), if any Borrower shall fail to pay any principal or interest denominated in an Alternate Currency within one Business Day after the due date therefor in the case of principal and three Business Days after the due date therefor in the case of interest (without giving effect to any acceleration of maturity under Article VII), the amount so in default shall automatically be redenominated in Dollars on the day one Business Day after the due date therefor in the case of a principal payment and three Business Days after the due date therefor in the case of an interest payment in an amount equal to the Dollar Equivalent of such principal or interest.

SECTION 2.11. Taxes.

(a) Any and all payments by each Borrower hereunder or under the Notes shall be made, in accordance with Section 2.10, free and clear of and without deduction for any and all present or future taxes, levies, imposts, deductions, charges or withholdings, and all liabilities with respect thereto, excluding, in
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the case of each Lender, the Syndication Agent, the Documentation Agent and the Administrative Agent, taxes imposed on or

measured by its net income (including alternative minimum taxable income), and franchise taxes imposed on it, by any jurisdiction under the laws of which such Person is organized or in which such Person is resident or doing business, or any political subdivision thereof (all such non-excluded taxes, levies, imposts, deductions, charges, withholdings and liabilities being hereinafter referred to as "Taxes"). If any Borrower shall be required by law to deduct any Taxes from
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or in respect of any sum payable hereunder or under any Notes to any such Person, (i) the sum payable shall be increased as may be necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section 2.11) such Person receives an amount equal to the sum it would have received had no such deductions been made, (ii) such Borrower shall make such deductions and (iii) such Borrower shall pay the full amount deducted to the relevant taxation authority or other authority in accordance with applicable law.

(b) In addition, each Borrower agrees to pay any present or future stamp or documentary taxes or any other excise or property taxes, charges or similar levies which arise from any payment made hereunder or under the Notes or from the execution, delivery or registration of, or otherwise with respect to, this Agreement, the Notes or the other Loan Documents (hereinafter referred to as "Other Taxes").

(c) Each Borrower will indemnify each Lender and the Administrative Agent for the full amount of Taxes or Other Taxes (including, without limitation, any Taxes or Other Taxes imposed by any jurisdiction on amounts payable under this Section 2.11) paid in good faith by such Lender or the Administrative Agent (as the case may be) and any liability (including, without limitation, penalties, additions to tax, interest and expenses) arising therefrom or with respect thereto, whether or not such Taxes or Other Taxes were correctly or legally asserted; provided, however, that (i) no Borrower shall be liable to any Person
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for any liability arising from or with respect to Taxes or Other Taxes, which results from the gross negligence or willful misconduct of the Administrative Agent or such Lender, (ii) so long as no Event of Default has occurred and is continuing, the Administrative Agent or such Lender, as applicable, shall use its reasonable best efforts to cooperate with each Borrower in contesting any Taxes or Other Taxes which such Borrower reasonably deems to be not correctly or legally asserted or otherwise not due and owing and (iii) no Borrower shall be liable to the Administrative Agent or such Lender (as the case may be) for any such liability arising prior to the date 120 days prior to the date on which such Person first makes written demand upon such Borrower for indemnification therefor. This indemnification shall be made within 30 days from the date such Lender or the Administrative Agent (as the case may be) makes written demand therefor.

(d) Within 30 days after the date of any payment of Taxes by a Borrower, such Borrower will furnish to the Administrative Agent, at its address referred to in Section 9.02, the original or a certified copy of a receipt evidencing payment thereof.

(e) (i) Each Lender organized under the laws of a jurisdiction outside the United States, on or prior to the date of its execution and delivery of this Agreement in the case of each Bank and on the date of the Acceptance pursuant to which it becomes a Lender in the case of each other Lender, on or before the date that such form expires or becomes obsolete or after the occurrence of any event within the control of such Lender (including a change in Applicable Lending Office but not including a change in law) requiring a change in the most recent form so delivered by it, and from time to time thereafter if requested in writing by the Company (but only so long thereafter as such Lender remains lawfully able to do so), shall provide the Company with Internal Revenue Service Form 1001 or 4224, as appropriate, or any successor form prescribed by the Internal Revenue Service, certifying that such Lender is entitled to benefits under an income tax treaty to which the United States is a party which reduces the rate of withholding tax on payments of interest by any Borrower that is organized under the laws of the United States or any State thereof (a "U.S. Borrower") or certifying that the income receivable pursuant
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to this Agreement from any U.S. Borrower is effectively connected with the conduct of a trade or business in the United States. If the form provided by a Lender at the time such Lender first becomes a party to this Agreement indicates a United States interest withholding tax rate in excess of zero, withholding tax at such rate shall be considered excluded from "Taxes" as defined in Section 2.11(a) unless and until such Lender provides the appropriate form certifying that a lesser rate applies, whereupon withholding tax at such lesser rate only shall be considered excluded from Taxes for periods governed by such form; provided, however, that, if at the date of the Assignment and
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Acceptance pursuant to which a Lender assignee becomes a party to this Agreement, the Lender assignor was in compliance with the provisions of Section 9.07(h) and was entitled to payments under Section 2.11(a) in respect of United States withholding tax with respect to interest paid at such date, then, to such extent, the term "Taxes" shall
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include (in addition to withholding taxes that may be imposed in the future or other amounts otherwise includable in Taxes) United States interest withholding tax, if any, applicable with respect to the Lender assignee on such date. If any form or document referred to in this Section 2.11(e) requires the disclosure of information, other than information necessary to compute the tax payable and information required on the date hereof by Internal Revenue Service form 1001 or 4224, that the relevant Lender considers to be confidential, such Lender shall give notice thereof to the Company and shall not be obligated to include in such form or document such confidential information.

(ii) In addition, upon the reasonable request of the Company (through the Administrative Agent) on behalf of any Borrower that is not a U.S. Borrower, each Lender will use all reasonable efforts to provide to such Borrower (if it can do so without material cost to such Lender) such forms or other documentation as may be requested by such Borrower in order to cause interest on Loans to such Borrower, to the fullest extent permitted by applicable law, to be subject to a

reduced rate of withholding under the laws of the jurisdiction of organization of such Borrower; and if any such form or document requires the disclosure of information, other than information necessary to compute the tax payable and information required on the date hereof, that the relevant Lender considers to be confidential, such Lender shall give notice thereof to the Company and shall not be obligated to include in such form or document such confidential information.

(f) For any period with respect to which a Person that is required pursuant to Section 2.11(e) to provide a Borrower with any documentation described therein but has failed to provide a Borrower with such documentation or notice that it cannot provide such form or other documentation (other than if such failure is due to a change in law
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occurring subsequent to the date on which a form or other documentation originally was required to be provided, or if such form or other documentation otherwise is not required under the first sentence of subsection (e) above), such Person shall not be entitled to indemnification under Section 2.11(a) with respect to Taxes; provided, however, that should
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a Lender become subject to Taxes because of its failure to deliver a form or other documentation required hereunder, the relevant Borrower shall take such steps as the Lender shall reasonably request to assist the Lender to recover such Taxes.

(g) Any Lender claiming any additional amounts payable pursuant to this Section 2.11 shall use reasonable efforts (consistent with its internal policy and legal and regulatory restrictions) to change the jurisdiction of its Applicable Lending Office if the making of such a change would avoid the need for, or reduce the amount of, any such additional amounts that may thereafter accrue and would not, in the reasonable judgment of such Lender, be otherwise disadvantageous to such Lender.

(h) Notwithstanding any contrary provisions of this Agreement, in the event that a Lender that originally provided such form or other documentation as may be required under Section 2.11(e) thereafter ceases to qualify for complete exemption from withholding tax, such Lender may assign its interest under this Agreement to any Eligible Assignee and such assignee shall be entitled to the same benefits under this Section 2.11 as the assignor provided that the rate of withholding tax applicable to such assignee shall not exceed the rate then applicable to the assignor.

(i) Without prejudice to the survival of any other agreement of the Borrowers hereunder, the agreements and obligations of the Borrowers contained in this Section 2.11 shall survive the payment in full of principal and interest hereunder and under the Notes and the termination of the Commitments.

(j) If a Borrower is required to pay any Lender any Taxes under Section 2.11(c), such Lender shall be an "Affected Person", and the Company shall
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have the rights set forth in Section 3.07 to replace such Affected Person.

SECTION 2.12. Sharing of Payments, Etc. If any Lender shall obtain any payment (whether voluntary, involuntary, through the exercise of any right of set-off, or otherwise) on account of the Revolving Loans or the Swing Loans made by it (other than pursuant to Section 2.08(d), 2.11, 2.14(c), 3.04, 3.07 or 9.04(c)) in excess of its ratable share of payments on account of the Revolving Loans or the Swing Loans obtained by all the Lenders, such Lender shall forthwith purchase from the other Lenders such participations in the Revolving Loans or the Swing Loans made by them as shall be necessary to cause such purchasing Lender to share the excess payment ratably with each of them, provided, however, that, if all or any portion of such exces s payment is thereafter recovered from such purchasing Lender, such purchase from each Lender shall be rescinded and such Lender shall repay to the purchasing Lender the purchase price to the extent of such recovery together with an amount equal to such Lender's ratable share (according to the proportion of (i) the amount of such Lender's required repayment to (ii) the total amount so recovered from the purchasing Lender) of any interest or other amount paid or payable by the purchasing Lender in respect of the total amount so recovered. Each Borrower agrees that any Lender so purchasing a participation from another Lender pursuant to this Section 2.12 may, to the fullest extent permitted by law, exercise all its rights of payment (including the right of set-off) with respect to such participation as fully as if such Lender were the direct creditor of such Borrower in the amount of such participation.

SECTION 2.13. Conversion of Revolving Loans.

(a) Optional. Each Borrower may on any Business Day, upon notice given to the Administrative Agent not later than 12:00 noon (New York City time) on (x) the third (or the fourth, in the case of Eurocurrency Rate Loans denominated in an Alternate Currency) Business Day prior to the date of the proposed Conversion into Eurocurrency Rate Loans and (y) the first Business Day prior to the date of the proposed Conversion into Base Rate Loans, and, in each case, subject to the provisions of Section 3.04, Convert all or any portion of the Revolving Loans of one Type in the same Currency comprising the same Revolving Loan Borrowing into Revolving Loans of the other Type in the same Currency; provided, however, that any Conversion of Eurocurrency Rate Loans into Base Rate Loans shall be made only on the last day of an Interest Period for such Eurocurrency Rate Loans and any Conversion of Base Rate Loans into Eurocurrency Rate Loans shall be in an amount not less than the minimum amount specified in Section 3.01(b). Each such notice of Conversion shall, within the restrictions specified above, specify (i) the date of such Conversion, (ii) the Revolving Loans to be Converted and (iii) if such Conversion is into Eurocurrency Rate Loans, the duration of the initial Interest Period for such Revolving Loans. Each notice of Conversion shall be irrevocable and binding on the Borrowers.

(b) Mandatory. If the Company shall fail to select the duration of any Interest Period for any Eurocurrency Rate Loans in accordance with the provisions contained in the definition of "Interest Period" in Section 1.01, the Administrative Agent will forthwith so notify the Company and the Lenders, whereupon each such Eurocurrency

Rate Loan will automatically, on the last day of the then existing Interest Period therefor, Convert into a Base Rate Loan.

(c) Conversions Generally. Each Borrower and the Lenders hereby acknowledge that Conversions pursuant to this Section 2.13 do not constitute Borrowings and, accordingly, do not result in the remaking of any of the Company's representations and warranties pursuant to Section 4.02 or Section 4.03.

SECTION 2.14. Extension of Termination Date.

(a) The Company may, by notice to the Administrative Agent (which shall promptly notify the Lenders) not less than 45 days and not more than 60 days prior to each anniversary (each such anniversary, an "Anniversary Date") of the Effective Date, request that each Lender extend such Lender's Termination Date to the date (the "New Termination Date") that is one year after the then Final Termination Date. Each Lender, acting in its sole discretion, shall, by written notice to the Administrative Agent given no later than the date (the "Consent Date") that is the earlier of (i) 15 days after the date of the notice referred to in the preceding sentence and (ii) 30 days prior to the Anniversary Date (provided that, if such earlier date is not a Business Day, the Consent Date shall be the next succeeding Business Day), advise the Administrative Agent as to:

(1) whether or not such Lender agrees to such extension of its Termination Date (each Lender so agreeing to such extension being an "Extending Lender"); and

(2) only if such Lender is an Extending Lender, whether or not such Lender also irrevocably offers to increase the amount of its Commitment (each Lender so offering to increase its Commitment being an "Increasing Lender" as well as an Extending Lender) and, if so, the amount of the additional Commitment such Lender so irrevocably offers to assume hereunder (such Lender's "Proposed Additional Commitment").

Each Lender that determines not to extend its Termination Date (a "Non-Extending Lender") shall notify the Administrative Agent (which shall notify the Lenders) of such fact promptly after such determination but in any event no later than the Consent Date, and any Lender that does not advise the Administrative Agent in writing on or before the Consent Date shall be deemed to be a Non-Extending Lender. The election of any Lender to agree to such extension shall not obligate any other Lender to so agree. The Administrative Agent shall notify the Company of each Lender's determination under this Section 2.14(a) no later than the date 25 days prior to the Anniversary Date (or, if such date is not a Business Day, on the next preceding Business Day).

(b) (i) If all of the Lenders are Extending Lenders, then, effective as of the Consent Date, the Termination Date of each Lender shall be extended to the New

Termination Date, and the respective Commitments of the Lenders will not be subject to change at such Consent Date pursuant to this Section 2.14.

(ii) If and only if the sum of (x) the aggregate amount of the Commitments of the Extending Lenders plus (y) the aggregate amount of the Proposed Additional Commitments of the Increasing Lenders (such sum, the "Extending Commitments") shall be equal to at least 80% of the then Current Aggregate Commitment, then:

(1) effective as of the Consent Date, the Termination Date of each Extending Lender shall be extended to the New Termination Date; and

(2) the Company shall (so long as no Default shall have occurred and be continuing) have the right, but not the obligation, to take either of the following actions with respect to each Non-Extending Lender during the period commencing on the Consent Date and ending on the immediately succeeding Anniversary Date:

(X) the Company may elect by notice to the Administrative Agent and such Non-Extending Lender that the Termination Date of such Non-Extending Lender be changed to a date (which date shall be specified in such notice) on or prior to the Anniversary Date (and, upon the giving of such notice, the Termination Date of such Non-Extending Lender shall be so changed); or

(Y) the Company may replace such Non-Extending Lender as a party to this Agreement in accordance with Section 2.14(c).

(iii) If neither of the conditions specified in clause (i) or clause (ii) of this Section 2.14(b) is satisfied, then neither the Termination Date nor the Commitment of any Lender will change pursuant to this Section 2.14 on such Consent Date, and the Company will not have the right to take any of the actions specified in Section 2.14(b)(ii)(2).

(c) Replacement by the Company of Non-Extending Lenders pursuant to Section 2.14(b)(ii)(2)(Y) shall be effected as follows (certain terms being used in this Section 2.14(c) having the meanings assigned to them in Section 2.14(d)) on the relevant Assignment Date:

(1) the Assignors shall severally assign and transfer to the Assignees, and the Assignees shall severally purchase and assume from the Assignors, all of the Assignors' rights and obligations (including, without limitation, the Assignors' respective Commitments) hereunder and under the Notes;

(2) each Assignee shall pay to the Administrative Agent, for account of the Assignors, an amount equal to such Assignee's Share of the aggregate outstanding principal amount of the Loans then held by the Assignors;

(3) the Company shall pay to the Administrative Agent, for account of the Assignors, all interest, fees and other amounts (other than principal of outstanding Loans) then due and owing to the Assignors by the Company hereunder (including, without limitation, payments due such Assignors, if any, under Sections 2.11, 3.04 and 9.04(c)); and

(4) the Company shall pay to the Administrative Agent for account of the Administrative Agent the $2,500 processing and recordation fee for each assignment effected pursuant to this Section 2.14(c).

The assignments provided for in this Section 2.14(c) shall be effected on the relevant Assignment Date in accordance with Section 9.07 and pursuant to one or more Assignments and Acceptances. After giving effect to such assignments, each Assignee shall have a Commitment hereunder (which, if such Assignee was a Lender hereunder immediately prior to giving effect to such assignment, shall be in addition to such Assignee's existing Commitment) in an amount equal to the amount of its Assumed Commitment.

(d) For purposes of this Section 2.14 the following terms shall have the following meanings (such meanings to be equally applicable to both the singular and plural forms of the terms defined):

"Assigned Commitments" means the Commitments of Non-Extending Lenders to be replaced pursuant to Section 2.14(b)(ii)(2)(Y).

"Assignees" means, at any time, Increasing Lenders and, if the Assigned Commitments exceed the aggregate amount of the Proposed Additional Commitments, one or more New Lenders.

"Assignment Date" means the Anniversary Date or such earlier date as shall be acceptable to the Company, the relevant Assignors, the relevant Assignees and the Administrative Agent.

"Assignors" means, at any time, the Lenders to be replaced by the Company pursuant to Section 2.14(b)(ii)(2)(Y).

The "Assumed Commitment" of each Assignee shall be determined as follows:

(a) If the aggregate amount of the Proposed Additional Commitments of all of the Increasing Lenders shall exceed the aggregate amount of the Assigned Commitments, then (i) the amount of the Assumed Commitment of each Increasing Lender shall be equal to (x) the aggregate amount of the Assigned Commitments multiplied by (y) a fraction, the numerator of which is equal to such Increasing Lender's Commitment as then in effect and the denominator of which is the aggregate amount of the Commitments of all Increasing Lenders as then in effect; and (ii) no New Lender shall be entitled to become a Lender hereunder pursuant to Section 2.14(c) (and, accordingly, each New Lender shall have an Assumed Commitment of zero).

(b) If the aggregate amount of the Proposed Additional Commitments of all of the Increasing Lenders shall be less than or equal to the aggregate amount of the Assigned Commitments, then: (i) the amount of the Assumed Commitment of each Increasing Lender shall be equal to such Increasing Lender's Proposed Additional Commitment; and (ii) the excess, if any, of the aggregate amount of the Assigned Commitments over the aggregate amount of the Proposed Additional Commitments shall be allocated among New Lenders in such a manner as the Company and the Administrative Agent may agree.

"Share" means, as to any Assignee, a fraction the numerator of which is equal to such Assignee's Assumed Commitment and the denominator of which is the aggregate amount of the Assumed Commitments of all the Assignees.

SECTION 2.15. Borrowings by Designated Borrowers.

(a) The Company may, at any time or from time to time, designate one or more Wholly-Owned Subsidiaries as Borrowers hereunder by furnishing to the Administrative Agent a letter (a "Designation Letter") in duplicate, in substantially the form of Exhibit F-1, duly completed and executed by the Company and such Subsidiary. Upon any such designation of a Subsidiary, such Subsidiary shall be a Designated Borrower and a Borrower entitled to borrow Revolving Loans and Competitive Bid Loans on and subject to the terms and conditions of this Agreement.

