

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

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

OR

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

For the Quarter Ended March 27, 1998

Commission File No. 1-13881

MARRIOTT INTERNATIONAL, INC.

Delaware  
(State of Incorporation)

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

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

New Marriott MI, Inc.

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(Former name, if changed since last report)

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

Yes  No

Class	Shares outstanding at April 24, 1998
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Common Stock, \$0.01 par value	127,830,768
Class A Common Stock, \$0.01 par value	127,816,398

MARRIOTT INTERNATIONAL, INC.  
(Formerly "New Marriott MI, Inc.")  
INDEX

	Page No.
	-----
Forward-Looking Statements	3
Part I. Financial Information:	
Condensed Consolidated Statement of Income - Twelve Weeks Ended March 27, 1998 and March 28, 1997	4
Condensed Consolidated Balance Sheet - as of March 27, 1998 and January 2, 1998	5
Condensed Consolidated Statement of Cash Flows - Twelve Weeks Ended March 27, 1998 and March 28, 1997	6
Consolidated Statement of Pro Forma Comprehensive Income - Twelve Weeks Ended March 27, 1998 and March 28, 1997	7
Notes to Condensed Consolidated Financial Statements	8-12
Management's Discussion and Analysis of Results of Operations and Financial Condition	13-16
Part II. Other Information and Signature:	
Legal Proceedings	17
Changes in Securities	17
Defaults Upon Senior Securities	17
Submission of Matters to a Vote of Security Holders	17
Other Information	17
Exhibits and Reports on Form 8-K	18-19
Signature	20

## Forward-Looking Statements

When used throughout this report, the words "believes," "anticipates," "expects," "intends," "hopes," "estimates," "projects," and other similar expressions, which are predictions of or indicate future events and trends identify forward-looking statements. Such statements are subject to a number of risks and uncertainties which could cause actual results to differ materially from those projected, including: competition within each of the Company's business segments; business strategies and their intended results; the balance between supply of and demand for hotel rooms, timeshare units and senior living accommodations; the Company's continued ability to obtain new operating contracts and franchise agreements; the Company's ability to develop and maintain positive relations with current and potential hotel and retirement community owners; the effect of international, national and regional economic conditions; the availability of capital to fund investments; the Company's ability to achieve synergies and performance improvements subsequent to closing on acquisitions; and other risks described from time to time in the Company's filings with the Securities and Exchange Commission, including those set forth on Exhibit 99 filed herewith. Given these uncertainties, readers are cautioned not to place undue reliance on such statements. The Company also undertakes no obligation to publicly update or revise any forward-looking statement to reflect current or future events or circumstances.

## PART I -- FINANCIAL INFORMATION

## Item 1. Financial Statements

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

	Twelve weeks ended	
	March 27, 1998	March 28, 1997
<b>SALES</b>		
Lodging		
Rooms.....	\$ 1,066	\$ 898
Food and beverage.....	404	321
Other.....	304	231
	1,774	1,450
Contract Services.....	418	459
	2,192	1,909
<b>OPERATING COSTS AND EXPENSES</b>		
Lodging		
Departmental direct costs		
Rooms.....	239	197
Food and beverage.....	300	239
Remittances to hotel owners (including \$178 and \$140, respectively, to related parties).....	382	319
Other operating expenses.....	695	574
	1,616	1,329
Contract Services.....	413	445
	2,029	1,774
<b>OPERATING PROFIT</b>		
Lodging.....	158	121
Contract Services.....	5	14
	163	135
Operating profit before corporate expenses and interest.....	163	135
Corporate expenses.....	(25)	(20)
Interest expense.....	(3)	(7)
Interest income.....	10	5
	145	113
<b>INCOME BEFORE INCOME TAXES</b> .....	145	113
Provision for income taxes.....	56	44
	89	69
<b>NET INCOME</b> .....	\$ 89	\$ 69
<b>PRO FORMA BASIC EARNINGS PER SHARE</b> (Common Stock and Class A Common Stock).....	\$ .35	\$ .27
<b>PRO FORMA DILUTED EARNINGS PER SHARE</b> (Common Stock and Class A Common Stock).....	\$ .33	\$ .26

See notes to condensed consolidated financial statements.