(b) So long as all principal of and interest on all Loans made to any Designated Borrower have been paid in full, the Company may terminate the status of such Borrower as a Borrower hereunder by furnishing to the Administrative Agent a letter (a "Termination Letter") in substantially the form of Exhibit F-2, duly completed and

executed by the Company. Any Termination Letter furnished hereunder shall be effective upon receipt by the Administrative Agent, which shall promptly notify the Lenders, whereupon the Lenders shall promptly deliver to the Company (through the Administrative Agent) the Notes, if any, of such former Borrower. Notwithstanding the foregoing, the delivery of a Termination Letter with respect to any Borrower shall not terminate (i) any obligation of such Borrower that remains unpaid at the time of such delivery (including without limitation any obligation arising thereafter in respect of such Borrower under Section 2.11 or 3.04) or (ii) the obligations of the Company under Article X with respect to any such unpaid obligations.

ARTICLE III

MAKING THE LOANS

SECTION 3.01. Making the Revolving Loans.

(a) Each Revolving Loan Borrowing shall be made on notice, given not later than (x) 12:00 noon (New York City (or, in the case of a Borrowing in an Alternate Currency, London) time) on the third (or, in the case of a Borrowing to be denominated in an Alternate Currency, fourth) Business Day prior to the date of a Eurocurrency Rate Loan Borrowing, and (y) 11:00 A.M. (New York City time) on the day of a Base Rate Loan Borrowing, by the Company (on its own behalf and on behalf of any Designated Borrower) to the Administrative Agent, which shall give to each Lender prompt notice thereof by telecopier, telex or cable. Each such notice of a Revolving Loan Borrowing (a "Notice of Revolving Loan Borrowing") shall be made in writing, or orally and confirmed immediately in writing, by telecopier, telex or cable, in substantially the form of Exhibit B-1 hereto, specifying therein the requested (i) date of such Revolving Loan Borrowing (which shall be a Business Day), (ii) Currency and Type of Revolving Loan comprising such Revolving Loan Borrowing, (iii) aggregate amount of such Revolving Loan Borrowing, (iv) in the case of a Revolving Loan Borrowing comprised of Eurocurrency Rate Loans, the Interest Period for each such Revolving Loan and (v) the name of the Borrower (which shall be the Company or a Designated Borrower). Each Lender shall (A) before 11:00 A.M. Local Time on the date of such Borrowing (in the case of a Eurocurrency Rate Loan Borrowing) and (B) before 1:00 P.M. (New York City time) on the date of such Borrowing (in the case of a Base Rate Loan Borrowing), make available for the account of its Applicable Lending Office to the Administrative Agent at the Administrative Agent's Account for the relevant Currency in same day funds, such Lender's ratable portion of such Revolving Loan Borrowing; provided that, with respect to Borrowings of Eurocurrency Rate Loans, no Lender having a Termination Date prior to the last day of the initial Interest Period for such Eurocurrency Rate Loans shall participate in such Borrowing. After the Administrative Agent's receipt of such funds and upon fulfillment of the applicable conditions set forth in Article IV, the Administrative Agent will make such funds available to the relevant Borrower in such manner as the Administrative Agent and the Company may agree; provided, however,

that the Administrative Agent shall first make a portion of such funds equal to the aggregate principal amount of any Swing Loan as to which a Borrower has received timely notice made by the Swing Loan Bank, and by any other Lender and outstanding on the date of such Revolving Loan Borrowing, plus interest accrued and unpaid thereon to and as of such date, available to the Swing Loan Bank, and such other Lenders for repayment of such Swing Loans.

(b) Anything in subsection (a) above to the contrary notwithstanding, the Company may not select Eurocurrency Rate Loans for any Revolving Loan Borrowing if the aggregate amount of such Revolving Loan Borrowing is less than $10,000,000 or the Foreign Currency Equivalent thereof.

(c) Subject to Sections 2.08(c) and 3.05, each Notice of Revolving Loan Borrowing shall be irrevocable and binding on the Company and the relevant Borrower. In the case of any Revolving Loan Borrowing by a Borrower which the related Notice of Revolving Loan Borrowing specifies is to be comprised of Eurocurrency Rate Loans, such Borrower shall indemnify each Lender against any loss, cost or expense incurred by such Lender as a result of any failure to fulfill on or before the date specified in such Notice of Revolving Loan Borrowing for such Revolving Loan Borrowing the applicable conditions set forth in Article IV, including, without limitation, any loss (excluding loss of anticipated profits), cost or expense incurred by reason of the liquidation or reemployment of deposits or other funds acquired by such Lender to fund the Revolving Loan to be made by such Lender as part of such Revolving Loan Borrowing when such Revolving Loan, as a result of such failure, is not made on such date.

(d) Unless the Administrative Agent shall have received notice from a Lender prior to the time any Revolving Loan Borrowing is required to be made that such Lender will not make available to the Administrative Agent such Lender's ratable portion of such Revolving Loan Borrowing, the Administrative Agent may assume that such Lender has made such portion available to the Administrative Agent on the date of such Revolving Loan Borrowing in accordance with subsection (a) of this Section 3.01 and the Administrative Agent may, in reliance upon such assumption, make available to the relevant Borrower on such date a corresponding amount. If and to the extent that such Lender shall not have so made such ratable portion available to the Administrative Agent, such Lender and the relevant Borrower severally agree to repay to the Administrative Agent forthwith on demand such corresponding amount together with interest thereon, for each day from the date such amount is made available to such Borrower until the date such amount is repaid to the Administrative Agent, at (i) in the case of such Borrower, the interest rate applicable at the time to Revolving Loans comprising such Revolving Loan Borrowing and (ii) in the case of such Lender, the Federal Funds Rate, provided that such Borrower retains its
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rights against such Lender with respect to any damages it may incur as a result of such Lender's failure to fund, and notwithstanding anything herein to the contrary, in no event shall such Borrower be liable to such Lender or any other Person for the interest payable by such Lender to the Administrative Agent

pursuant to this sentence. If such Lender shall repay to the Administrative Agent such corresponding amount, such amount so repaid shall constitute such Lender's Revolving Loan as part of such Revolving Loan Borrowing for purposes of this Agreement.

(e) The failure of any Lender to make the Revolving Loan to be made by it as part of any Revolving Loan Borrowing shall not relieve any other Lender of its obligation, if any, hereunder to make its Revolving Loan on the date of such Revolving Loan Borrowing, but no Lender shall be responsible for the failure of any other Lender to make the Revolving Loan to be made by such other Lender on the date of any Revolving Loan Borrowing.

SECTION 3.02. Making the Competitive Bid Loans.

(a) The Company (on its own behalf and on behalf of any Designated Borrower) may request a Competitive Bid Loan Borrowing under this Section 3.02 by delivering to the Administrative Agent a notice (made in writing, or orally and confirmed immediately in writing, by telecopier, telex or cable) of a Competitive Bid Loan Borrowing (a "Notice of Competitive Bid Loan Borrowing"), in substantially the form of Exhibit B-2 hereto, specifying the date (which shall be a Business Day) and aggregate amount of the proposed Competitive Bid Loan Borrowing, the Currency thereof, the maturity date for repayment of each Competitive Bid Loan to be made as part of such Competitive Bid Loan Borrowing (which maturity date may not be later than 180 days or six months, as applicable, after the date of such Competitive Bid Loan Borrowing (or, if earlier, the Final Termination Date)), the interest payment date or dates relating thereto, the name of the Borrower (which shall be the Company or a Designated Borrower), and any other terms to be applicable to such Competitive Bid Loan Borrowing, not later than (i) 10:00 A.M. New York (or, in the case of a Borrowing in an Alternate Currency, London) time at least one Business Day prior to the date of the proposed Competitive Bid Loan Borrowing, if the Company shall specify in the Notice of Competitive Bid Loan Borrowing that the rates of interest to be offered by the Lenders shall be fixed rates per annum and (ii) 12:00 noon New York (or, in the case of a Borrowing in an Alternate Currency, London) time at least four Business Days prior to the date of the proposed Competitive Bid Loan Borrowing, if the Company shall instead specify in the Notice of Competitive Bid Loan Borrowing the basis to be used by the Lenders in determining the rates of interest to be offered by them. The Administrative Agent shall in turn promptly notify each Lender of each request for a Competitive Bid Loan Borrowing received by it from the Company by sending such Lender a copy of the related Notice of Competitive Bid Loan Borrowing.

(b) Each Lender may, if, in its sole discretion, it elects to do so, irrevocably offer to make one or more Competitive Bid Loans to a Borrower as part of such proposed Competitive Bid Loan Borrowing at a rate or rates of interest specified by such Lender in its sole discretion, by notifying the Administrative Agent (which shall give prompt notice thereof to the Company), before 10:00 A.M. New York (or, in the case of a Borrowing in

an Alternate Currency, London) time (i) on the date of such proposed Competitive Bid Loan Borrowing, in the case of a Notice of Competitive Bid Loan Borrowing delivered pursuant to clause (i) of paragraph (a) above and (ii) three Business Days before the date of such proposed Competitive Bid Loan Borrowing, in the case of a Notice of Competitive Bid Loan Borrowing delivered pursuant to clause (ii) of paragraph (a) above, of the minimum amount and maximum amount of each Competitive Bid Loan which such Lender would be willing to make as part of such proposed Competitive Bid Loan Borrowing (which amounts may, subject to the proviso to the first sentence of Section 2.02(a), exceed such Lender's Commitment), the rate or rates of interest therefor and such Lender's Applicable Lending Office with respect to such Competitive Bid Loan; provided that if the
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Administrative Agent in its capacity as a Lender shall, in its sole discretion, elect to make any such offer, it shall notify the Company of such offer before 9:00 A.M. New York (or, in the case of a Borrowing in an Alternate Currency, London) time on the date on which notice of such election is to be given to the Administrative Agent by the other Lenders. If any Lender shall elect not to make such an offer, such Lender shall so notify the Administrative Agent, before 10:00 A.M. New York (or, in the case of a Borrowing in an Alternate Currency, London) time on the date on which notice of such election is to be given to the Administrative Agent by the other Lenders, and such Lender shall not be obligated to, and shall not, make any Competitive Bid Loan as part of such Competitive Bid Borrowing; provided that the failure by any Lender to give such
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notice shall not cause such Lender to be obligated to make any Competitive Bid Loan as part of such proposed Competitive Bid Loan Borrowing.

(c) The Company shall, in turn, (i) before 11:30 A.M. New York (or, in the case of a Borrowing in an Alternate Currency, London) time on the date of such proposed Competitive Bid Loan Borrowing, in the case of a Notice of Competitive Bid Loan Borrowing delivered pursuant to clause (i) of paragraph (a) above and (ii) before 1:00 P.M. New York (or, in the case of a Borrowing in an Alternate Currency, London) time three Business Days before the date of such proposed Competitive Bid Loan Borrowing, in the case of a Notice of Competitive Bid Loan Borrowing delivered pursuant to clause (ii) of paragraph (b) above, either:

(A) cancel such Competitive Bid Loan Borrowing by giving the Administrative Agent notice to that effect, or

(B) accept one or more of the offers made by any Lender or Lenders pursuant to paragraph (b) above, in its sole discretion, by giving notice to the Administrative Agent of the amount of each Competitive Bid Loan (which amount shall be equal to or greater than the minimum amount, and equal to or less than the maximum amount, notified to the Company by the Administrative Agent on behalf of such Lender for such Competitive Bid Loan pursuant to paragraph (b) above) to be made by each Lender as part of such Competitive Bid Loan Borrowing, and reject any remaining offers made by Lenders pursuant to paragraph (b) above by giving the Administrative Agent notice to that effect.

(d) If the Company notifies the Administrative Agent that such Competitive Bid Loan Borrowing is canceled pursuant to paragraph (c)(A) above, the Administrative Agent shall give prompt notice thereof to the Lenders and such Competitive Bid Loan Borrowing shall not be made.

(e) If the Company accepts one or more of the offers made by any Lender or Lenders pursuant to paragraph (c)(B) above, the Administrative Agent shall in turn promptly notify (i) each Lender that has made an offer as described in paragraph (b) above, of the date and aggregate amount of such Competitive Bid Loan Borrowing and whether or not any offer or offers made by such Lender pursuant to paragraph (b) above have been accepted by the Company, (ii) each Lender that is to make a Competitive Bid Loan as part of such Competitive Bid Loan Borrowing, of the amount of each Competitive Bid Loan to be made by such Lender as part of such Competitive Bid Loan Borrowing, and (iii) each Lender that is to make a Competitive Bid Loan as part of such Competitive Bid Loan Borrowing, upon receipt, that the Administrative Agent has received forms of documents appearing to fulfill the applicable conditions set forth in Article IV. Each Lender that is to make a Competitive Bid Loan as part of such Competitive Bid Loan Borrowing shall, before 1:00 P.M. New York (or, in the case of a Borrowing in an Alternate Currency, London) time on the date of such Competitive Bid Loan Borrowing specified in the notice received from the Administrative Agent pursuant to clause (i) of the preceding sentence or any later time when such Lender shall have received notice from the Administrative Agent pursuant to clause (iii) of the preceding sentence, make available for the account of its Applicable Lending Office to the Administrative Agent at the Administrative Agent's Account for the relevant Currency such Lender's portion of such Competitive Bid Loan Borrowing, in same day funds. Upon fulfillment of the applicable conditions set forth in Article IV and after receipt by the Administrative Agent of such funds, the Administrative Agent will make such funds available to the relevant Borrower at the Administrative Agent's aforesaid address. Promptly after each Competitive Bid Loan Borrowing the Administrative Agent will notify each Lender of the amount of the Competitive Bid Loan Borrowing, the consequent Competitive Bid Loan Reduction and the dates upon which such Competitive Bid Loan Reduction commenced and will terminate.

(f) Following the making of each Competitive Bid Loan Borrowing, the Company shall be in compliance with the limitation set forth in the proviso to the first sentence of Section 2.02(a).

(g) Notwithstanding anything to the contrary in Section 2.02 or in the foregoing provisions of this Section 3.02, no Lender whose Termination Date occurs prior to the maturity date for any Competitive Bid Loan requested in a Notice of Competitive Bid Loan Borrowing shall be entitled to receive or to make a quote pursuant to such Notice of Competitive Bid Loan Borrowing or otherwise to participate in such Competitive Bid Loan Borrowing.

SECTION 3.03. Making the Swing Loans, Etc.

(a) The Company (on its own behalf and on behalf of any Designated Borrower) may request a Swing Loan Borrowing from a Swing Loan Bank under this Section 3.03 by delivering to the Administrative Agent and such Swing Loan Bank, no later than 2:00 p.m. (New York City time) on the date of the proposed Swing Loan Borrowing, a notice of a Swing Loan Borrowing (a "Notice of Swing Loan Borrowing"), which shall be made in writing, or orally and confirmed immediately in writing, by telecopier, telex or cable, and shall specify therein (i) the Borrower (which shall be the Company or a Designated Borrower), (ii) the requested Swing Loan Bank, (iii) the date of such Borrowing (which shall be a Business Day), (iv) the amount of such Borrowing, (v) the maturity of such Borrowing (which maturity shall be no later than the seventh day after the requested date of such Borrowing) and (vi) the account of the relevant Borrower to which the proceeds of such Borrowing are to be made available.

(b) The relevant Swing Loan Bank may, if, in its sole discretion, it elects to do so, irrevocably offer to make such Swing Loan to the relevant Borrower by telephonic notice, such notice specifying whether such Swing Loan will bear interest (i) at the rate of interest specified in Section 2.07(a)(i) (such Swing Loan, a "Base Rate Swing Loan") or (ii) at a different rate of interest specified in such notice by such Swing Loan Bank in its sole discretion (such Swing Loan, a "Quoted Rate Swing Loan"). If such Swing Loan Bank shall elect not to make such an offer, such Swing Loan Bank shall so notify the Administrative Agent and the Company; provided that the failure by such Swing Loan Bank to give such notice shall not cause such Swing Loan Bank to be obligated to make such Swing Loan.

(c) If such Swing Loan Bank shall have offered to make a Swing Loan as provided in paragraph (b) above, the Company shall, in turn, before the earlier of one hour after its receipt of such offer and 2:30 P.M. (New York City time) on the date of the proposed Swing Loan Borrowing either (A) cancel such Swing Loan Borrowing or (B) accept such offer, in each case by giving notice to such effect to the Administrative Agent and such Swing Loan Bank.

(d) If the Company cancels such Swing Loan Borrowing pursuant to paragraph (c)(A) above, such Swing Loan Borrowing shall not be made. If the Company accepts such offer pursuant to paragraph (c)(B) above, the relevant Swing Loan Bank will (subject to the applicable conditions set forth in Article IV) make the amount of such Swing Loan available to the relevant Borrower at the account specified in the relevant Notice of Swing Loan Borrowing. In the case of any Borrowing of Quoted Rate Swing Loans, the Company shall indemnify the relevant Swing Loan Bank against any loss, cost or expense incurred by such Swing Loan Bank as a result of any failure to fulfill on or before the date of such Swing Loan the applicable conditions set forth in Article IV, including, without limitation, any loss (excluding loss of anticipated profits), cost or

expense incurred by reason of the liquidation or reemployment of deposits or other funds acquired by such Swing Loan Bank to fund the Quoted Rate Swing Loan to be made by such Swing Loan Bank as part of such Borrowing when such Quoted Rate Swing Loan, as a result of such failure, is not made on such date.

(e) If the Company accepts an offer by a Swing Loan Bank for a Quoted Rate Swing Loan as provided above, such Swing Loan Bank will provide the Company and the Administrative Agent with written confirmation (a "Swing Loan Rate Confirmation") of the agreed interest rate (the "Swing Loan Rate") for such Quoted Rate Swing Loan by the Business Day next succeeding the date on which the related Notice of Swing Loan Borrowing was given, and the rate specified in such Swing Loan Rate Confirmation shall for all purposes be the interest rate payable in respect of such Quoted Rate Swing Loan notwithstanding any disagreement by the Company with the contents of such written confirmation.

(f) Upon demand by a Swing Loan Bank through the Administrative Agent, each other Lender having a Termination Date on or after the scheduled maturity date of such Swing Loan shall purchase from such Swing Loan Bank, and such Swing Loan Bank shall sell and assign to each other Lender, such other Lender's pro rata share (determined based on the aggregate Commitments of all Lenders having Termination Dates on or after the scheduled maturity date of such Swing Loan) of each outstanding Base Rate Swing Loan made by such Swing Loan Bank (and related claims for accrued and unpaid interest), by making available for the account of its Applicable Lending Office to the Administrative Agent for the account of such Swing Loan Bank by deposit to the Administrative Agent at its aforesaid address, in same day funds, an amount equal to the sum of (x) the portion of the outstanding principal amount of such Base Rate Swing Loans to be purchased by such Lender plus (y) interest accrued and unpaid to and as of such date on such portion of the outstanding principal amount of such Base Rate Swing Loans (it being understood that this sentence shall not apply to any Quoted Rate Swing Loan). Each Lender's obligations to make such payments to the Administrative Agent for account of the Swing Loan Banks under this paragraph (f), and each Swing Loan Bank's right to receive the same, shall be absolute and unconditional and shall not be affected by any circumstance whatsoever, including, without limitation, the failure of any other Lender to make its payment under this paragraph (f), the financial condition of the Company (or any other Person), the existence of any Default, the failure of any of the conditions set forth in Article IV to be satisfied, or the termination of the Commitments. Each such payment to a Swing Loan Bank shall be made without any offset, abatement, withholding or reduction whatsoever. Each Lender agrees to purchase its pro rata share of such outstanding Base Rate Swing Loans on (i) the Business Day on which demand therefor is made by such Swing Loan Bank, provided that notice of such demand is given not later than 11:00 a.m. (New York City time) on such Business Day or (ii) the first Business Day next succeeding such demand if notice of such demand is given after such time. Upon any such assignment by a Swing Loan Bank to any other Lender of a portion of such Swing Loan Bank's Base Rate Swing Loans, such Swing Loan Bank represents

and warrants to such other Lender that such Swing Loan Bank is the legal and beneficial owner of such interest being assigned by it, but makes no other representation or warranty and assumes no responsibility with respect to such Swing Loan, the Loan Documents or any party thereto. If and to the extent that any Lender shall not have so made the amount of such Swing Loan available to the Administrative Agent, such Lender agrees to pay to the Administrative Agent for the account of such Swing Loan Bank forthwith on demand such amount together with interest thereon, for each day from the date of demand by such Swing Loan Bank until the date such amount is paid to the Administrative Agent, at the Federal Funds Rate. If such Lender shall pay to the Administrative Agent such amount for the account of such Swing Loan Bank, such amount so paid in respect of principal shall constitute a Swing Loan by such Lender for purposes of this Agreement, and the outstanding principal amount of the Swing Loans made by such Swing Loan Bank shall be reduced by such amount.

SECTION 3.04. Increased Costs.

(a) If, due to either (i) the introduction of or any change (other than any change by way of imposition or increase of reserve requirements included in the Eurocurrency Rate Reserve Percentage, in each case as of the date of determination thereof) in or in the interpretation of any law or regulation, in each case as of the date hereof or (ii) the compliance with any guideline or request from any central bank or other governmental authority (whether or not having the force of law) which implements any introduction or change specified in clause (i) above, there shall be any increase in the cost to any Lender of agreeing to make or making, funding or maintaining Eurocurrency Rate Loans, then the Company shall from time to time, within ten Business Days after written demand by such Lender (with a copy of such demand to the Administrative Agent), pay to the Administrative Agent for the account of such Lender additional amounts sufficient to compensate such Lender for such increased cost incurred during the 90-day period prior to the date of such demand. A certificate as to the amount of such increased cost, submitted to the Company and the Administrative Agent by such Lender and showing in reasonable detail the basis for the calculation thereof, shall be prima facie evidence of such costs.

(b) If any Lender determines that compliance with (i) the introduction of or any change in or in the interpretation of, any law or regulation, in each case after the date hereof, or (ii) any guideline or request from any central bank or other governmental authority (whether or not having the force of law) which implements any introduction or change specified in clause (i) above, affects or would affect the amount of capital required or expected to be maintained by such Lender or any corporation controlling such Lender and that the amount of such capital is increased by or based upon the existence of such Lender's commitment to lend hereunder and other commitments of this type, then, within ten Business Days after written demand by such Lender (with a copy of such demand to the Administrative Agent), the Company shall from time to time pay to the

Administrative Agent for the account of such Lender, additional amounts sufficient to compensate such Lender or such corporation in the light of such circumstances incurred during the 90-day period prior to the date of such demand, to the extent that such Lender reasonably determines such increase in capital to be allocable to the existence of such Lender's commitment to lend hereunder. A certificate as to such amounts submitted to the Company and the Administrative Agent by such Lender and showing in reasonable detail the basis for the calculation thereof shall be prima facie evidence of such costs.

(c) Without limiting the effect of the foregoing, the Company shall pay to each Lender on the last day of each Interest Period so long as such Lender is maintaining reserves against Eurocurrency Liabilities (or so long as such Lender is maintaining reserves against any other category of liabilities that includes deposits by reference to which the interest rate on Eurocurrency Rate Loans is determined as provided in this Agreement or against any category of extensions of credit or other assets of such Lender that includes any Eurocurrency Rate Loans) an additional amount (determined by such Lender and notified to the Company through the Administrative Agent) equal to the product of the following for each Eurocurrency Rate Loan for each day during such Interest Period:

(i) the principal amount of such Eurocurrency Rate Loan outstanding on such day; and

(ii) the remainder of (x) a fraction the numerator of which is the rate (expressed as a decimal) at which interest accrues on such Eurocurrency Rate Loan for such Interest Period as provided in this Agreement (less the Applicable Margin) and the denominator of which is one minus the Eurocurrency Rate Reserve Percentage in effect on such day minus (y) such numerator; and

(iii) 1/360.

(d) If the Company is required to pay any Lender any amounts under this Section 3.04, the applicable Lender shall be an "Affected Person", and the Company shall have the rights set forth in Section 3.07 to replace such Affected Person.

SECTION 3.05. Illegality. Notwithstanding any other provision of this Agreement, if any Lender shall notify the Administrative Agent that the introduction of or any change in or in the interpretation of any law or regulation makes it unlawful, or any central bank or other governmental authority asserts that it is unlawful, for such Lender or its Eurocurrency Lending Office to perform its obligations hereunder to make Eurocurrency Rate Loans or to fund or maintain Eurocurrency Rate Loans hereunder, then, subject to the provisions of Section 3.07, (i) the obligation of such Lender to make Eurocurrency Rate Loans hereunder shall be suspended until the first date on which the circumstances causing such suspension cease to exist, (ii) any Eurocurrency Rate Loans made or to be made by such Lender shall be converted automatically to Base Rate Loans and (iii) such Lender shall be an "Affected Person", and the Company shall

have the right set forth in Section 3.07 to replace such Affected Person. In the event of such a suspension, such Lender shall review the circumstances giving rise to such suspension at least weekly and shall notify the Company, the Administrative Agent and the Lenders promptly of the end of such suspension, and thereafter the Company shall be entitled to borrow Eurocurrency Rate Loans from such Lender.

SECTION 3.06. Reasonable Efforts to Mitigate. Each Lender shall use its reasonable best efforts (consistent with its internal policy and legal and regulatory restrictions) to minimize any amounts payable by the Company under Section 3.04 and to minimize any period of illegality described in Section 3.05. Without limiting the generality of the foregoing, each Lender agrees that, to the extent reasonably possible to such Lender, it will change its Eurocurrency Lending Office if such change would eliminate or reduce amounts payable to it under Section 3.04 or eliminate any illegality of the type described in Section 3.05, as the case may be. Each Lender further agrees to notify the Company promptly, but in any event within five Business Days, after such Lender learns of the circumstances giving rise to such a right to payment or such illegality have changed such that such right to payment or such illegality, as the case may be, no longer exists.

SECTION 3.07. Right to Replace Affected Person or Lender. In the event the Company is required to pay any Taxes with respect to an Affected Person pursuant to Section 2.11(c) or any amounts with respect to an Affected Person pursuant to Section 3.04, or receives a notice from an Affected Person pursuant to Section 3.05, or is required to make a payment to any Lender (which Lender shall be deemed to be an "Affected Person" for purposes of this Section 3.07) under Section 9.14, the Company may elect, if such amounts continue to be charged or such notice is still effective, to replace such Affected Person as a party to this Agreement, provided that, concurrently therewith, (i) another financial institution which is an Eligible Assignee and is reasonably satisfactory to the Company and the Administrative Agent (or if the Lender then serving as Administrative Agent is the Person to be replaced and the Administrative Agent has resigned its position, the Lender becoming the successor Administrative Agent) shall agree, as of such date, to purchase for cash and at par the Loans of the Affected Person, pursuant to an Assignment and Acceptance and to become a Lender for all purposes under this Agreement and to assume all obligations (including all outstanding Loans) of the Affected Person to be terminated as of such date and to comply with the requirements of Section 9.07 applicable to assignments (other than clause (a)(iv) thereof), and (ii) the Company shall pay to such Affected Person in same day funds on the day of such replacement all interest, fees and other amounts then due and owing to such Affected Person by the Company hereunder to and including the date of termination, including without limitation payments due such Affected Person under Section 2.11, costs incurred under Section 3.04 or Section 9.14 and payments owing under Section 9.04(c).

SECTION 3.08. Use of Proceeds. The proceeds of the Loans shall be available (and each Borrower agrees that it shall use such proceeds) for general corporate purposes (including, without limitation, repurchases of shares of the Company, commercial paper backup and to finance acquisitions) of the Company and its Subsidiaries; provided that neither any

Lender, the Syndication Agent, the Documentation Agent nor the Administrative Agent shall have any responsibility for the use of any of the proceeds of Loans.

ARTICLE IV

CONDITIONS OF LENDING

SECTION 4.01. Conditions Precedent to Initial Borrowing. The obligation of each Lender to make a Loan on the occasion of the initial Borrowing shall be subject to the conditions precedent that, on a date (the "Effective Date") not later than February 16, 1999, the Administrative Agent shall have received each of the following:

(a) Each of the following documents, which shall be in form and substance satisfactory to the Administrative Agent and (except for the Notes) in sufficient copies for each Lender:

(i) The Revolving Loan Notes payable by the Company and any Designated Borrower to the order of the Lenders, respectively.

(ii) Certified copies of (x) the charter and by-laws of the Company, (y) the resolutions of the Board of Directors of the Company authorizing and approving this Agreement and the Notes, and (z) all documents evidencing other necessary corporate action and governmental approvals, if any, with respect to this Agreement and the Notes.

(iii) A certificate of the Secretary or an Assistant Secretary of the Company certifying the names and true signatures of the officers of the Company authorized to sign this Agreement and the Notes and the other documents to be delivered hereunder.

(iv) A favorable opinion of the Company's Law Department, substantially in the form of Exhibit D and covering such other matters relating hereto as any Lender, through the Administrative Agent, may reasonably request.

(v) A favorable opinion of Milbank, Tweed, Hadley & McCloy LLP, special New York counsel to the Administrative Agent, substantially in the form of Exhibit E.

(vi) A certificate of a senior officer of the Company to the effect that (x) the representations and warranties contained in Section 5.01 are correct (other than any such representations or warranties which, by their terms, refer to a prior date) and (y) no event has occurred and is continuing which constitutes a Default.

(b) Confirmation that the Company has paid all accrued fees and expenses of the Administrative Agent and the fees of the Syndication Agent, the Documentation Agent and the Lenders hereunder (including the fees and expenses of counsel to the Administrative Agent to the extent then payable), to the extent the same have been invoiced to the Company at least two (2) Business Days prior to the Effective Date.

SECTION 4.02. Conditions Precedent to Each Revolving Loan Borrowing and Swing Loan Borrowing. The obligation of each Lender to make a Loan (other than a Swing Loan made by a Lender pursuant to Section 3.03 or a Competitive Bid Loan) on the occasion of each Borrowing (including the initial Borrowing), and the right of the Company to request a Swing Loan Borrowing, shall be subject to the further conditions precedent that:

(i) in the case of the first Borrowing by a Designated Borrower the Company shall have furnished to the Administrative Agent such Revolving Loan Notes, corporate documents, resolutions and legal opinions relating to such Designated Borrower as the Administrative Agent may reasonably require, and

(ii) on the date of such Borrowing following statements shall be true (and the acceptance by a Borrower of the proceeds of such Borrowing shall constitute a representation and warranty by the Company and such Borrower that on the date of such Borrowing or issuance such statements are true):

(a) The representations and warranties contained in Section 5.01 (except the Excluded Representations) are correct on and as of the date of such Borrowing or issuance, before and after giving effect to such Borrowing or issuance and to the application of the proceeds therefrom, as though made on and as of such date other than any such representations or warranties that, by their terms, refer to a date other than the date of such Borrowing or issuance; and

(b) No event has occurred and is continuing, or would result from such Borrowing or issuance or from the application of the proceeds therefrom, which constitutes a Default;

provided that the conditions set forth in clause (ii) of this Section 4.02 shall not be applicable to a Borrowing if, as a result of and immediately after giving effect to such Borrowing and to the application of proceeds thereof, the aggregate outstanding principal amount of the Revolving Loans and Swing Loans is not increased thereby.

SECTION 4.03. Conditions Precedent to Each Competitive Bid Loan Borrowing. The obligation of each Lender which is to make a Competitive Bid Loan on the occasion of a Competitive Bid Loan Borrowing (including the initial Competitive Bid Loan Borrowing) to make such Competitive Bid Loan as part of such Competitive Bid Loan Borrowing is subject to the conditions precedent that:

(a) the Administrative Agent shall have received the written confirmatory Notice of Competitive Bid Loan Borrowing with respect thereto;

(b) on or before the date of such Competitive Bid Loan Borrowing, but prior to such Competitive Bid Loan Borrowing, the Administrative Agent shall have received a Competitive Bid Loan Note payable to the order of such Lender for each of the one or more Competitive Bid Loans to be made by such Lender as part of such Competitive Bid Loan Borrowing, in a principal amount equal to the principal amount of the Competitive Bid Loan to be evidenced thereby and otherwise on such terms as were agreed to for such Competitive Bid Loan in accordance with Sections 2.02 and 3.02; and

(c) on the date of such Competitive Bid Loan Borrowing the following statements shall be true (and the acceptance by the Company of the proceeds of such Competitive Bid Loan Borrowing shall constitute a representation and warranty by the Company that on the date of such Competitive Bid Loan Borrowing such statements are true):

(i) The representations and warranties contained in Section 5.01 (except the Excluded Representations) are correct on and as of the date of such Competitive Bid Loan Borrowing, before and after giving effect to such Competitive Bid Loan Borrowing and to the application of the proceeds therefrom, as though made on and as of such date other than any such representations or warranties which, by their terms, refer to a date other than the date of such Competitive Bid Loan Borrowing;

(ii) No event has occurred and is continuing, or would result from such Competitive Bid Loan Borrowing or from the application of the proceeds therefrom, which constitutes a Default; and

(iii) No event has occurred and no circumstance exists as a result of which the information concerning the Company that has been provided to the Administrative Agent and each Lender by the Company in connection herewith would include an untrue statement of a material fact or omit to state any material fact or any fact necessary to make the statements contained therein taken as a whole, in the light of the time and circumstances under which they were made, not misleading.

ARTICLE V

REPRESENTATIONS AND WARRANTIES

SECTION 5.01. Representations and Warranties of the Company.

The Company represents and warrants as follows:

(a) The Company (i) is a corporation duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation, (ii) is duly qualified and in good standing as a foreign corporation in each other jurisdiction in which it owns or leases property or in which the conduct of its business requires it to so qualify or be licensed except where the failure to so qualify or be licensed would not have a Material Adverse Effect and (iii) has all the requisite corporate power and authority to own or lease and operate its properties and to carry on its business as now conducted except where the failure to do so would not have a Material Adverse Effect.

(b) The execution, delivery and performance by the Company of the Loan Documents, and the consummation of the transactions contemplated hereby, are within the Company's corporate powers, have been duly authorized by all necessary corporate action, and do not (i) contravene the Company's certificate of incorporation or by-laws, (ii) violate any law, rule or regulation (including, without limitation, the Securities Act of 1933 and the Securities Exchange Act of 1934 and the regulations thereunder, and Regulations U and X issued by the Board of Governors of the Federal Reserve System, each as amended from time to time), or order, writ, judgment, injunction, decree, determination or award, (iii) conflict with or result in the breach of, or constitute a default under, any contract, loan agreement, indenture, mortgage, deed of trust, lease or other instrument binding on or affecting the Company or any of its Subsidiaries or any of their properties, except if such conflict, breach or default would not have a Material Adverse Effect, or (iv) result in or require the creation or imposition of any Lien upon or with respect to any of the properties of the Company or its Subsidiaries. The Company is not in violation of any such law, rule, regulation, order, writ, judgment, injunction, decree, determination or award or in breach of any contract, loan agreement, indenture, mortgage, deed of trust, lease or other instrument, except for such violation or breach which would not have a Material Adverse Effect.

(c) Except as have been obtained, no authorization or approval or other action by, and no notice to or filing with, any governmental authority or regulatory body or any other third party is required for the due execution, delivery and performance by the Company of the Loan Documents, or for consummation of the transactions contemplated hereby, except and to the extent that any failure to obtain such authorization, approval or other action would not have a Material Adverse Effect.

(d) Each of the Loan Documents is, and the Notes when delivered hereunder will be, legal, valid and binding obligations of the Company enforceable against the Company in accordance with its terms.

(e) (i) The Company has heretofore furnished to each of the Lenders unaudited consolidated balance sheets of the Company and its Subsidiaries as at September 11, 1998 and the related unaudited consolidated statements of income, retained earnings and cash flows of the Company and its Subsidiaries for the period of 36 weeks ended on said date, and consolidated balance sheets of the Company and its Subsidiaries as at January 3, 1998 and the related consolidated statements of income, retained earnings and cash flows of the Company and its Subsidiaries for the fiscal year ended January 3, 1998, with the opinion thereon (in the case of said consolidated balance sheet and statements for the fiscal year ended January 3, 1998) of Arthur Andersen LLP. All such financial statements are complete and correct and fairly present the consolidated financial condition of the Company and its Subsidiaries as at said respective dates and the consolidated results of their operations for the respective periods so presented all in accordance with GAAP. Since September 11, 1998, there has been no Material Adverse Change.

(f) No information, exhibit or report furnished by or on behalf of the Company to the Administrative Agent or any Lender in connection with the execution of the Loan Documents contained any untrue statement of a material fact or omitted to state a material fact necessary to make the statements made therein taken as a whole, in the light of the time and circumstances under and the time at which they were made, not misleading.

(g) There is no pending or threatened action or proceeding affecting the Company or any of its Subsidiaries before any court, governmental agency or arbitrator which (i) is reasonably likely to have a Material Adverse Effect or (ii) purports to affect this Agreement or the transactions contemplated hereby.

(h) No ERISA Event has occurred or is reasonably expected to occur with respect to any Plan that has resulted or could reasonably be expected to result in a liability to the Company or its ERISA Affiliates in excess of $5,000,000.

(i) Neither the Company nor any of its ERISA Affiliates has been notified by the sponsor of a Multiemployer Plan that it has incurred any Withdrawal Liability, and neither the Company nor any of its ERISA Affiliates, to the best of the Company's knowledge and belief, is reasonably expected to incur any Withdrawal Liability to any Multiemployer Plan, in each case other than any Withdrawal Liability that would not have a Material Adverse Effect.

(j) Neither the Company nor any of its ERISA Affiliates has been notified by the sponsor of a Multiemployer Plan that such Multiemployer Plan is in reorganization or has

been terminated, within the meaning of Title IV of ERISA, except where such reorganization or termination would not have a Material Adverse Effect.

(k) The Company and each of its Subsidiaries have filed, have caused to be filed or have been included in all tax returns (federal, state, local and foreign) required to be filed and have paid (or have accrued any taxes shown that are not due with the filing of such returns) all taxes shown thereon to be due, together with applicable interest and penalties, except in any case where the failure to file any such return or pay any such tax is not in any respect material to the Company or the Company and its Subsidiaries taken as a whole.

(l) The Company and its Subsidiaries have implemented measures to have all critical business systems of the Company and its Subsidiaries "Year 2000 Compliant" (that is, such business systems will be able to recognize and perform properly date-sensitive functions involving certain dates prior to, in and following year 2000) on or before September 30, 1999, and the advent of the year 2000 and its impact on such business systems is not expected to have a Material Adverse Effect.