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

	March 27, 1998	January 2, 1998
ASSETS	(Unaudited)	
<b>Current Assets</b>		
Cash and equivalents.....	\$ 478	\$ 289
Accounts and notes receivable.....	851	724
Other.....	342	354
	1,671	1,367
<b>Property and equipment.....</b>		
Intangibles.....	1,561	1,537
Investments in affiliates.....	1,730	1,448
Notes and other receivable.....	327	530
Other.....	399	414
	328	261
	\$ 6,016	\$ 5,557
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current Liabilities</b>		
Accounts payable.....	\$ 871	\$ 839
Other.....	729	800
	1,600	1,639
<b>Long-term debt.....</b>		
Other long-term liabilities.....	442	112
Convertible subordinated debt.....	970	910
Equity	313	310
Investments and net advances from Old Marriott.....	-	2,586
Common stock, 127.8 million shares issued.....	1	-
Class A common stock, 127.8 million shares issued.....	1	-
Additional paid-in capital.....	2,689	-
	2,691	2,586
	\$ 6,016	\$ 5,557

See notes to condensed consolidated financial statements.

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

	Twelve weeks ended	
	March 27, 1998	March 28, 1997
<b>OPERATING ACTIVITIES</b>		
Net income.....	\$ 89	\$ 69
Adjustments to reconcile to cash provided by operations:		
Depreciation and amortization.....	30	24
Income taxes and other.....	26	68
Timeshare activity, net.....	9	(7)
Working capital changes.....	(30)	(46)
	124	108
<b>INVESTING ACTIVITIES</b>		
Acquisitions.....	(48)	-
Dispositions.....	37	-
Capital expenditures.....	(115)	(112)
Loan advances.....	(4)	(18)
Loan collections and sales.....	8	19
Other.....	(39)	(41)
	(161)	(152)
<b>FINANCING ACTIVITIES</b>		
Issuances of long-term debt.....	452	2
Repayments of long-term debt.....	(122)	(4)
Advances (to) from Old Marriott.....	(104)	830
	226	828
<b>INCREASE IN CASH AND EQUIVALENTS.....</b>	<b>189</b>	<b>784</b>
<b>CASH AND EQUIVALENTS, beginning of period.....</b>	<b>289</b>	<b>239</b>
<b>CASH AND EQUIVALENTS, end of period.....</b>	<b>\$ 478</b>	<b>\$ 1,023</b>

See notes to condensed consolidated financial statements.

MARRIOTT INTERNATIONAL, INC.  
CONSOLIDATED STATEMENT OF PRO FORMA COMPREHENSIVE INCOME  
(\$ in millions)  
(Unaudited)

	Twelve weeks ended	
	March 27, 1998	March 28, 1997
Net Income.....	\$ 89	\$ 69
Other pro forma comprehensive income, net of tax		
Foreign currency translation adjustments.....	(5)	(5)
Other.....	1	1
	(4)	(4)
Total other pro forma comprehensive income.....		
Pro Forma Comprehensive Income.....	\$ 85	\$ 65

See notes to condensed consolidated financial statements.

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

1. Basis of Presentation

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The accompanying condensed consolidated financial statements present the results of operations, financial condition and cash flows of Marriott International, Inc. (together with its subsidiaries, the Company), formerly New Marriott MI, Inc., as if it were a separate entity for all periods presented. Until March 27, 1998, the Company was a wholly-owned subsidiary of the former Marriott International, Inc. (Old Marriott). The accompanying condensed consolidated financial statements have been prepared without audit. Certain information and footnote disclosures normally included in financial statements presented in accordance with generally accepted accounting principles have been condensed or omitted. The Company believes the disclosures made are adequate to make the information presented not misleading. However, the condensed consolidated financial statements should be read in conjunction with the combined financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the fiscal year ended January 2, 1998. Capitalized terms not otherwise defined herein have the meanings specified in the Annual Report.