ARTICLE VI

COVENANTS OF THE COMPANY

SECTION 6.01 Affirmative Covenants. So long as any obligations under this Agreement or any Note shall remain unpaid or any Lender shall have any Commitment hereunder, the Company will, unless the Required Lenders shall otherwise consent in writing:

(a) Compliance with Laws, Etc. Comply, and cause each of its Subsidiaries to comply, in all material respects, with all applicable laws, rules, regulations and orders, such compliance to include, without limitation, compliance with ERISA, the Securities Act of 1933 and all Environmental Laws, except, in each case, any non-compliance which would not have a Material Adverse Effect.

(b) Payment of Taxes, Etc. Pay and discharge, and cause each of its Subsidiaries to pay and discharge, before the same shall become delinquent, all taxes, assessments, claims and governmental charges or levies imposed upon it or upon its property, except to the extent that any failure to do so would not have a Material Adverse Effect; provided, however, that neither the Company nor any of its Subsidiaries shall be required to pay or discharge any such tax, assessment, claim or charge that is being contested in good faith and by proper proceedings and as to which appropriate reserves are being maintained.

(c) Maintenance of Insurance. Maintain, and cause each of its Subsidiaries to maintain, appropriate and adequate insurance with responsible and reputable insurance companies or associations or with self-insurance programs to the extent consistent with

prudent practices of the Company and its Subsidiaries or otherwise customary in their respective industries in such amounts and covering such risks as is customary in the industries in which the Company or such Subsidiary operates.

(d) Payment of Welfare Plans. Pay, and cause each of its Material Subsidiaries to pay, the aggregate annualized cost (including, without limitation, the cost of insurance premiums) with respect to post-retirement benefits under Welfare Plans for which the Company and its Material Subsidiaries are liable.

(e) Preservation of Corporate Existence, Etc. Preserve and maintain, and cause each of its Material Subsidiaries to preserve and maintain, its corporate existence, rights (charter and statutory) and franchises; provided, however, that (i) the Company and its Material Subsidiaries may consummate any transaction permitted under Section 6.02(b) and (ii) neither the Company nor such Subsidiary shall be required to preserve any right or franchise (other than the corporate existence of each Borrower) when, in the good faith business judgment of the Company, such preservation or maintenance is neither necessary nor appropriate for the prudent management of the business of the Company.

(f) Visitation Rights. At any reasonable time during normal business hours and upon reasonable prior notice and from time to time, permit the Administrative Agent or any of the Lenders or any agents or representatives thereof, to examine and make copies of and abstracts from the records and books of account of, and visit the properties of, the Company and any of its Subsidiaries, and to discuss the affairs, finances and accounts of the Company and any of its Subsidiaries with any of their officers or directors and with their independent certified public accountants.

(g) Keeping of Books. Keep, and cause each of its Subsidiaries to keep, proper books of record and account as are necessary to prepare Consolidated financial statements in accordance with GAAP, in which full and correct entries shall be made of all financial transactions and the assets and business of the Company and each such Subsidiary in accordance with GAAP.

(h) Maintenance of Properties, Etc. Maintain and preserve, and cause each of its Subsidiaries to maintain and preserve, all of its properties that are used or useful in the conduct of its business in good working order and condition, ordinary wear and tear excepted, except where failure to do so would not have a Material Adverse Effect.

(i) Reporting Requirements. Furnish to the Lenders:

(i) as soon as available and in any event within 60 days after the end of each of the first three quarters of each fiscal year of the Company, quarterly condensed and consolidated balance sheets and consolidated statement of cash flows of the Company as of the end of such quarter and statements of income of the Company for the period commencing at the end of the previous fiscal year and

ending with the end of such quarter, certified by the chief accounting officer of the Company (or another appropriate officer of the Company designated by said chief accounting officer) and certificates as to compliance with the terms of this Agreement and setting forth in reasonable detail the calculations necessary to demonstrate compliance with Section 6.01(j), provided that in the event of any change in GAAP
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used in prepara tion of such financial statements, the Company shall also provide, if necessary for the determination of compliance with Section 6.01(j), a statement of reconciliation conforming any information in such certificates with GAAP;

(ii) as soon as available and in any event within 105 days after the end of each fiscal year of the Company commencing with fiscal year 1998 of the Company, certificates as to compliance with the terms of this Agreement which are otherwise provided under clause (i) above at the end of each fiscal quarter other than the last fiscal quarter of the fiscal year and a copy of the annual report for such year for the Company, containing audited financial statements for such year certified by (a) Arthur Andersen LLP, (b) any other "Big Six" accounting firm or (c) other independent public accountants acceptable to the Required Lenders;

(iii) as soon as possible and in any event within five days after the Company obtains notice of the occurrence of each Event of Default and each Default continuing on the date of such statement, a statement of the chief accounting officer of the Company setting forth details of such Event of Default or Default and the action which the Company has taken and proposes to take with respect thereto;

(iv) promptly after request therefor, copies of all regular and periodic financial and/or other reports which the Company may from time to time make available to any of its public security holders or bond holders;

(v) promptly after the commencement thereof, notice of any action or proceeding of the kind referred to in Section 5.01(g);

(vi) promptly and in any event within 15 days after the Company or any ERISA Affiliate knows or should reasonably know that any ERISA Event has occurred with respect to which the liability or potential liability of the Company or any of its ERISA Affiliates exceeds or could reasonably be expected to exceed $10,000,000, a statement of a principal financial officer of the Company describing such ERISA Event and the action, if any, which the Company or such ERISA Affiliate proposes to take with respect thereto;

(vii) promptly and in any event within 10 Business Days after receipt thereof by the Company or any ERISA Affiliate, copies of each notice from the

PBGC stating its intention to terminate any Plan or to have a trustee appointed to administer any Plan where such action would have a Material Adverse Effect;

(viii) with respect to liabilities or potential liabilities of the Company or any of its ERISA Affiliates of $10,000,000 or more, promptly and in any event within 20 Business Days after receipt thereof by the Company or any ERISA Affiliate from the sponsor of a Multiemployer Plan, a copy of each notice received by the Company or any ERISA Affiliate concerning (1) the imposition of Withdrawal Liability by a Multiemployer Plan, (2) the reorganization or termination, within the meaning of Title IV of ERISA, of any Multiemployer Plan or (3) the amount of liability incurred, or which may be incurred, by the Company or any ERISA Affiliate in connection with any event described in clause (1) or (2) above;

(ix) forthwith upon the occurrence of a Change of Control, notice thereof with a reasonable description thereof; and

(x) promptly after request therefor, such other business and financial information respecting the condition or operations, financial or otherwise, of the Company or any of its Subsidiaries that any Lender through the Administrative Agent may from time to time reasonably request.

(j) Leverage Ratio. Maintain, as at the last day of each fiscal quarter of the Company, a Leverage Ratio of not greater than 4.0 to 1.0.

SECTION 6.02 Negative Covenants. So long as any obligations under this Agreement or any Note shall remain unpaid or any Lender shall have any Commitment hereunder, the Company, unless the Required Lenders shall otherwise consent in writing:

(a) Liens, Etc. Will not create, incur, assume or suffer to exist, or permit any of its Subsidiaries to create, incur, assume or suffer to exist, any Lien on or with respect to any of its properties, whether now owned or hereafter acquired, or assign, or permit any of its Subsidiaries to assign, any right to receive income, other than:

(i) Permitted Liens;

(ii) Liens outstanding on the Effective Date and described on Schedule II as of the Effective Date ("Existing Liens"), and any renewal, extension or replacement (or successive renewals, extensions or replacements) thereof which does not encumber any property of the Company or its Subsidiaries other than (1) the property encumbered by the Lien being renewed, extended or replaced, (2) property acquired by the Company or its Subsidiaries in the ordinary course of business to replace property covered by Existing Liens, and (3) de minimis other property incidental to the property referred to in clause (1) or (2) above;

(iii) Purchase Money Liens;

(iv) Liens on properties of (X) MVCI, any SLS Entity or any of their respective Subsidiaries, and (Y) MICC and any other Subsidiary of the Company principally engaged in the business of finance, banking, credit, leasing, insurance or other similar operations;

(v) Liens on properties of Subsidiaries of the Company, which properties are located outside the United States of America;

(vi) Liens securing COLI Debt; and

(vii) other Liens securing an aggregate principal amount of Indebtedness or other obligations not to exceed $300,000,000 at any time outstanding.

(b) Restrictions on Fundamental Changes. Will not, and will not permit any of its Material Subsidiaries to:

(i) merge or consolidate with or into, or

(ii) convey, transfer, lease or otherwise dispose of (whether in one transaction or a series of transactions) all or substantially all of the property (whether now owned or hereafter acquired) of the Company and its Subsidiaries, taken as a whole, to, or

(iii) convey, transfer, lease or otherwise dispose of (whether in one transaction or a series of transactions, and whether by or pursuant to merger, consolidation or any other arrangement), any property (whether now owned or hereafter acquired) essential to the conduct of the lodging group of the Company and its Subsidiaries, taken as a whole, to, or

(iv) enter into any partnership, joint venture, syndicate, pool or other combination with,

any Person, in each case unless:

(w) no Default shall have occurred and then be continuing or would result therefrom, and

(x) in the case of a merger or consolidation of the Company, (1) the Company is the surviving entity or (2) the surviving entity expressly assumes by an amendment to this Agreement duly executed by such surviving entity all of the

Company's obligations hereunder and under the other the Loan Documents in a manner satisfactory to the Administrative Agent and the Required Lenders.

(c) Transactions with Affiliates. Will not enter into, or permit any of its Subsidiaries to enter into, any transaction with an Affiliate of the Company (other than the Company's Subsidiaries) that would be material in relation to the Company and its Subsidiaries, taken as a whole, even if otherwise permitted under this Agreement, except on terms that are fair and reasonable to the Company and its Subsidiaries and on terms no less favorable to the Company or such Subsidiary (considered as a whole in conjunction with all other existing arrangements and relationships with such Affiliate) than the Company or such Subsidiary would obtain in a comparable arm's-length transaction with a Person not an Affiliate.

(d) Dividends, Etc. Will not declare or make any dividend payment or other distribution of assets, properties, cash, rights, obligations or securities on account of any shares of any class of capital stock of the Company, or purchase, redeem or otherwise acquire for value (or permit any of its Subsidiaries to do so) any shares of any class of capital stock of the Company or any warrants, rights or options to acquire any such shares, now or hereafter outstanding, in each case if, at the time thereof or after giving effect thereto, an Event of Default has occurred and is continuing.

(e) Change in Nature of Business. Will not engage in, or permit any of its Subsidiaries to engage in, any business that is material to the Company and its Subsidiaries, taken as a whole, that is not carried on by the Company or its Subsidiaries as of the Effective Date (or directly related to a business carried on as of such date) and which would have a Material Adverse Effect.

(f) Accounting Changes. Will not make or permit, or permit any of its Subsidiaries to make or permit, any change in accounting policies or reporting practices, except as required or permitted by GAAP.

(g) Margin Stock. Will not directly or indirectly use, or permit any other Borrower or any Subsidiary to use, any of the proceeds of any Loan in a manner that violates or contravenes the Margin Regulations. Without limiting the foregoing, the Company (i) will promptly notify the Administrative Agent if at any time more than 20% of the value of the assets of the Company and its Subsidiaries (as determined in good faith by the Company) that are subject to Section 6.02(a) or Section 6.02(b) consist of or are represented by margin stock within the meaning of the Margin Regulations, and (ii) will give the Administrative Agent at least 15 Business Days' prior written notice of any direct or indirect use of any of the proceeds of any Loan to buy or carry margin stock within the meaning of the Margin Regulations if, after giving effect thereto, more than 20% of the value of the assets of the Company and its Subsidiaries (as determined in good faith by the Company) that are subject to Section 6.02(a) or Section 6.02(b) consist of or are represented by margin stock within the meaning of the Margin Regulations, and

will, if requested by the Administrative Agent, provide to the Administrative Agent prior to the making of such Loan a legal opinion of counsel reasonably acceptable to the Administrative Agent confirming that such use of proceeds will not contravene this Section 6.02(g) together with appropriately executed and completed purpose statements on Form FR U-1; provided that in lieu of such legal opinion and purpose statements, the
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Company may provide to the Administrative Agent, together with such written notice, a certificate of the Company stating that at the date of such certificate and after applying the proceeds of such Loan not more than 25% of the value of the assets of the Company and its Subsidiaries (as determined in good faith by the Company) that are subject to Section 6.02(a) or Section 6.02(b) consist of or are represented by margin stock within the meaning of the Margin Regulations. Each Lender hereby confirms to the Company and to the Administrative Agent that in extending or maintaining credit hereunder it has not relied upon such margin stock as collateral.

ARTICLE VII

EVENTS OF DEFAULT

SECTION 7.01. Events of Default. If any of the following events
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("Events of Default") shall occur and be continuing:

(a) (i) Any Borrower shall fail to pay any principal of any Loan when the same becomes due and payable; or (ii) any Borrower shall fail to pay any interest on any Loan, or any other payment under any Loan Document, for a period of three Business Days after the same becomes due and payable; or

(b) Any representation or warranty made by any Borrower herein or by any Borrower (or any of its officers) under or in connection with any Loan Document shall prove to have been incorrect in any material respect when made; or

(c) The Company shall fail to perform or observe (i) any term, covenant or agreement contained in Section 6.01(j) or in Section 6.02(b), (c), (d), (e) or (g), or (ii) any other term, covenant or agreement contained in this Agreement on its part to be performed or observed if the failure to perform or observe such other term, covenant or agreement shall remain unremedied for 30 days after written notice thereof shall have been given to the Company by the Administrative Agent or the Required Lenders; or

(d) The Company or any of its Material Subsidiaries shall fail to pay any principal of or premium or interest on any Indebtedness which is outstanding in a principal amount of at least $50,000,000 in the aggregate (but excluding Indebtedness evidenced by the Notes and Non-Recourse Indebtedness) of the Company or such Subsidiary (as the case may be), when the same becomes due and payable (whether by scheduled maturity, required prepayment, acceleration, demand or otherwise), and such failure shall continue after the applicable grace period, if any, specified in the agreement

or instrument relating to such Indebtedness; or any such Indebtedness shall be declared to be due and payable, or required to be prepaid (other than by a regularly scheduled required prepayment, including, without limitation, a prepayment required in connection with the sale of the sole asset or all assets securing such Indebtedness), redeemed, purchased or defeased, or an offer to prepay, redeem, purchase or defease such Indebtedness shall be required to be made, in each case prior to the stated maturity thereof; provided, however, that if there is acceleration of any Indebtedness which
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is included under this clause (d) solely because of a Guarantee by the Company or one of its Material Subsidiaries, an Event of Default will not exist under this clause (d) so long as the Company or such Material Subsidiary, as the case may be, fully performs its obligations in a timely manner under such Guarantee upon demand therefor by the beneficiary thereof; or

(e) The Company or any of its Material Subsidiaries shall generally not pay its debts as such debts become due, or shall admit in writing its inability to pay its debts generally, or shall make a general assignment for the benefit of creditors; or any proceeding shall be instituted by or against the Company or any of its Material Subsidiaries seeking to adjudicate it a bankrupt or insolvent, or seeking liquidation, winding up, reorganization, arrangement, adjustment, protection, relief, or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief of debtors, or seeking the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its property and, in the case of any such proceeding instituted against it (but not instituted by it), either such proceeding shall remain undismissed or unstayed for a period of 60 days, or any of the actions sought in such proceeding (including, without limitation, the entry of an order for relief against, or the appointment of a receiver, trustee, custodian or other similar official for, it or for any substantial part of its property) shall occur; or the Company or any of its Material Subsidiaries shall take any corporate action to authorize any of the actions set forth above in this subsection (e); or

(f) Any judgment or order for the payment of money in excess of $25,000,000 shall be rendered against the Company or any of its Material Subsidiaries and either (i) enforcement proceedings shall have been commenced by any creditor upon such judgment or order or (ii) there shall be any period of 30 consecutive days during which a stay of enforcement of such judgment or order, by reason of a pending appeal or otherwise, shall not be in effect; or

(g) Any ERISA Event shall have occurred with respect to a Plan and the sum (determined as of the date of occurrence of such ERISA Event) of the Insufficiency of such Plan and the Insufficiency of any and all other Plans with respect to which an ERISA Event shall have occurred and then exist (or the liability of the Company or any ERISA Affiliate related to such ERISA Event) exceeds $20,000,000; or

(h) The Company or any ERISA Affiliate shall have been notified by the sponsor of a Multiemployer Plan that it has incurred Withdrawal Liability to such Multiemployer Plan in an amount which, when aggregated with all other amounts required to be paid to Multiemployer Plans by the Company and its ERISA Affiliates as Withdrawal Liability (determined as of the date of such notification), exceeds $20,000,000 or requires payments exceeding $10,000,000 per annum; or

(i) The Company or any ERISA Affiliate shall have been notified by the sponsor of a Multiemployer Plan that such Multiemployer Plan is in reorganization or is being terminated, within the meaning of Title IV of ERISA, and as a result of such reorganization or termination the aggregate annual contributions of the Company and its ERISA Affiliates to all Multiemployer Plans which are then in reorganization or being terminated have been or will be increased over the amounts contributed to such Multiemployer Plans for the respective plan years of such Multiemployer Plans immediately preceding the plan year in which the reorganization or termination occurs by an amount exceeding $20,000,000;

then, and in any such event, the Administrative Agent (i) shall at the request, or may with the express consent, of the Required Lenders, by notice to the Company, declare the obligation of each Lender to make Loans to be terminated, whereupon the same shall forthwith terminate, and (ii) shall at the request, or may with the express consent, of the Required Lenders, by notice to the Company, declare the Notes, all interest thereon and all other amounts payable under this Agreement and the other Loan Documents to be forthwith due and payable, whereupon the Notes, all such interest and all such amounts shall become and be forthwith due and payable, without presentment, demand, protest or further notice of any kind, all of which are hereby expressly waived by each Borrower; provided, however, that in the event of an actual or deemed entry of an order
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for relief with respect to the Company or any of its Material Subsidiaries under the Federal Bankruptcy Code, (A) the obligation of each Lender to make Loans shall automatically be terminated and (B) the Notes, all such interest and all such amounts shall automatically become and be due and payable, without presentment, demand, protest or any notice of any kind, all of which are hereby expressly waived by each Borrower.

ARTICLE VIII

THE ADMINISTRATIVE AGENT, THE SYNDICATION AGENT AND THE DOCUMENTATION AGENT

SECTION 8.01. Authorization and Action. Each Lender hereby appoints
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and authorizes the Administrative Agent to take such action as agent on its behalf and to exercise such powers under this Agreement as are delegated to the Administrative Agent by the terms hereof, together with such powers as are reasonably incidental thereto. As to any matters not expressly provided for by this Agreement (including, without limitation, enforcement or collection of the Notes), the Administrative Agent shall not be required to exercise any discretion or take any action, but shall be required to act or to refrain from acting (and shall be fully

protected in so acting or refraining from acting) upon the instructions of the Required Lenders, and such instructions shall be binding upon all Lenders and all holders of Notes; provided that the Administrative Agent shall not be
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required to take any action which exposes the Administrative Agent to personal liability or which is contrary to this Agreement or applicable law. The Administrative Agent agrees to give to each Lender prompt notice of each notice given to it by any Borrower pursuant to the terms of this Agreement.

SECTION 8.02. Reliance, Etc.

(a) None of the Administrative Agent, the Syndication Agent, the Documentation Agent or any of their respective directors, officers, agents or employees shall be liable for any action taken or omitted to be taken by it or them under or in connection with the Loan Documents, except for its or their own gross negligence or willful misconduct. Without limitation of the generality of the foregoing, the Administrative Agent: (i) may treat the payee of any Note as the holder thereof until the Administrative Agent receives and accepts an Assignment and Acceptance entered into by the Lender which is the payee of such Note, as assignor, and an Eligible Assignee, as assignee, as provided in Section 9.07; (ii) may consult with legal counsel (including counsel for any Borrower), independent public accountants and other experts selected by it and shall not be liable for any action taken or omitted to be taken in good faith by it in accordance with the advice of such counsel, accountants or experts; (iii) makes no warranty or representation to any Lender and shall not be responsible to any Lender for any statements, warranties or representations (whether written or oral) made in or in connection with this Agreement; (iv) shall not have any duty to ascertain or to inquire as to the performance or observance of any of the terms, covenants or conditions of this Agreement on the part of any Borrower or to inspect the property (including the books and records) of any Borrower; (v) shall not be responsible to any Lender for the due execution, legality, validity, enforceability, genuineness, sufficiency or value of this Agreement or any other instrument or document furnished pursuant hereto; and (vi) shall incur no liability under or in respect of this Agreement by acting upon any notice, consent, certificate or other instrument or writing (which may be by telecopier, telegram, cable or telex) believed by it to be genuine and signed or sent by the proper party or parties.

(b) The Syndication Agent, as such, and the Documentation Agent, as such, shall have no duties or obligations whatsoever with respect to this Agreement, the Notes or any other document or any matter related thereto.

SECTION 8.03. Citibank, BNS and Chase and Affiliates. With respect
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to its respective Commitment, the Loans made by it and the Notes issued to it, each of Citibank, BNS and Chase shall have the same rights and powers under this Agreement as any other Lender and may exercise the same as though it were not the Administrative Agent, the Syndication Agent or the Documentation Agent, as the case may be; and the term "Lender" or "Lenders" shall, unless otherwise expressly indicated, include each of Citibank, BNS and Chase in its individual capacity. Citibank, BNS and Chase and their respective affiliates may accept deposits from, lend

money to, act as trustee under indentures of, and generally engage in any kind of business with, any Borrower, any of its Subsidiaries and any Person who may do business with or own securities of any Borrower or any such Subsidiary, all as if each of Citibank, BNS and Chase were not the Administrative Agent, the Syndication Agent or the Documentation Agent, as the case may be, and without any duty to account therefor to the Lenders.

SECTION 8.04. Lender Credit Decision. Each Lender acknowledges that it has, independently and without reliance upon the Administrative Agent, the Syndication Agent, the Documentation Agent or any other Lender and based on the financial statements referred to in Section 5.01 and such other documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each Lender also acknowledges that it will, independently and without reliance upon the Administrative Agent, the Syndication Agent, the Documentation Agent or any other Lender and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under this Agreement.

SECTION 8.05. Indemnification. The Lenders agree to indemnify the Administrative Agent, the Syndication Agent and the Documentation Agent (in each case to the extent not reimbursed by the Company), ratably according to their respective pro rata share, from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever which may be imposed on, incurred by, or asserted against the Administrative Agent, the Syndication Agent or the Documentation Agent in any way relating to or arising out of this Agreement or any action taken or omitted by the Administrative Agent, the Syndication Agent or the Documentation Agent under this Agreement in their respective capacities as an agent hereunder, provided that no Lender shall be liable for any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements resulting from the Administrative Agent's, the Syndication Agent's or the Documentation Agent's gross negligence or willful misconduct. Without limitation of the foregoing, each Lender agrees to reimburse the Administrative Agent, the Syndication Agent and the Documentation Agent promptly upon demand for its ratable share of any out-of-pocket expenses (including counsel fees but excluding normal administrative expenses expressly excluded under Section 9.04(a)) incurred by the Administrative Agent, the Syndication Agent or the Documentation Agent in connection with the preparation, execution, delivery, administration, modification, amendment or enforcement (whether through negotiations, legal proceedings or otherwise) of, or legal advice in respect of rights or responsibilities under, this Agreement, to the extent that the Administrative Agent, the Syndication Agent or the Documentation Agent is not reimbursed for such expenses by the Company as required under Section 9.04(a).

SECTION 8.06. Successor Administrative Agent. The Administrative Agent may resign at any time by giving written notice thereof to the Lenders and the Company and may be removed at any time with or without cause by the Required Lenders. Upon any such resignation or removal, the Required Lenders shall have the right to appoint a successor Administrative Agent with the consent of the Company, which consent shall not be unreasonably

withheld. If no successor Administrative Agent shall have been so appointed by the Required Lenders, and shall have accepted such appointment, within 30 days after the retiring Administrative Agent's giving of notice of resignation or the Required Lenders' removal of the retiring Administrative Agent, then the retiring Administrative Agent may, on behalf of the Lenders, appoint a successor Administrative Agent, which shall be an Eligible Assignee and a commercial bank organized under the laws of the United States of America or of any State thereof and having a combined capital and surplus of at least $50,000,000. Upon the acceptance of any appointment as Administrative Agent hereunder by a successor Administrative Agent, such successor Administrative Agent shall thereupon succeed to and become vested with all the rights, powers, privileges and duties of the retiring Administrative Agent, and the retiring Administrative Agent shall be discharged from its duties and obligations under this Agreement. After any retiring Administrative Agent's resignation or removal hereunder as Administrative Agent, the provisions of this Article VIII shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Administrative Agent under this Agreement.

ARTICLE IX

MISCELLANEOUS

SECTION 9.01. Amendments, Etc. No amendment or waiver of any

provision of this Agreement or the Revolving Loan Notes, nor consent to any departure by any Borrower therefrom, shall in any event be effective unless the same shall be in writing and signed by the Required Lenders, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given; provided, however, that no amendment, waiver

or consent shall, unless in writing and signed by all the Lenders, do any of the following: (a) waive any of the conditions specified in Section 4.01, (b) increase the Commitments of the Lenders or subject the Lenders to any additional obligations, (c) reduce the principal of, or interest on, the Revolving Loan Notes or any fees or other amounts payable hereunder, (d) postpone any date fixed for any payment of principal of, or interest on, the Revolving Loan Notes or any fees or other amounts payable hereunder, (e) change the percentage of the Commitments or of the aggregate unpaid principal amount of the Revolving Loan Notes, or the number of Lenders, which shall be required for the Lenders or any of them to take any action hereunder, (f) release the guarantee set forth in Section 10.01 or (g) amend this Section 9.01; and provided further that (1) no

amendment, waiver or consent shall, unless in writing and signed by the Administrative Agent, the Documentation Agent, the Syndication Agent or a Swing Loan Bank, as the case may be, in addition to the Lenders required above to take such action, affect the rights or duties of the Administrative Agent, the Documentation Agent, the Syndication Agent or such Swing Loan Bank, as the case may be, under this Agreement or any Note and (2) no amendment, waiver or consent shall, unless in writing and signed by a Lender that has made a Competitive Bid Loan, in addition to the Lenders required above to take such action, affect the rights or duties of such Lender in respect of such Competitive Bid Loan.

SECTION 9.02. Notices, Etc. All notices and other communications

provided for hereunder shall be in writing (including telecopy, telegraphic, telex or cable communication)

and mailed, telegraphed, telecopied, telexed, cabled or delivered, if to any Borrower, to the Company at 10400 Fernwood Road, Bethesda, Maryland 20817, Attention: Assistant Treasurer, Dept. 52/924.11, with a copy to the same address, Attention: Assistant General Counsel - Corporate Finance, Dept. 52/923; if to any Bank, to its Domestic Lending Office specified opposite its name on Schedule I hereto; if to any other Lender, to its Domestic Lending Office specified in the Acceptance pursuant to which it became a Lender; if to the Syndication Agent or the Documentation Agent, to its address specified on the signature pages hereto; and if to the Administrative Agent, at its address at 2 Penns Way, Suite 200, New Castle, Delaware 19720, Attention: Savas Divan, telephone no. 302-894-6030, telecopier no. 302-894-6120, with copies to Jackie Lai, telephone no. 302-894-6022, telecopier no. 302-894-6120; or to the Company or the Administrative Agent, at such other address as shall be designated by such party in a written notice to the other parties and, to each other party, at such other address as shall be designated by such party in a written notice to the Company and the Administrative Agent. All such notices and communications shall, (a) when mailed, be effective three Business Days after the same is deposited in the mails, (b) when mailed for next day delivery by a reputable freight company or reputable overnight courier service, be effective one Business Day thereafter, and (c) when sent by telegraph, telecopy, telex or cable, be effective when the same is telegraphed, telecopied and receipt thereof is confirmed by telephone or return telecopy, confirmed by telex answerback or delivered to the cable company, respectively, except that notices and communications to the Administrative Agent pursuant to Article II, III or VIII shall not be effective until received by the Administrative Agent.

SECTION 9.03. No Waiver; Remedies. No failure on the part of any
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Lender or the Administrative Agent to exercise, and no delay in exercising, any right hereunder or under any Note shall operate as a waiver thereof; nor shall any single or partial exercise of any such right preclude any other or further exercise thereof or the exercise of any other right. The remedies herein provided are cumulative and not exclusive of any remedies provided by law.

SECTION 9.04. Costs and Expenses.

(a) The Company agrees to pay, whether or not any of the transactions contemplated hereby are consummated, on demand (x) all reasonable costs and expenses in connection with the preparation (excluding normal travel and related expenses incurred by the personnel of the Administrative Agent), execution, delivery, administration (excluding those which are customarily borne by the Administrative Agent), modification and amendment of this Agreement, the Notes and the other documents to be delivered hereunder, and (y) the reasonable fees and expenses of counsel to the Administrative Agent and with respect to advising the Administrative Agent as to its rights and responsibilities under this Agreement. The Company further agrees to pay on demand all reasonable expenses of the Lenders (including, without limitation, reasonable counsel (including, without duplication, internal counsel) fees and expenses) in connection with the enforcement (whether through negotiations, legal proceedings or otherwise) of this Agreement, the Notes and the other documents to be delivered hereunder, including,

without limitation, reasonable counsel fees and expenses in connection with the enforcement of rights under this Section 9.04(a).

(b) The Company agrees to indemnify and hold harmless the Administrative Agent, the Syndication Agent, the Documentation Agent, each Lender and each of their Affiliates and their officers, directors, employees, agents and advisors (each, an "Indemnified Party") from and
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against any and all claims, damages, losses, liabilities and expenses (including, without limitation, reasonable fees and expenses of counsel) that may be incurred by or asserted or awarded against any Indemnified Party in its agent or lending capacity under, or otherwise in connection with, the Loan Documents, in each case arising out of or in connection with or by reason of, or in connection with the preparation for a defense of, any investigation, litigation or proceeding arising out of, related to or in connection with the Loan Documents, the proposed or actual use of the proceeds therefrom or any of the other transactions contemplated hereby, whether or not such investigation, litigation or proceeding is brought by the Company, its shareholders or creditors or an Indemnified Party or any other person or an Indemnified Party is otherwise a party thereto and whether or not the transactions contemplated hereby are consummated, except to the extent such claim, damage, loss, liability or expense is found in a final, non-appealable judgment by a court of competent jurisdiction to have resulted from such Indemnified Party's gross negligence or willful misconduct.

(c) If (i) any payment of principal of any Eurocurrency Rate Loan is made other than on the last day of the Interest Period for such Loan (or any payment of principal of any Quoted Rate Swing Loan is made other than on the maturity date of such Swing Loan), as a result of a payment pursuant to Section 2.14(c) or 3.04 or acceleration of the maturity of the Notes pursuant to Section 7.01 or for any other reason, or (ii) the Company gives notice of a Loan conversion pursuant to Section 2.08(c), then the Company shall, upon demand by any Lender (with a copy of such demand to the Administrative Agent), pay to the Administrative Agent for the account of such Lender any amounts required to compensate such Lender for any additional losses, costs or expenses which it may reasonably incur as a result of such payment, including, without limitation, any loss (excluding loss of anticipated profits), cost or expense incurred by reason of the liquidation or reemployment of deposits or other funds acquired by any Lender to fund or maintain such Loan.

SECTION 9.05. Right of Set-off. Upon (i) the occurrence and during the
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continuance of any Event of Default and (ii) the making of the request or the granting of the consent specified by Section 7.01 to authorize the Administrative Agent to declare the Notes due and payable pursuant to the provisions of Section 7.01, each Lender is hereby authorized at any time and from time to time, to the fullest extent permitted by law, to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held (other than deposits at any account with respect to which such account states that the Company is acting in a fiduciary capacity) and other indebtedness at any time owing by such Lender to or for the credit or the account of the Company against any and all of the obligations of the Company now or

hereafter existing under this Agreement and any Note held by such Lender, whether or not such Lender shall have made any demand under this Agreement or such Note and although such obligations may be unmatured. Each Lender agrees promptly to notify the Company after any such set-off and application made by such Lender, provided that the failure to give such notice shall not affect the validity of such set-off and application. The rights of each Lender under this Section are in addition to other rights and remedies (including, without limitation, other rights of set-off) which such Lender may have.

SECTION 9.06. Binding Effect. This Agreement shall become effective when it shall have been executed by the Company, the Syndication Agent, the Documentation Agent and the Administrative Agent and when the Administrative Agent shall have been notified by each Bank that such Bank has executed it and thereafter shall be binding upon and inure to the benefit of the Borrowers, the Administrative Agent, the Syndication Agent, the Documentation Agent and each Lender and their respective successors and assigns, except that no Borrower shall have the right to assign its rights hereunder or any interest herein without the prior written consent of the Lenders.

SECTION 9.07. Assignments and Participations.

(a) Each Lender may assign to one or more banks or other entities all or a portion of its rights and obligations under this Agreement (including, without limitation, all or a portion of its Commitment, the Loans owing to it and the Note or Notes held by it); provided, however, that:

(i) each such assignment shall be of a constant, and not a varying, percentage of all rights and obligations under this Agreement (other than any Competitive Bid Loans or Competitive Bid Loan Notes),

(ii) the amount of the Commitment of the assigning Lender being assigned pursuant to each such assignment other than an assignment to another Lender (determined as of the date of the Assignment and Acceptance with respect to such assignment) shall in no event be less than $10,000,000 and shall be an integral multiple of $1,000,000 in excess thereof,

(iii) each such assignment shall be to an Eligible Assignee, and (unless such assignment shall be to a Subsidiary of the assigning Lender or to a Subsidiary of the bank holding company of which the assigning Lender is a Subsidiary) the Company and the Administrative Agent shall have consented to such assignment (which consents shall not be unreasonably withheld or delayed),

(iv) after giving effect to such assignment, the assigning Lender (together with all Affiliates of such Lender) shall continue to hold no less than 25% of its original Commitment hereunder and of the Loans owing to it, unless the Company shall otherwise agree,

(v) the parties to each such assignment shall execute and deliver to the Administrative Agent, for its acceptance and recording in the Register, an Assignment and Acceptance, together with any Note or Notes subject to such assignment and a processing and recordation fee of $2,500, and

(vi) unless the Company and the Administrative Agent otherwise agree, the Termination Date of the assignee under each such assignment shall be deemed to be the then Final Termination Date.

Upon such execution, delivery, acceptance and recording, from and after the effective date specified in each Assignment and Acceptance, (x) the assignee thereunder shall be a party hereto and, to the extent that rights and obligations hereunder have been assigned to it pursuant to such Assignment and Acceptance, have the rights and obligations of a Lender hereunder and (y) the Lender assignor thereunder shall relinquish its rights and be released from its obligations under this Agreement, to the extent that rights and obligations hereunder have been assigned by it pursuant to such Assignment and Acceptance.

(b) By executing and delivering an Assignment and Acceptance, the Lender assignor thereunder and the assignee thereunder confirm to and agree with each other and the other parties hereto as follows: (i) other than as provided in such Assignment and Acceptance, such assigning Lender makes no representation or warranty and assumes no responsibility with respect to any statements, warranties or representations made in or in connection with this Agreement or the execution, legality, validity, enforceability, genuineness, sufficiency or value of this Agreement or any other instrument or document furnished pursuant hereto; (ii) such assigning Lender makes no representation or warranty and assumes no responsibility with respect to the financial condition of any Borrower or the performance or observance by any Borrower of any of its obligations under this Agreement or any other instrument or document furnished pursuant hereto; (iii) such assignee confirms that it has received a copy of this Agreement, together with copies of the financial statements referred to in Section 5.01 and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into such Assignment and Acceptance; (iv) such assignee will, independently and without reliance upon the Administrative Agent, the Syndication Agent, the Documentation Agent, such assigning Lender or any other Lender and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under this Agreement; (v) such assignee confirms that it is an Eligible Assignee; (vi) such assignee appoints and authorizes the Administrative Agent to take such action as agent on its behalf and to exercise such powers under this Agreement as are delegated to the Administrative Agent by the terms hereof, together with such powers as are reasonably incidental thereto; and (vii) such assignee agrees that it will perform in accordance with their terms all of the obligations which by the terms of this Agreement are required to be performed by it as a Lender.

(c) Each New Lender shall execute and deliver to the Administrative Agent (for its acceptance and recording in the Register) a New Commitment Acceptance in accordance with the provisions of this Section 9.07, together with a processing and recordation fee of $2,500. Upon the execution, delivery, acceptance and recording of a New Commitment Acceptance, from and after the date thereof such New Lender shall be a party hereto and have the rights and obligations of a Lender hereunder having the Commitment specified therein (or such lesser Commitment as shall be allocated to such New Lender in accordance with Section 2.14(d)). By executing and delivering a New Commitment Acceptance, the New Lender thereunder confirms to and agrees with the other parties hereto as follows: (i) such New Lender hereby agrees that no Lender has made any representation or warranty, or assumes any responsibility with respect to, (x) any statements, warranties or representations made in or in connection with this Agreement or the execution, legality, validity, enforceability, genuineness, sufficiency or value of this Agreement or any other instrument or document furnished pursuant hereto or (y) the financial condition of any Borrower or the performance or observance by any Borrower of any of its obligations under this Agreement or any other instrument or document furnished pursuant hereto; (ii) such New Lender confirms that it has received a copy of this Agreement, together with copies of the financial statements referred to in Section 5.01 and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into such New Commitment Acceptance; (iii) such New Lender will, independently and without reliance upon the Administrative Agent, any Syndication Agent, the Documentation Agent or any other Lender and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under this Agreement; (iv) such New Lender confirms that it is an Eligible Assignee; (v) such New Lender appoints and authorizes the Administrative Agent to take such action as agent on its behalf and to exercise such powers under this Agreement as are delegated to the Administrative Agent by the terms hereof, together with such powers as are reasonably incidental thereto; and (vi) such New Lender agrees that it will perform in accordance with their terms all of the obligations which by the terms of this Agreement are required to be performed by it as a Lender.

(d) The Administrative Agent shall maintain at its address referred to in Section 9.02 a copy of each Assignment and Acceptance and each New Commitment Acceptance delivered to and accepted by it and a register for the recordation of the names and addresses of the Lenders and the Commitment of, and principal amount of the Revolving Loans owing to, each Lender from time to time (the "Register"). The entries in the Register shall be conclusive and binding for
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all purposes, absent manifest error, and each Borrower, the Administrative Agent and the Lenders may treat each Person whose name is recorded in the Register as a Lender hereunder for all purposes of this Agreement. The Register shall be available for inspection by the Company or any Lender at any reasonable time and from time to time upon reasonable prior notice. The Administrative Agent shall provide the Company with a copy of the Register upon request.