In the opinion of the Company, the accompanying condensed consolidated financial statements reflect all adjustments (which include only normal recurring adjustments) necessary to present fairly the financial position of the Company as of March 27, 1998 and January 2, 1998, and the results of operations and cash flows for the 12 weeks ended March 27, 1998 and March 28, 1997. Interim results are not necessarily indicative of fiscal year performance because of seasonal and short-term variations. All material intercompany transactions and balances between Marriott International, Inc. and its subsidiaries have been eliminated.

2. Spinoff

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On March 27, 1998 all of the issued and outstanding common stock of the Company was distributed, on a pro rata basis, as a special dividend (the Spinoff) to holders of common stock of Old Marriott. Old Marriott's historical basis in the assets and liabilities of the Company 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. The Company was renamed "Marriott International, Inc." and both classes of its common stock are listed on the New York Stock Exchange. For each share of common stock in Old Marriott, shareholders received one share of Company Common Stock and one share of Company Class A Common Stock. Also on March 27, 1998, Old Marriott was renamed Sodexo Marriott Services, Inc. (SMS) and its food service and facilities management business was combined with the North American operations of Sodexo Alliance, S.A. (Sodexo), a worldwide food and management services organization.

For purposes of governing certain of the ongoing relationships between the Company and SMS after the Spinoff and to provide for orderly transition, the Company and SMS entered into various agreements including the Employee Benefits and Other Employment 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, the Company 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.

Sales by the Company to Old Marriott of \$96 million and \$110 million in the 12 weeks ended March 27, 1998 and March 28, 1997, respectively, have not been eliminated. Changes in Investments and Net Advances from Old Marriott represent the net income of the Company plus the net cash transferred between Old Marriott and the Company, and certain non-cash items.

Prior to the Spinoff, the Company 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 the Company was deposited in and commingled with Old Marriott's general corporate funds. Similarly, operating expenses, capital expenditures and other cash requirements of the Company were paid by Old Marriott and charged directly or allocated to the Company. Certain assets and liabilities related to the Company's operations were managed and controlled by Old Marriott on a centralized basis. Prior to the Spinoff such assets and liabilities were allocated to the Company based on the Company's use of, or interest in, those assets and liabilities. In the opinion of management, the methods for allocating costs, assets and liabilities prior to the Spinoff were reasonable. The Company now performs these functions independently and expects that the costs incurred will not be materially different from those allocated prior to the Spinoff.

### 3. Pro Forma Earnings Per Share

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Pro forma earnings per share data are presented for the 12 weeks ended March 27, 1998 and March 28, 1997, because the Company was not publicly held during those periods. During the periods presented, Company Common Stock and Company Class A Common Stock were equivalent to one another for the purposes of the pro forma earnings per share calculations shown below. Accordingly, all pro forma share numbers represent the combined total of Company Common Stock and Company Class A Common Stock, and all pro forma per share amounts are applicable to Company Common Stock and Company Class A Common Stock.

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

	March 27, 1998	March 28, 1997
	-----	-----
Computation of Pro Forma Basic Earnings Per Share		
Net income.....	\$ 89	\$ 69
Weighted average shares outstanding.....	253.5	252.4
	-----	-----
Pro Forma Basic Earnings Per Share.....	\$ .35	\$ .27
	=====	=====
Computation of Pro Forma Diluted Earnings Per Share		
Net income.....	\$ 89	\$ 69
After-tax interest expense on convertible subordinated debt.....	2	2
	-----	-----
Net income for pro forma diluted earnings per share.....	\$ 91	\$ 71
	-----	-----
Weighted average shares outstanding.....	253.5	252.4
Effect of Dilutive Securities		
Employee stock option plan.....	9.1	7.8
Deferred stock incentive plan.....	5.4	5.6
Convertible subordinated debt.....	9.5	9.6
	-----	-----
Shares for pro forma diluted earnings per share.....	277.5	275.4
	-----	-----
Pro Forma Diluted Earnings Per Share.....	\$ .33	\$ .26
	=====	=====

The effect of dilutive securities is computed using the treasury stock method and average market prices during the period. The if-converted method is used for convertible subordinated debt.