(e) (i) Upon its receipt of an Assignment and Acceptance executed by an assigning Lender and an assignee representing that it is an Eligible Assignee, together with any Revolving Loan Note or Notes subject to such assignment, the Administrative

Agent shall, if such Assignment and Acceptance has been completed and is in substantially the form of Exhibit C-1 hereto, (1) accept such Assignment and Acceptance, (2) record the information contained therein in the Register and (3) give prompt notice thereof to the Company. Within five Business Days after its receipt of such notice, the relevant Borrower, at its own expense, shall execute and deliver to the Administrative Agent in exchange for the surrendered Revolving Loan Note or Notes a new Revolving Loan Note to the order of such Eligible Assignee in an amount equal to the Commitment assumed by it pursuant to such Assignment and Acceptance and a new Revolving Loan Note to the order of the assigning Lender in an amount equal to the Commitment retained by it hereunder. Such new Revolving Loan Notes shall be in an aggregate principal amount equal to the aggregate principal amount of such surrendered Revolving Loan Note or Notes, shall be dated the effective date of such Assignment and Acceptance and shall otherwise be in substantially the form of Exhibit A-l hereto. Such surrendered Revolving Note or Notes shall be marked "canceled" and shall be returned promptly to the Company.

(ii) Upon its receipt of a New Commitment Acceptance executed by a New Lender representing that it is an Eligible Assignee, the Administrative Agent shall, if such New Commitment Acceptance has been completed and is in substantially the form of Exhibit C-3 hereto, (1) accept such New Commitment Acceptance, (2) record the information contained therein in the Register and (3) give prompt notice thereof to the Company. Within five Business Days after its receipt of such notice, the relevant Borrower, at its own expense, shall execute and deliver to the Administrative Agent a new Revolving Loan Note to the order of such New Lender in an amount equal to the Commitment assumed by it pursuant to such New Commitment Acceptance. Such new Revolving Loan Note shall be dated the date of the New Commitment Acceptance and shall otherwise be in substantially the form of Exhibit A-l hereto.

(f) Each Lender may sell participations to one or more banks or other entities in or to a portion of its rights and obligations under this Agreement (including, without limitation, a portion of its Commitment, the Loans owing to it and the Note or Notes held by it); provided, however, that (i) such Lender's
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obligations under this Agreement (including, without limitation, its Commitment hereunder) shall remain unchanged, (ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations, (iii) such Lender shall remain the holder of any such Note for all purposes of this Agreement, (iv) the Borrowers, the Administrative Agent, the Syndication Agent, the Documentation Agent and the other Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement, (v) except in the case of a participation involving a Lender and one of its Affiliates (and this exception shall apply only so long as the participant remains an Affiliate of such Lender), the parties to each such participation shall execute a participation agreement in substantially the form of the Participation Agreement, and (vi) no participant under any such participation shall have any right to approve any amendment to or waiver of any provision of any Loan Document, or any consent to any departure by any Borrower therefrom, except to the extent that such amendment, waiver or consent would alter the

principal of, or interest on, the Loan or Loans in which such participant is participating or any fees or other amounts payable to the Lenders hereunder, or postpone any date fixed for any payment of principal of, or interest on, the Loans or any fees or other amounts payable hereunder. Each Lender shall provide the Company with a list of entities party to all Participation Agreements with such Lender upon request.

(g) Any Lender may, in connection with any assignment or participation or proposed assignment or participation pursuant to this Section 9.07, disclose to the assignee or participant or proposed assignee or participant, any information, including Confidential Information, relating to the Borrowers furnished to such Lender by or on behalf of the Borrowers; provided that, prior to any such disclosure of Confidential Information, the assignee or participant or proposed assignee or participant shall be informed of the confidential nature of such Confidential Information and shall agree to (i) preserve the confidentiality of any Confidential Information relating to the Borrowers received by it from such Lender and (ii) be bound by the provisions of Section 9.10.

(h) Notwithstanding any other provision in this Section 9.07, no Lender may assign its interest to an Eligible Assignee if, as of the effective date of such assignment, such assignment would increase the amount of Taxes, Other Taxes or increased costs payable under Sections 2.11 or 3.04, respectively.

(i) Notwithstanding any other provision set forth in this Agreement, any Lender may at any time and without the consent of the Administrative Agent or any Borrower create a security interest in all or any portion of its rights under this Agreement (including, without limitation, the Loans owing to it and the Notes held by it) in favor of any Federal Reserve Bank in accordance with Regulation A of the Board of Governors of the Federal Reserve System.

SECTION 9.08. Governing Law. This Agreement and the Notes shall be governed by, and construed in accordance with, the laws of the State of New York.

SECTION 9.09. Execution in Counterparts. This Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement. Delivery of an executed counterpart of this Agreement by telecopier shall be effective as delivery of a manually executed counterpart of this Agreement.

SECTION 9.10. Confidentiality. None of the Administrative Agent, the Syndication Agent, the Documentation Agent or any Lender shall disclose any Confidential Information to any Person without the consent of the Company, other than (a) to such Person's Affiliates and their officers, directors, employees, agents, counsel, auditors and advisors of such Person or such Person's Affiliates, (b) to a proposed assignee or to a proposed participant; provided that prior to any such disclosure, the proposed assignee or the participant shall deliver to the Company a written agreement to preserve the confidentiality of any Confidential Information to the extent required by this Agreement, and then only on a confidential basis, (c)

as required by any law, rule or regulation or judicial process, (d) in connection with any litigation to which any Lender or the Administrative Agent is a party or in connection with the exercise of any remedy hereunder or under any Note (provided that, in the case of this clause (d), such Lender or the Administrative Agent, as the case may be, uses reasonable efforts under the circumstances to obtain reasonable assurances that confidential treatment will be accorded to such information in connection with such litigation or exercise) and (e) as requested or required by any state, federal or foreign authority or examiner regulating banks or banking or any aspects of any Lender's activities.

SECTION 9.11. Jurisdiction, Etc.

(a) Each of the parties hereto (and each Designated Borrower, by its acceptance of the proceeds of Loans made to it) hereby irrevocably and unconditionally submits, for itself and its property, to the nonexclusive jurisdiction of any New York State court or federal court of the United States of America sitting in New York City, and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Agreement or the other Loan Documents, or for recognition or enforcement of any judgment, and each of the parties hereto and each Designated Borrower hereby irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in any such New York State or, to the extent permitted by law, in such federal court. Each of the parties hereto and each Designated Borrower agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Agreement shall affect any right that any party may otherwise have to bring any action or proceeding relating to this Agreement or the other Loan Documents in the courts of any jurisdiction.

(b) Each of the parties hereto and each Designated Borrower irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, any objection that it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Agreement or the other Loan Documents in any New York State or federal court. Each of the parties hereto and each Designated Borrower hereby irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

SECTION 9.12. WAIVER OF JURY TRIAL. EACH BORROWER, THE ADMINISTRATIVE AGENT, THE SYNDICATION AGENT, THE DOCUMENTATION AGENT AND THE LENDERS HEREBY IRREVOCABLY WAIVE ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM (WHETHER BASED ON CONTRACT, TORT OR OTHERWISE) ARISING OUT OF OR RELATING TO ANY OF THE LOAN DOCUMENTS, THE LOANS OR THE ACTIONS OF THE ADMINISTRATIVE AGENT, THE SYNDICATION AGENT, THE DOCUMENTATION AGENT OR ANY LENDER IN THE NEGOTIATION, ADMINISTRATION, PERFORMANCE OR ENFORCEMENT THEREOF.

SECTION 9.13. Judgment Currency. This is an international loan transaction in which the specification of Dollars or an Alternate Currency, as the case may be (the "Specified Currency"), any payment in New York City or the country of the Specified Currency, as the case may be (the "Specified Place"), is of the essence, and the Specified Currency shall be the currency of account in all events relating to Loans denominated in the Specified Currency. The payment obligations of the Borrowers under this Agreement and the Notes shall not be discharged by an amount paid in another currency or in another place, whether pursuant to a judgment or otherwise, to the extent that the amount so paid on conversion to the Specified Currency and transfer to the Specified Place under normal banking procedures does not yield the amount of the Specified Currency at the Specified Place due hereunder. If for the purpose of obtaining judgment in any court it is necessary to convert a sum due hereunder in the Specified Currency into another currency (the "Second Currency"), the rate of exchange which shall be applied shall be that at which in accordance with normal banking procedures the Administrative Agent could purchase the Specified Currency with the Second Currency on the Business Day next preceding that on which such judgment is rendered. The obligation of each Borrower in respect of any such sum due from it to the Administrative Agent or any Lender hereunder (an "Entitled Person") shall, notwithstanding the rate of exchange actually applied in rendering such judgment, be discharged only to the extent that on the Business Day following receipt by such Entitled Person of any sum adjudged to be due hereunder or under the Notes in the Second Currency such Entitled Person may in accordance with normal banking procedures purchase and transfer to the Specified Place the Specified Currency with the amount of the Second Currency so adjudged to be due; and each Borrower hereby, as a separate obligation and notwithstanding any such judgment, agrees to indemnify such Entitled Person against, and to pay such Entitled Person on demand in the Specified Currency, any difference between the sum originally due to such Entitled Person in the Specified Currency and the amount of the Specified Currency so purchased and transferred.

SECTION 9.14. European Monetary Union. (a) If, as a result of the implementation of European monetary union, (i) any European Currency ceases to be lawful currency of the nation issuing the same and is replaced by a European common currency (the "Euro"), or (ii) any European Currency and the Euro are at the same time recognized by the governmental authority which is responsible for issuance or regulation of the relevant European Currency in the nation issuing such European Currency as lawful currency of such nation and the Administrative Agent or the Required Lenders shall so request in a notice delivered to the Company, then any amount payable hereunder by any party hereto in such European Currency shall instead be payable in the Euro or, to the extent then permitted by applicable law, in the Euro or such European Currency at the election of the Company, and the amount so payable shall, if payable in the Euro, be determined by translating the amount payable in such European Currency to the Euro at the exchange rate recognized by the European Central Bank for the purpose of implementing European monetary union. Prior to the occurrence of the event or events described in clause (i) or (ii) of the preceding sentence, each amount payable hereunder in any European Currency will, except as otherwise provided herein, continue to be payable only in that European Currency.

(b) The Company agrees, at the request of any Lender, to compensate such Lender for any loss, cost, expense or reduction in return, incurred or suffered by such Lender upon or after any of the occurrence of any of the events referred to in clauses (i) or (ii) of the first sentence of Section 9.14(a), that such Lender shall reasonably determine shall be incurred or sustained by such Lender as a result of the implementation of European monetary union and that would not have been incurred or sustained but for the transactions provided for herein, and that was incurred or sustained during the 90-day period prior to the date of demand therefor by such Lender. A certificate of a Lender setting forth in reasonable detail such Lender's calculation of the amount or amounts necessary to compensate such Lender shall be delivered to the Company and shall be conclusive absent manifest error so long as such determination is made on a reasonable basis. The Company shall pay such Lender the amount shown as due on any such certificate within 10 days after receipt thereof.

(c) The parties hereto agree, at the time of or at any time following the implementation of European monetary union, to use reasonable efforts to enter into an agreement amending this Agreement in order to reflect the implementation of such monetary union, to permit (if feasible) the Euro to qualify as an Alternate Currency under the terms and conditions of the definition of such term and to place the parties hereto in the position with respect to the settlement of payments of the Euro as they would have been with respect to the settlement of the Currencies it replaced.

(d) Each Lender shall use its reasonable best efforts (consistent with its internal policy and legal and regulatory restrictions) to minimize any amounts payable by the Company under this Section 9.14.

(e) With respect to the payment of any amount denominated in the Euro or in a National Currency, as defined below, the Administrative Agent shall not be liable to any Borrower or any of the Lenders, and, if any Borrower shall have made timely payment to the Administrative Agent in the manner specified hereunder, such Borrower shall not be liable to the Lenders, in any way whatsoever for any delay, or the consequences of any delay, in the crediting to any account of any amount required by this Agreement to be paid by the Administrative Agent if the Administrative Agent shall have taken all relevant steps to achieve, on the date required by this Agreement, the payment of such amount in immediately available, freely transferable, cleared funds (in the Euro or, as the case may be, in a National Currency) to the account of any Lender in the Principal Financial Center which such Borrower or, as the case may be, such Lender shall have specified for such purpose. In this paragraph (d), "all relevant steps" means all such steps as may be prescribed from time to time by the regulations or operating procedures of such clearing or settlement system as the Administrative Agent may from time to time reasonably determine for the purpose of clearing or settling payments of the Euro. For purposes hereof, "National Currency" means any Alternate Currency (other than the Euro) of a
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state described as a "Participating Member State" in any legislative measures of the European Council for the introduction of, changeover to or operation of the Euro (as so described, a "Participating Member State").

(f) For the purposes of determining the date on which the Eurocurrency Rate is determined under this Agreement for any Loan denominated in the Euro (or in any National Currency) for any Interest Period therefor, references in this Agreement to Business Days shall be deemed to be references to Target Operating Days, as defined below. In addition, if the Administrative Agent determines that there is no Eurocurrency Rate displayed on the Screen for deposits denominated in the National Currency in which any Loans are denominated, the Eurocurrency Rate for such Advances shall be based upon the rate displayed on the Screen for the offering of deposits denominated in the Euro. For purposes hereof, "Target Operating Days" means any day that is not (i) a Saturday or
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Sunday, (ii) Christmas Day or New Year's Day (which shall include any day designated as a public holiday in respect of such day) or (iii) any other day on which the Trans-European Real-Time Gross Settlement Operating System (or any successor settlement system) is not operating (as determined by the Administrative Agent).

(g) If the basis of accrual of interest or fees expressed in this Agreement with respect to the Currency of any state that becomes a Participating Member State shall be inconsistent with any convention or practice in the London (or, in the case of Pounds Sterling, Paris) interbank deposit market for the basis of accrual of interest or fees in respect of the Euro, such convention or practice in respect of the Euro shall replace such expressed basis effective as of and from the date on which such state becomes a Participating Member State,

provided, that if any Loan in the Currency of such state is outstanding
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immediately prior to such date, such replacement shall take effect, with respect to such Loan, at the end of the then current Interest Period.

ARTICLE X

GUARANTEE

SECTION 10.01. Guarantee. The Company hereby guarantees to each Lender and the
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Administrative Agent and their respective successors and assigns the prompt payment in full when due (whether at stated maturity, by acceleration, by optional prepayment or otherwise) of the principal of and interest on the Loans made by the Lender to, and the Notes held by each Lender of, each Designated Borrower and all other amounts from time to time owing to the Lenders or the Administrative Agent by any Designated Borrower under this Agreement pursuant to its Designation Letter and under the Notes, in each case strictly in accordance with the terms thereof (such obligations being herein collectively called the "Guaranteed Obligations"). The Company hereby further agrees that if any
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Designated Borrower shall fail to pay in full when due (whether at stated maturity, by acceleration, by optional prepayment or otherwise) any of the Guaranteed Obligations, the Company will promptly pay the same, without any demand or notice whatsoever, and that in the case of any extension of time of payment or renewal of any of the Guaranteed Obligations, the same will be promptly paid in full when due (whether at extended maturity, by acceleration or otherwise) in accordance with the terms of such extension or renewal.

SECTION 10.02. Obligations Unconditional.

(a) The obligations of the Company hereunder are unconditional irrespective of (i) the value, genuineness, validity, regularity or enforceability of any of the Guaranteed Obligations, (ii) any modification, amendment or variation in or addition to the terms of any of the Guaranteed Obligations or any covenants in respect thereof or any security therefor, (iii) any extension of time for performance or waiver of performance of any covenant of any Designated Borrower or any failure or omission to enforce any right with regard to any of the Guaranteed Obligations, (iv) any exchange, surrender, release of any other guaranty of or security for any of the Guaranteed Obligations, or (v) any other circumstance with regard to any of the Guaranteed Obligations which may or might in any manner constitute a legal or equitable discharge or defense of a surety or guarantor, it being the intent hereof that the obligations of the Company hereunder shall be absolute and unconditional under any and all circumstances.

(b) The Company hereby expressly waives diligence, presentment, demand, protest, and all notices whatsoever with regard to any of the Guaranteed Obligations and any requirement that the Administrative Agent or any Lender exhaust any right, power or remedy or proceed against any Designated Borrower hereunder or under the Designation Letter of such Designated Borrower or any Note of such Designated Borrower or any other guarantor of or any security for any of the Guaranteed Obligations.

SECTION 10.03. Reinstatement. The guarantee in this Article X shall be automatically reinstated if and to the extent that for any reason any payment by or on behalf of any Designated Borrower in respect of the Guaranteed Obligations is rescinded or must be otherwise restored by any holder(s) of any of the Guaranteed Obligations, whether as a result of any proceedings in bankruptcy or reorganization or otherwise.

SECTION 10.04. Subrogation. Until the termination of the Commitments and the payment in full of the principal of and interest on the Loans and all other amounts payable to the Administrative Agent or any Lender hereunder, the Company hereby irrevocably waives all rights of subrogation or contribution, whether arising by operation of law (including, without limitation, any such right arising under the Federal Bankruptcy Code) or otherwise, by reason of any payment by it pursuant to the provisions of this Article X.

SECTION 10.05. Remedies. The Company agrees that, as between the Company on the one hand and the Lenders and the Administrative Agent on the other hand, the obligations of any Designated Borrower guaranteed under this Agreement may be declared to be forthwith due and payable, or may be deemed automatically to have been accelerated, as provided in Article VII, for purposes of Section 10.01 hereof notwithstanding any stay, injunction or other prohibition (whether in a bankruptcy proceeding affecting such Designated Borrower or otherwise) preventing such declaration as against such Designated Borrower and that, in the event of such declaration or automatic acceleration such obligations (whether or not due and

payable by such Designated Borrower) shall forthwith become due and payable by the Company for purposes of said Section 10.01.

SECTION 10.06. Continuing Guarantee. The guarantee in this Article X is a continuing guarantee and shall apply to all Guaranteed Obligations whenever arising.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective officers thereunto duly authorized, as of the date first above written.

The Borrower

MARRIOTT INTERNATIONAL, INC.

By /s/ Raymond G. Murphy
Name: Raymond G. Murphy
Title: Senior Vice President & Treasurer

The Administrative Agent

CITIBANK, N.A.,
as Administrative Agent

By /s/ Robert T. Wetrus
Name: Robert T. Wetrus
Title: Attorney-in-Fact

The Syndication Agent

THE BANK OF NOVA SCOTIA,
as Syndication Agent

By /s/ J.R. Trimble
Name: J.R. Trimble
Title: Senior Relationship Manager

Address for Notices:

1 Liberty Plaza
New York, NY 10006

Att: Tilsa Cora
Tel: 212-225-5044
Fax: 212-225-5145

The Documentation Agent

THE CHASE MANHATTAN BANK,
as Documentation Agent

By /s/ Karen M. Sharf

Name: Karen M. Sharf
Title: Vice President

Address for Notices:

270 Park Avenue, 47th Floor
New York, NY 10017

Att: Vito S. Cipriano
Tel: 212-552-7402
Fax: 212-552-5662

BANKS

CITIBANK, N.A.

By /s/ Diane L. Pockaj

Name: Diane L. Pockaj
Title: Vice President

THE BANK OF NOVA SCOTIA

By /s/ J.R. Trimble

Name: J.R. Trimble
Title: Senior Relationship Manager

THE CHASE MANHATTAN BANK

By /s/ Karen M. Sharf

Name: Karen M. Sharf
Title: Vice President

THE BANK OF NEW YORK

By /s/ Ronald R. Reedy

Name: Ronald R. Reedy
Title: Vice President

DEUTSCHE BANK AG NEW YORK AND/OR
CAYMAN ISLANDS BRANCHES

By /s/ Andreas Neumeier

Name: Andreas Neumeier
Title: Vice President

By /s/ Joel Makowsky

Name: Joel Makowsky
Title: Vice President

FIRST UNION NATIONAL BANK

By /s/ Barbara K. Angel

Name: Barbara K. Angel
Title: Vice President

MELLON BANK, N.A.

By /s/ Laurie G. Dunn

Name: Laurie G. Dunn
Title: Vice President

NATIONSBANK, N.A.

By /s/ M. David Howard

Name: M. David Howard
Title: Senior Vice President

BANCA COMMERCIALE ITALIANA-NEW YORK BRANCH

By /s/ Charles Dougherty

Name: Charles Dougherty
Title: Vice President

By /s/ Karen Purelis

Name: Karen Purelis
Title: Vice President

THE FIRST NATIONAL BANK OF CHICAGO

By /s/ Gregory A. Gilbert

Name: Gregory A. Gilbert
Title: Vice President

SUNTRUST BANK, CENTRAL FLORIDA, N.A.

By /s/ Cynthia D. Eggers

Name: Cynthia D. Eggers
Title: Vice President

WACHOVIA BANK, N.A.

By /s/ Fitzhugh L. Wickham III

Name: Fitzhugh L. Wickham
Title: Vice President

THE FIRST NATIONAL BANK OF
MARYLAND, A DIVISION OF FMB BANK

By /s/ Shelly M. Trimble

Name: Shelly M. Trimble
Title: Assistant Vice President

FIRST HAWAIIAN BANK

By /s/ Scott R. Nahme

Name: Scott R. Nahme
Title: Vice President

THE NORTHERN TRUST COMPANY

By /s/ Eric Strickland

Name: Eric Strickland
Title: Vice President

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

Exhibit 12

	Fiscal year ended				
	1998	1997	1996	1995	1994
Income before income taxes	$632	$531	$435	$361	$275
Loss/(income) related to equity method investees	8	8	4	(2)	(1)
	640	539	439	359	274
Add/(deduct):					
Fixed charges	103	85	89	59	52
Interest capitalized	(21)	(16)	(9)	(8)	(4)
Distributed income of equity method investees	5	--	--	--	--
Earnings available for fixed charges	$727	$608	$519	$410	$322
Fixed charges:					
Interest expensed and capitalized(1)	$51	$38	$46	$17	$11
Estimate of the interest within rent expense	52	47	42	39	38
Share of interest expense of certain equity method investees	--	--	1	3	3
Total fixed charges	$103	$85	$89	$59	$52
Ratio of earnings to fixed charges	7.1	7.2	5.8	6.9	6.2

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

EXHIBIT 21

MARRIOTT INTERNATIONAL, INC.
DOMESTIC SUBSIDIARIES
STATE OF INCORPORATION

State : Arizona
Camelback Country Club, Inc. (d/b/a Camelback Golf Club)

State : California
Rancho San Antonio Retirement Services, Inc., A non-profit Corporation

State : Colorado
Senior Living of Denver, LLC

State : Delaware
Aeropuerto Shareholder, Inc.
BG Operations, Inc.

Big Boy Properties, Inc.
Brooklyn Hotel Services, Inc.
CBM Annex, Inc.
CR14 Tenant Corporation
CR9 Tenant Corporation
CRTM17 Tenant Corporation
CTYD III Corporation
Camelback Properties Inn, Inc.

Capitol Employment Services, Inc.
Capitol Hotel Services, Inc.
Charleston Marriott, Inc.
Chicago Hotel Services, Inc.
Corporate General, Inc.
Courtyard Annex, Inc.
Courtyard Annex, L.L.C.
Courtyard Management Corporation

Customer Survey Associates, Inc.
Desert Springs Real Estate Corporation
Detroit CY Inc.
Detroit Hotel Services, Inc.
Detroit MHS, Inc.
East Side Hotel Services, Inc.
Essex House Condominium Corporation
Fairfield FMC Corporation

Forum Group II, Inc.
Forum Group Payroll, Inc.
Forum-NGH, Inc.
Franchise System Holdings, Inc.
Hearthside Operations, Inc.
Hearthside of Crete, Inc.
Hearthside of Tinley Park, Inc.
HomeSolutions by Marriott, Inc.

Host Restaurants, Inc.
Hunt Valley Courtyard, Inc.
LAX Properties, LLC
LLB C - HOTEL, L.L.C.

LLB F - INN, L.L.C.
LLB F-Suites, L.L.C.
MC Logding Investment Opportunities, Inc.
MI Hotels (Virgin Islands), Inc.

MI Member, LLC
MI Subsidary I, Inc.
MORI Residences, Inc.
MORI SPC Corp.

State : Delaware
MRC I Funding Corporation
MSLS Investments 12, Inc.
MSLS Investments 16, Inc.
MSLS Investments 17, Inc.
MSLS Investments 18, Inc.
MSLS Investments 19, Inc.
MSLS Investments 20, Inc.

MSLS-MapleRidge, Inc.
MTMG Corporation
MarketPlace by Marriott, L.L.C.
Marketplace By Marriott, Inc.
Marriott Braselton Corporation
Marriott College Food Services, Inc.
Marriott Continuing Care, Inc.
Marriott Distribution Services, Inc.

Marriott Hotel Plano, L.L.C.
Marriott Hotel Services, Inc.
Marriott Hotels of Panama, Inc.
Marriott Hurghada Management, Inc.
Marriott Information Services, Inc.
Marriott International Administrative Services, Inc.
Marriott International Capital Corporation
Marriott International Design & Construction Services, Inc.

Marriott International JBS Corporation
Marriott International, Inc.
Marriott Kauai Ownership Resorts, Inc.
Marriott Kauai, Inc.
Marriott Lincolnshire Theatre Corporation
Marriott Market Street Hotel, Inc.
Marriott Mirage City Management, Inc.
Marriott Overseas Company, L.L.C.

Marriott Overseas Owners Services Corporation
Marriott Ownership Resorts, Inc.
Marriott P.R. Management Corporation
Marriott Payroll Services, Inc.
Marriott Ranch Properties, Inc.
Marriott Resort at Seaview, Inc.
Marriott Resorts Sales Company, Inc.
Marriott Resorts, Travel Company, Inc.

Marriott Rewards, Inc.

Marriott SLS Investments 10, Inc.
Marriott Senior Living Services, Inc.
Marriott Sharm El Sheikh Management, Inc.
Marriott U.K. Holdings, Ltd.
Marriott Vacation Properties of Florida, Inc.
Marriott Wardman Park Investment, Inc.
Marriott Worldwide Management, Inc.

Marriott Worldwide Payroll Corp.
Marriott Worldwide Sales and Marketing, Inc.
Marriott's Desert Springs Development Corporation
Marriott's Greenbelt Hotel Services, Inc.
Meridian-Indianapolis, L.L.C.
Mid-Atlantic Specialty Restaurants, Inc.
Musicians, Inc.
Nashville Airport Hotel, LLC

State : Delaware
New York Retirement Properties, Inc.
North Drury Lane Productions, Inc.
Osage Beach Hotel, LLC
Potomac Advertising, Inc.
RC Marriott II, Inc.
RC Marriott III, Inc.
RC Marriott, Inc.

RC-UK, Inc.
RHG Finance Corporation
RHG Investments, Inc.
RHHI Acquisition Corp.
RHHI Investment Corp.
RHOC (Canada), Inc.
RHOC (Mexico), Inc.
RINA (International) Inc.

ROCK Partners, L.L.C.
Ramada Franchise Systems (Caribbean), Inc.
Ramada Garni Franchise Systems, Inc.
Renaissance Florida Hotel, Inc.
Renaissance Hotel Holdings, Inc.
Renaissance Hotel Operating Company
Renaissance International, Inc.
Renaissance Reservations, Inc.

Renaissance Services, Inc.
Residence Inn by Marriott, Inc.
Ritz-Carlton (Virgin Islands), Inc.
Rock Lynnwood/Snohomish GenPar, Inc.
SC Orlando, L.L.C.
SHC Eastside II, L.L.C.
Schaumberg/Oakbrook Marriott Hotels, Inc.
Shady Grove Courtyard, Inc.

Springhill SMC Corporation
St. Louis Airport Hotel, LLC
Staffing Services, Inc.

The Ritz-Carlton Hotel Company of Puerto Rico, Inc.
The Ritz-Carlton Hotel Company, L.L.C.
TownePlace Management Corporation
West Street Hotels, Inc.
Weststock Corporation

State : Florida

Marriott Resorts Title Company, Inc.
Redi-Medical Alert, Inc.

State : Georgia
The Dining Room Corporation

State : Hawaii
F. L. Insurance Corporation

State : Indiana
Excepticon of Indiana, Inc.
Forum Cupertino Lifecare, Inc.

Forum Lifecare, Inc.
National Guest Homes, LLC

State : Kansas
Kansas Hospitality Services, Inc.

State : Maryland
Columbia Courtyard, Inc.
MHS Realty Sales, Inc.
MII Conference Center, Inc.
Marriott International Hotels Inc.
Marriott Worldwide Corporation

VCS, Inc.
Vanguard Charles Street, LLC

State : Nevada
MI Hotels of Las Vegas, Inc.

State : South Carolina
Marriott Resorts Hospitality Corporation

State : Texas
Dalrich Club (a non-profit corporation)
Hospitality International, Inc.
Hospitality Services, Inc.

Inn Club, a Non-Profit Corp.
MHSI Conference Centers of Texas, Inc.
Marriott Claims Services Corporation
The Finish Line Club, A Texas non-profit corporation
The Fossil Creek Club No. 1
The Gazebo Club
The Hearthroom Club
The Legacy Park Club (Non-Profit)

The Plano Club (Non-Profit)
WinBeer, Inc.

State : Utah
Gambits A Nonprofit Corporation (Incorporated Club)

State : Virginia
Marriott Senior Living Insurance Services, Inc.

State : West Virginia
West Virginia Marriott Hotels, Inc.

MARRIOTT INTERNATIONAL, INC.
DOMESTIC SUBSIDIARIES
ASSUMED NAMES

Corporation : CTYD III Corporation

State	Assumed Name
CA	Courtyard by Marriott
FL	Courtyard by Marriott
IL	Courtyard by Marriott
IN	Courtyard by Marriott
KY	Courtyard by Marriott
MD	Courtyard by Marriott
NJ	Courtyard by Marriott
NM	Courtyard by Marriott
NV	Courtyard by Marriott
WA	Courtyard by Marriott

Corporation : Courtyard Management Corporation

State	Assumed Name
AR	Little Rock CbM
AZ	Phoenix Mesa CbM, Camelback CbM, Phoenix Airport CbM, Scottsdale CbM, Tuscon CbM
AZ	Phoexnix MetroCenter CbM
CA	Courtyard by Marriott
CA	Pleasant Hills Courtyard
CO	Denver Airport CbM, Boulder CbM, Denver SE CbM
CT	Norwalk CbM, Hartford CbM
DE	Wilmington CbM, (1102 West Street & 48 Geofry Drive)
FL	Courtyard by Marriott
GA	Executive Park CbM, Roswell CbM, Atlanta Perimeter CbM, Atlanta Airport CbM, Midtown CbM
GA	Macon CbM, Atlanta Delk Road CbM, Agusta CbM
GA	Peachtree Corners CbM, Atlanta Airport South CbM
GA	Peachtree-Dunwoody CbM, Cumberland Center CbM, Gwinnett Mall CbM, Jimmy Carter CbM
GA	Savannah CbM, Columbus CbM
GA	Windy Hill CbM, Northlake CbM, Atlanta Airport South CbM, Atlanta Preimeter CbM, Atlanta Airport CbM
IA	Des Moines/Clive CbM, Quad Cities CbM
IL	Arlington Heights CbM, Arlington Heights South CbM, Chicago/Deerfield CbM, Chicago Downtown CbM
IL	Chicago-Highland Park CbM, Chicago/Lincolnshire CbM, Glenview CbM, Naperville CbM
IL	Oakbrook Terrace CbM, O'Hare CbM, Rockford CbM, Waukegan CbM, Wood Dale CbM
IN	Courtyard by Marriott
KY	Courtyard by Marriott
LA	Baton Rouge CbM
MA	Lowell CbM, Stoughton CbM, Milford CbM
MD	Courtyard by Marriott
MI	Dearborn CbM, Detroit Airport CbM, Livonia CbM, Warren CbM, Southfield CbM, Troy CbM
MI	Detriot/Novi CbM

MI	Southfield CbM, Livonia CbM, Warren CbM, Detroit Airport CbM, Dearborn CbM, Auburn Hills CbM
MI	Troy CbM, Auburn Hills CbM
MN	Eden Prairie CbM, Medota Heights CbM
MO	Creve Coeur CbM
MO	Earth City CBM
MO	Kansas City Airport CbM, St. Louis-Westport CbM
MO	St. Louis CbM, South Kansas City CbM
NC	Charlotte Arrowood CbM

Corporation : Courtyard Management Corporation

State	Assumed Name
NC	Charlotte South Park CbM, Charlotte University CbM
NC	Fayetteville CbM, Greensboro CbM
NC	Raleigh Airport CbM, Raleigh-Cary Cbm, Raleigh CbM
NJ	Courtyard by Marriott
NM	Courtyard by Marriott
NV	Courtyard by Marriott
NY	Fishkill CbM, Poughkeepsie CbM, Rochester CbM, Rye CbM, Syracuse CbM, Tarrytown CbM
OH	Blue Ash CbM, Dayton Mall CbM, Toledo CbM, Worthington CbM
OK	Oklahoma City CbM
OR	Portland CbM
PA	Pittsburg CbM
PA	Willow Grove CbM, Pittsburgh CbM, Devon CbM, Valley Forge CbM, Philadelphia CbM
RI	Middletown CbM
SC	Columbia NW CbM
TN	Nashville Airport CbM, Park Avenue, Memphis CbM, Memphis Airport CbM, Chattanooga CbM, Brentwood CbM
TX	DFW Courtyard North
TX	Las Colinas CbM, Dallas North Park CbM, Arlington CbM, San Antonio CbM
TX	Plano CbM, Fort Worth CbM, Dallas Northeast CbM, Dallas Stemmons CbM
TX	San Antonio Airport CbM, San Antonio Medical Center CbM, Bedford CbM, Addison CbM, LBJ @ Josey CbM
VA	Brookfield CbM
VA	Dulles South CbM, Rosslyn CbM
VA	Fairoaks CbM
VA	Herndon CbM,
VA	Manassas CbM, Charlottesville CbM
VA	Richmond Innsbrook CbM (Henrico County)
WA	Courtyard by Marriott

Corporation : Detroit Hotel Services, Inc.

State	Assumed Name
MI	Detroit Marriott at Renaissance Center - PENDING

Corporation : Detroit MHS, Inc.

State	Assumed Name
MI	Detroit Marriott At Renaissance Center

Corporation : Fairfield FMC Corporation

State	Assumed Name
AZ	Scottsdale FIbM (Fairfield Inn by Marriott), Phoenix FIbM, Flagstaff FIbM
CA	Anaheim Fairfield Inn
CA	Buena Park FIbM, Placentia FIbM, Rancho Cordova FIbM, Ontario FIbM
CT	Hartford Airport FIbM (Windsor/Windsor Lock)
DE	Wilmington FIbM
FL	ainesville FIbM, Miami West FbM, Orlando International Drive FbM, Orlando South FbM, Winter Park FbM
GA	Atlanta Gwinnett Mall FIbM, Atlanta Northlake FIbM
IA	Cedar Rapids FIbM, Des Moines FIbM

Corporation : Fairfield FMC Corporation

State	Assumed Name
IL	Bloomington/Normal FbM, Chicago Lansing FbM, Glenview FbM, Peoria FbM, Rockford FbM, Willowbrook FbM
IN	Fort Wayne FIbM
IN	Indianapolis Castleton FIbM, Indianapolis Castelton FIbM, Indianapolis College Park FIbM
KY	Florence FIbM, Louisville East FIbM
ME	Portland FIbM
MI	Detroit Airport FIbM, Detroit Madison FIbM, Detroit West FIbM, Detroit Warren FIbM, Kalmazoo FIbM
MO	St. Louis Hazelwood FIbM
NC	Charlotte Airport FIbM, Charlotte Northeast FIbM
NC	Greensboro Highpoint FIbM, Durham FIbM
NC	Rocky Mount FIbM, Fayetteville FIbM, Raleigh Northeast FIbM, Wilmington FIbM
NH	Merrimack Fairfield FIbM
NV	Las Vegas FIbM
NY	Lancaster FIbM, Syracuse FIbM
OH	Akron FIbM, Cincinnati Sharonville FIbM, Cleveland Brook Park FIbM, Cleveland Willoughby FIbM
OH	Columbus North & West FIbM, Dayton FIbM, Toledo Holland FIbM
PA	Pittsburgh/Warrendale FIbM, Harrisburg West FIbM
SC	Greenville FIbM, Hilton Head FIbM
TN	Johnson City FIbM, Jackson FIbM, Chattanooga FIbM
TX	Arlington Fairfield Suites
VT	Burlington Colchester FIbM
WI	Milwaukee FIbM, Madison FIbM

Corporation : Forum-NGH, Inc.

State	Assumed Name
AL	Galleria Oaks Guest Home
AZ	Village Oaks at Glendale
FL	Village Oaks at Melbourne (Reg. No. G98300900080)
FL	Village Oaks at Orange Park

FL	Village Oaks at Southpoint
IN	Village Oaks at Fort Wayne
IN	Village Oaks at Greenwood
NV	VIllage Oaks at Las Vegas
TX	VIllage Oaks at Cielo Vista, NGH/Marriott
TX	Village Oaks at Farmers Branch
TX	Village Oaks at Hollywood Park

Corporation : MI Hotels of Las Vegas, Inc.

State	Assumed Name
NV	Courtyard by Marriott, Residence Inn by Marriott, Las Vegas Marriott Suites
NV	Residence Inn by Marriott

Corporation : Marriott Continuing Care, Inc.

State	Assumed Name
FL	Calusa Harbor

Corporation : Marriott Hotel Services, Inc.