#### 4. Acquisitions

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Renaissance Hotel Group N.V. On March 29, 1997, the Company acquired substantially all of the outstanding common stock of Renaissance Hotel Group N.V. (RHG). The purchase cost, of \$937 million, was funded by Old Marriott. The Company's reported results of operations include RHG's operating results from the date of acquisition. Unaudited pro forma results of operations of the Company for the 12 weeks ended March 28, 1997, as if RHG had been acquired on January 4, 1997, would have resulted in sales of \$2,107 million, and net income of \$64 million, after an adjustment for interest expense of \$12 million as if the acquisition borrowings had been incurred by the Company. The unaudited pro forma combined results of operations do not reflect the Company's expected future results of operations.

The Ritz-Carlton Hotel Company LLC. On March 19, 1998, the Company increased its ownership interest in The Ritz-Carlton Hotel Company LLC to approximately 98 percent for consideration of approximately \$90 million. The Company expects to acquire the remaining two percent within the next several years. The acquisition has been accounted for using the purchase method of accounting. Prior to March 19, 1998, the Company's investment in The Ritz-Carlton Hotel Company LLC was accounted for using the equity method of accounting.

#### 5. Commitments

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The Company issues guarantees to lenders and other third parties in connection with financing transactions and other obligations. These guarantees are limited, in the aggregate, to \$154 million at March 27, 1998, including \$80 million applicable to guarantees by or debt obligations of Host Marriott, partnerships in which Host Marriott is the general partner or other affiliated entities. New World and another affiliate of Dr. Cheng (a Director of the Company) have severally indemnified the Company for loan guarantees with a maximum funding of \$6 million (which are included in the \$80 million above) and guarantees by RHG of leases with minimum annual payments of approximately \$59 million.

As of March 27, 1998, the Company had extended approximately \$194 million of loan commitments to owners of lodging and senior living properties. Letters of credit outstanding on the Company's behalf at March 27, 1998 totaled \$151 million, the majority of which related to the Company's self-insurance program. At March 27, 1998, the Company had a repurchase obligation of \$68 million related to notes receivable from timeshare interval purchasers that have been sold with limited recourse.

#### 6. New Accounting Standards

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In 1998, the Company adopted Statement of Financial Accounting Standards (FAS) No. 130, "Reporting Comprehensive Income" by presenting a consolidated statement of pro forma comprehensive income. Components of other comprehensive income up to the date of the Spinoff are presented on a pro forma basis since all components of comprehensive income were reflected within Investments and Net Advances from Old Marriott during such periods. The Company will adopt FAS No. 131, "Disclosures about Segments of an Enterprise and Related Information" in the last quarter of 1998.

On November 20, 1997, the Emerging Issues Task Force 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 revenues and expenses of a managed entity in its financial statements. As a result of EITF 97-2, and related discussions with the Securities and Exchange Commission, beginning in the 1998 fourth quarter, the Company will change its accounting to no longer include the working capital and sales of managed hotels and retirement communities. Instead, the Company's sales will include fees earned plus costs recovered from owners of managed hotels and retirement communities. Prior periods will be restated. Use of this new measure of sales in the Company's financial statements for the 12 weeks ended March 27, 1998, would have reduced each of revenues and operating expenses by approximately \$496 million, and each of current assets and current liabilities by approximately \$554 million, with no impact on operating profit, net income, earnings per share, debt or equity.

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

Financial Condition

RESULTS OF OPERATIONS/(1)/

The Company reported net income of \$89 million for the 1998 first quarter, on sales of \$2,192 million. This represents a 29 percent increase in net income and a 15 percent increase in sales over the first quarter of 1997. Pro forma diluted earnings per share for both Company Common Stock and Company Class A Common Stock of 33 cents for the quarter increased 27 percent over the 1997 pro forma amounts.

Lodging operations reported a 31 percent increase in operating profit on 22 percent higher sales. The results reflect room rate growth at U.S. hotels well in excess of inflation, the RHG acquisition, contributions from new units, and expansion of Marriott Vacation Club International. Before the impact of the RHG acquisition, lodging profits were up 25 percent in the 1998 first quarter on nine percent sales growth. Sales for full-service and luxury brands comprised over 70 percent of total lodging sales.