State	Assumed Name
AZ	Marriott Camelback Inn Resort
CA	Anaheim Marriott Hotel, Los Angeles Airport Marriott, Newport Beach Marriott Hotel
CA	Marriott's Desert Springs Resort and Spa
CA	Marrott's Rancho Las Palmas Resort
CA	Napa Valley Marriott Hotel
CA	Rancho Las Palmas Marriott Resort, Warner Center Marriott Hotel
CO	Denver West Marriott Hotel
CT	Stamford Marriott Hotel (Stamford & Rocky Hill)
FL	Fort Lauderdale Marina, Tampa Airport
FL	Miami International Airport Marriott
GA	Atlanta Norcross Marriott Hotel
GA	Atlanta Perimeter Center Hotel
IL	Chicago Deerfield Marriott Suites, Chicago Marriott Downtown Hotel, Chicago Marriott Oakbrook Hotel
IL	Lincolnshire Catering
MA	Marriott Long Wharf
MD	Bethesda Marriott Hotel, Washington Gaithersburg Marriott Hotel
MI	Detroit Romulus Marriott Hotel, Detroit Metro Airport Marriott Hotel
MN	Minneapolis City Center Marriott Hotel
MO	St. Louis Pavilion Marriott Hotel, St. Louis Airport Marriott, Kansas City Airport Marriott
MO	Tan-Tar-A Marriott Resort
NH	Nashua Marriott Hotel
NJ	Glenpoint Marriott Hotel, Princeton Marriott Hotel, Somerset Marriott Hotel
NJ	Hanover Marriott Hotel
NJ	Park Ridge Marriott Hotel, Newark Airport Marriott Hotel, Marriott's Seaview Golf Resort

NY	Long Island Marriott Hotel, Westchester Marriott Hotel
OK	Oklahoma City Marriott Hotel
OR	Portland Marriott Hotel
PA	Philadelphia Airport Marriott Hotel
PA	Philadelphia Marriott Hotel
TN	Nashville Airport Marriott Hotel
TX	Dallas Marriott Quorum, Houston Airport Marriott
VA	Crystal City Marriott Hotel
VA	Marriott's Westfields Conference Center
VA	Westfield's Marriott

Corporation : Marriott International, Inc.

State	Assumed Name
AZ	Mountain Shadows Resort, Mountain Shadows, Marriott's Mountain Shadows Resort
CA	Irvine Marriott Hotel
CA	La Jolla Marriott Hotel
CA	Los Angeles Airport Marriott
CA	San Diego Marriott Hotel Marina
IL	Chicago Marriott O'Hare
MI	Courtyard by Marriott, Fairfield Inn
NY	Laguardia Marriott
NY	Marriott's Wind Watch Hotel and Golf Club, Long Island Marriott Hotel and Conference Center

Corporation : Marriott International, Inc.

State	Assumed Name
NY	New York Marriott East Side
NY	New York Marriott Financial Center Hotel
NY	New York Marriott Marquis Hotel
NY	Westchester Marriott, New York Marriott Marquis
OH	Fairfield Inn
TN	Fairfield Inn 12/18/03 renew date
VA	HomeSolutions By Marriott , Inc.

Corporation : Marriott Kauai Ownership Resorts, Inc.

State	Assumed Name
CA	(MVCI) Orange County
CA	Marriott Vacation Club International (MVCI)
CO	MVCI
HI	MVCI - Registration Number: 223458
NY	MVCI
TX	MVCI
UT	MVCI

Corporation : Marriott Ownership Resorts, Inc.

State	Assumed Name
AL	Marriott Vacation Club International (MVCI)
CA	MVCI
CO	MVCI
CT	

	MVCI
DE	MVCI
FL	Faldo Golf Institute by Marriott
FL	MVCI
GA	MVCI
IL	MVCI
KY	MVCI
MA	MVCI
MD	MVCI
MN	MVCI
NC	MVCI
NH	MVCI
NJ	MVCI
NV	MVCI
NY	MVCI
OH	MVCI
OR	
	MVCI
RI	MVCI
SC	MVCI
TX	MVCI
UT	MVCI
VA	MVCI
WA	MVCI

Corporation : Marriott Resorts Hospitality Corporation

State	Assumed Name
CA	Marriott Vacation Club International (MVCI)
CO	MVCI
FL	MVCI
GA	MVCI
KY	MVCI One

Corporation : Marriott Resorts Hospitality Corporation

State	Assumed Name
MA	MVCI
MD	MVCI
MN	MVCI
NC	MVCI
NH	MVCI
NJ	MVCI
NV	MVCI
OH	MVCI
OR	MVCI
SC	MVCI
TX	MVCI
UT	MVCI
VA	
	MVCI
VA	Tidewater's Sweets and Sundries
WA	MVCI

Corporation : Marriott Resorts Sales Company, Inc.

State

	Assumed Name
CO	Marriott Vacation Club International (MVCI)
Corporation :	Marriott Resorts, Travel Company, Inc.

State	Assumed Name
CA	Marriott Vacation Club International (MVCI)
FL	
	MVCI
GA	MVCI
KY	MVCI Two
MD	MVCI
MN	MVCI
NC	MVCI
NH	MVCI
NJ	MVCI
NV	MVCI
OH	MVCI
OR	MVCI
SC	MVCI
TX	MVCI
UT	MVCI
VA	MVCI

Corporation : Marriott Senior Living Services, Inc.

State	Assumed Name
AZ	Brighton Gardens
CA	Brighton Gardens
CA	Brighton Gardens Carlsbad
CA	
	Brighton Gardens Carmel Valley
CA	Brighton Gardens of Yorba Linda
CA	Marriott's MapleRidge of Hemet
CA	Marriott's MapleRidge of Laguna Creek
CA	Villa Valencia
CT	Brighton Gardens of Stamford
CT	Edgehill/Continuing Care Retirement Community of Greater Stamford, Inc.
FL	Brighton Gardens (in Boynton Beach, Port Saint Lucie)
FL	Brighton Gardens by Marriott of Maitland

Corporation : Marriott Senior Living Services, Inc.

State	Assumed Name
FL	Brighton Gardens by Marriott of Venice
FL	Brighton Gardens by Marriott of West Palm Beach
FL	Brighton Gardens of Boca Raton
FL	Brighton Gardens of Boynton Beach
FL	Brighton Gardens of Naples
FL	Calusa Harbour (in Ft. Meyer)
FL	Marriott Home Health Services
FL	Stratford Court (in Boca Raton, Palm Harbour)
FL	The Horizon Club (in Deerfield)
GA	Brighton Gardens of Buckhead
IL	Brighton Gardens by Marriott of Prospect Heights and Burr Ridge

NC	Brighton Gardens of Raleigh
NC	Brighton Gardens of Winston-Salem
NJ	Brighton Gardens of Edison
NJ	Brighton Gardens of Middletown
PA	The Quadrangle (in Pennsylvania)
TN	Brighton Gardens of Brentwood
TX	Brighton Gardens by Marriott of Austin
TX	Brighton Gardens by Marriott of San Antonio & Bexar County
TX	Brighton Gardens by Marriott of Tanglewood
TX	Brighton Gardens, (in Dallas County)
VA	Belvoir Woods Health Care Center
VA	Brighton Gardens (in Virginia Beach)
VA	The Colonnades
VA	The Fairfax

Corporation : National Guest Homes, LLC

State	Assumed Name
TX	HGH Assisted Living

Corporation : Renaissance Hotel Operating Company

State	Assumed Name
MA	Renaissance Bedford Hotel

Corporation : Residence Inn by Marriott, Inc.

State	Assumed Name
AZ	Phoenix Airport-Tempe RI, Scottsdale RI, Flagstaff RI
AZ	Tucson RI
CA	
CA	Anaheim RI, Fountain Valley RI, Irvine RI, Placentia RI, Costa Mesa RI
CA	Bakersfield RI
CA	Beverly Hills RI
CA	Costa Mesa RI, Silicon Valley I & II RI, San Jose RI, Mountain View RI
CA	Fremont RI
CA	LaJolla RI, Rancho Bernardo RI, Kearney Mesa RI
CA	Long Beach RI, Arcadia RI, Manhattan Beach RI, Torrance RI
CA	Pleasant Hills RI, San Ramon RI
CA	Sacramento-Natomas RI
CA	San Mateo RI
CO	Colorado Springs RI, Denver Downtown RI, Boulder RI, Denver South RI

Corporation : Residence Inn by Marriott, Inc.

State	Assumed Name
DE	Wilmington RI
FL	Boca Raton RI, Lake Buena Vista RI, Pensacola RI
FL	Jacksonville RI
FL	St. Petersburg RI
GA	Atlanta Midtown RI, Atlanta Alpharetta RI, Atlanta Airport

	RI, Atlanta Buckhead RI
GA	Atlanta Perimeter Mall RI
IL	Chicago O'Hare RI, Deerfield-Chicago RI, Chicago Downtown RI, Chicago Lombard RI
IN	Fort Wayne RI
IN	Indianapolis North RI
KY	Louisville RI, Lexington RI
LA	Bossier City RI
MA	Boston Tewksbury RI, Meriden RI, Boston Westborough RI, Danvers RI
MA	Cambridge Residence Inn by Marriott
MD	Annapolis RI, Bethesda RI
MI	East Lansing RI, Dearborn RI, Ann Arbor RI, Troy Central RI
MI	Troy South RI, Southfield Michigan RI, Warren RI, Grand Rapids RI, Kalamazoo RI
MN	Eden Prairie RI
MO	St. Louis Chesterfield RI, St. Louis Galleria RI, St. Louis Westport RI
NC	Charlotte North RI
NC	Durham RI, Greensboro RI
NC	Raleigh RI,
NC	Winston-Salem RI
NE	Omaha Central RI
NM	Santa Fe RI, Albuquerque RI
NV	Las Vegas Hughes Center
NV	Las Vegas RI
NY	East Syracuse RI
OH	Akron RI, Blue Ash RI, Cincinnati North RI, Columbus East & North RI
OH	Dayton North & South RI, Dublin Ohio RI, Toledo RI
OK	Oklahoma City RI
PA	Willow Grove RI, Philadelphia Airport RI, Greentree RI, Berwyn RI
SC	Columbia RI
TN	Maryland Farms RI, Memphis RI
TX	Dallas Central Expressway RI, Dallas Market Center RI, Houston Astrodome RI, Houston Clear Lake RI
TX	Houston Southwest RI, Las Colinas RI, Lubbock RI, Tyler RI
TX	San Antonio Residence Inn by Marriott (Bexar, Travis Counties)
VA	Herndon RI
WA	Residence Inn Redmon
WI	Green Bay RI

Corporation : The Ritz-Carlton Hotel Company, L.L.C.

State	Assumed Name
DC	The Fairfax Club (see remarks)
VA	The Ritz-Carlton, Tysons Corner

MARRIOTT INTERNATIONAL, INC.
NON-U.S. SUBSIDIARIES

Country: Argentina
Marriott Argentina S.A.

Country : Aruba
Marriott Vacation Club International of Aruba, N.V.
Marriott Aruba N.V.
Marriott Resorts Hospitality of Aruba N.V.
Plant Hotel N.V.
Marriott International Service Ltd.

Country : Australia
Mirmar Hotels Pty Limited

Country : Austria
Marriott Hotel Betriebsgesellschaft, GmbH

Country : Bahamas
Marriott Ownership Resorts (Bahamas) Limited
Marriott Resorts Hospitality (Bahamas) Limited

Country: Barbados
Marriott Foreign Sales Corporation

Country : Bermuda
Marriott International Services, Ltd.
Crest Management Services, Limited
CL International Insurance Company Ltd.
Marriott International Lodging Ltd.
Renaissance International Lodging Ltd.
Ramada International Lodging Ltd.

Country: Brazil
Renaissance de Brasil Hoteleria

Country : British Virgin Islands
Ramasia International Limited Ltd.

Country: Canada
Marriott Lodging (Canada) Ltd.
Renaissance Hotels Canada Limited
Marriott Hotels of Canada Ltd.
MCL Hotel Corporation
Toronto Realty Airport Hotel, Ltd.
Toronto Hotel Land Holding Ltd.

Country: Cayman Islands
Renaissance Caribbean Ltd.

Country : Chile
MORI Chile S.A.
Marriott Chile S.A.
Marriott Inversiones y Servicios Limitada
Hotelera Cincuenta y Siete Cuarenta y Uno, S.A.

Country : China - Hong Kong
Marriott Asia Pacific Management Limited

Country: France
Renaissance France SARL
Marriott de Gestion Hoteliere SNC

Country : Germany

Muenchen Marriott Hotelmanagement GmBH
Frankfurt Marriott Hotelmanagement GmBH
Bremen Marriott Hotelmanagement GmBH
Leipzig Marriott Hotelmanagement GmbH
Marriott Hotel Holding GmbH
Hamburg Marriott Hotelmanagement GmbH
Middle Ring Properties GMBH Hotelbetriebsgesellschaft
MVCI Holidays GmbH
The Ritz-Carlton Hotel Company of Germany, GmbH

Country : Greece

Oceanic Special Shipping Company Incorporated
Greek Line Special Shipping Company Incorporated
Marriott Hotels Hellas, S.A.

Country : Hong Kong

Renaissance Management Hong Kong Limited
Marriott Hong Kong Limited
The Ritz-Carlton Limited
Marriott Properties (International) Limited
Ramada Pacific Limited
Marriott Asia Pacific Ltd.

Country : India, Bombay

Marriott Hotels India Private Limited

Country : Italy

MVCI Holidays S.r.l.

Country : Japan

Tokyo Convention Hotel Co., Ltd.
The Ritz-Carlton Japan, Inc.

Country: Luxembourg

Marriott International Licensing Company S.A.R.L.
International Hotel Licensing Company S.A.R.L.

Country : Mexico

ElCrisa, S.A. de C.V.
Servimarr, S.A. de C.V.
Polserv, S.A. de C.V.
Marriott Mexicana S.A. de C.V.
Marriott Hotels, S.A. de C.V.
Operadora Marriott, S.A. de C.V.
Promociones Marriott, S.A. de C.V.
Empresas Turisticas Cemex-Marriott, S.A. de C.V.
The Ritz-Carlton Hotel Company of Mexico, S.A. de C.V.
R.C. Management Company of Mexico, S.A. de C.V.

Country : Netherlands

Marriott RHG Acquisition B.V.
Renaissance Hotel Group N.V.
Renaissance Management B.V.
Marriott European Venture B.V.
Marriott Hotels of Amsterdam B.V.
Diplomat Properties B.V.
Chester Eaton Properties B.V.
Marriott International Holding Company B.V.
Marriott Hotels International B.V.
Renaissance Hotels International B.V.
Ramada Hotels International B.V.
Marriott International Finance Company B.V.

Country: Netherlands Antilles

Marriott International Lodging N.V.
Renaissance International Lodging N.V.
Ramada International Lodging N.V.

Country : New Zealand

Ramada Inns Limited

Country : Panama

Panmar Construction Services, Inc. (Inactive)

Country : Poland

LIM Joint Venture Ltd.

Country : Samoa, Western

Marriott Hotels Western Samoa Limited

Country : Singapore

Marriott Hotels Singapore Pte Ltd
The Ritz-Carlton Hotel Company of Singapore PTE LTD

Country : Spain

MVCI Espana, S.L.
Marriott Hotels, S.L.
MVCI Holidays, S.L.
MVCI Mallorca, S.L.
MVCI Management, S.L.
R-C Spain, S.L.

Country : Switzerland

Marriott (Schweiz) GmbH
Marriott (Switzerland) Liability Ltd.

Country : The U.S. Virgin Islands

Ramada Island, Inc. (dissolved)

Country : United Kingdom

MVCI Management (Europe) Limited
Marriott Hotels, Ltd.
Marriott Restaurants Limited
Marriott Hotels and Catering (Holdings) Limited
Consolidated Supplies Limited
Adachi Marriott European Partnership
Lomar Hotel Company Ltd.
Marriott Catering Limited
MVCI Europe Limited
Cheshunt Hotel Limited
Marriott Hotels (Reading) Limited
Marriott In-Flite Services Limited
The Ritz-Carlton Hotel Limited

Exhibit 23

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

As independent public accountants, we hereby consent to the incorporation of our report, dated January 28, 1999, included in this Form 10-K, into the Company's previously filed Registration Statements Files No. 333-58747, No. 333-48417, and No. 333-48407.

Washington, D.C.
March 16, 1999

12-MOS	12-MOS	12-MOS
JAN-03-1997	JAN-02-1998	JAN-01-1999
DEC-30-1995	JAN-04-1997	JAN-03-1998
JAN-03-1997	JAN-02-1998	JAN-01-1999
135	208	390
0	0	0
145	489	605
0	0	0
88	91	75
545	992	1,333
1,824	1,537	2,275
297	312	364
3,756	5,161	6,233
962	1,250	1,412
0	0	0
0	0	0
0	0	0
0	0	3
1,444	2,586	2,567
3,756	5,161	6,233
5,738	7,236	7,968
5,738	7,236	7,968
0	0	0
5,230	6,627	7,232
0	0	0
0	0	0
37	22	30
435	531	632
165	207	242
270	324	390
0	0	0
0	0	0
0	0	0
270	324	390
1.06	1.27	1.56
0.99	1.19	1.46

Data have been restated compared to previously presented data, due to the change in the Company's accounting policy for managed hotels and managed senior living communities. Refer to Summary of Significant Accounting Policies footnote in the Consolidated Financial Statements included elsewhere herein.

3-MOS	6-MOS	9-MOS
JAN-01-1999	JAN-01-1999	JAN-01-1999
JAN-03-1998	JAN-03-1998	JAN-03-1998
MAR-27-1998	JUN-19-1998	SEP-11-1998
341	182	180
0	0	0
546	524	545
0	0	0
0	0	0
1,171	1,039	1,041
1,561	1,812	2,021
0	0	0
5,493	5,510	5,663
1,091	1,216	1,270
0	0	0
0	0	0
0	0	0
2	3	3
2,689	2,650	2,553
5,493	5,510	5,663
1,715	3,642	5,446
1,715	3,642	5,446
0	0	0
1,552	3,293	4,933
0	0	0
0	0	0
3	9	15
145	309	449
56	119	173
89	190	276
0	0	0
0	0	0
0	0	0
89	190	276
0.35	0.75	1.09
0.33	0.70	1.02

Data have been restated compared to previously presented data, due to the change in the Company's accounting policy for managed hotels and managed senior living communities. Refer to Summary of Significant Accounting Policies footnote in the Consolidated Financial Statements included elsewhere herein.

3-MOS	6-MOS	9-MOS
JAN-02-1998	JAN-02-1998	JAN-02-1998
JAN-04-1997	JAN-04-1997	JAN-04-1997
MAR-28-1997	JUN-20-1997	SEP-12-1997
0	0	0
0	0	0
0	0	0
0	0	0
0	0	0
0	0	0
0	0	0
0	0	0
0	0	0
0	0	0
0	0	0
0	0	0
0	0	0
0	0	0
0	0	0
1,542	3,280	4,944
1,542	3,280	4,944
0	0	0
1,407	2,986	4,514
0	0	0
0	0	0
7	15	18
113	250	371
44	97	144
69	153	227
0	0	0
0	0	0
0	0	0
69	153	227
0.27	0.60	0.89
0.26	0.57	0.84

Data have been restated compared to previously presented data, due to the change in the Company's accounting policy for managed hotels and managed senior living communities. Refer to Summary of Significant Accounting Policies footnote in the Consolidated Financial Statements included elsewhere herein.

No balance sheet data are presented in this restated financial data schedule since such balance sheet data were not presented on financial data schedules previously filed.

EXHIBIT 99

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 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, 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, and 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.

Year 2000 Compliance: Our failure or a failure by third parties with whom we do business to successfully address the Year 2000 problem, as described in Part II, Item 7 of this Report (Management's Discussion and Analysis of Financial Condition and Results of Operations), could materially and adversely effect us, our business or financial condition.