A net total of 29 hotels (5,637 rooms) were added during the first quarter of 1998, increasing the Company's total hotels to 1,507 (302,723 rooms). Units by brand are as follows:

	Hotels at March 27, 1998			
	Company-operated		Franchised	
	Units	Rooms	Units	Rooms
Marriott Hotels, Resorts and Suites .....	207	89,261	124	38,182
Ritz-Carlton .....	34	11,646	-	-
Renaissance .....	58	22,599	11	3,861
New World .....	14	6,889	-	-
Ramada International .....	34	7,305	41	7,474
Courtyard .....	211	30,853	144	17,572
Residence Inn .....	112	14,818	152	16,571
Fairfield Inn and Suites .....	51	7,136	300	26,459
TownePlace Suites .....	3	285	3	308
Marriott Executive Residences and Other .....	8	1,504	-	-
<b>Total .....</b>	<b>732</b>	<b>192,296</b>	<b>775</b>	<b>110,427</b>

/(1)/ Average daily rate, occupancy and REVPAR statistics are based on comparable Company-operated U.S. properties.

Sales for Marriott Hotels, Resorts and Suites increased seven percent over the prior year. A nine percent increase in average room rate, to \$140, partially offset by a slight decrease in occupancy to 77 percent, generated a REVPAR increase of seven percent. Profits increased as improved REVPAR generated higher base management and incentive fees at many hotels.

Renaissance Hotels posted a REVPAR increase of seven percent due to higher room rates. The integration of RHG into the Company's systems is ahead of schedule. During the first quarter, Renaissance joined the Marriott Rewards frequent guest program, and all U.S. units are now on the Company's reservation system.

Ritz-Carlton reported an increase in average room rates of 11 percent, to \$213, with occupancy down two points to 76 percent, resulting in an eight percent increase in REVPAR. The results of Ritz-Carlton properties will be consolidated following the increase in the Company's ownership interest to approximately 98 percent on March 19, 1998.

The limited-service lodging brands reported 10 percent higher sales. Profit growth over the prior year reflected increased base and incentive management fees on Company-operated properties and the expansion of franchising programs. The limited-service brands added a net of 23 properties (2,542 rooms), primarily franchises, during the first quarter of 1998.

- . Courtyard, the Company's moderate-price lodging brand, achieved an 11 percent increase in sales. Courtyard's average room rates increased nine percent, to \$90, while occupancy decreased slightly to 79 percent, resulting in a REVPAR increase of eight percent. Sales and profits also reflect the addition of 59 units from the beginning of fiscal year 1997.
- . The Company's quality tier extended-stay brand, Residence Inn, posted a REVPAR increase of five percent, due to an increase in average room rates of seven percent, to \$100, partially offset by a decrease in occupancy to 82 percent. Residence Inn opened 40 properties since the beginning of fiscal year 1997.
- . Fairfield Inn and Suites, the Company's economy lodging brand, posted an increase in average room rates of five percent to \$50. On a comparable basis, this room rate growth was offset by a decrease in occupancy to 70 percent, resulting in a decrease in REVPAR of three percent. Including franchised properties, which represent a substantial proportion of total Fairfield units, REVPAR increased four percent, arising from a six percent increase in room rates to \$55, partially offset by a one percent decrease in occupancy.

Marriott Vacation Club International posted profit growth in the 1998 first quarter. The division achieved an increase in contract sales, despite adverse weather at several locations, and generated higher income from purchaser financing and resort management. Marriott expects to begin sales at six new timeshare resorts in the United States and Europe during 1998.

Contract Services reported operating profit of \$5 million on sales of \$418 million in the 1998 first quarter, representing 64 percent and nine percent decreases, respectively, from the first quarter of 1997. Profit growth was impacted by the June 1997 sale of 29 senior living communities, which the Company continues to operate under long-term agreements. Excluding the impact of this transaction, operating profit for Contract Services increased 17 percent over the 1997 first quarter.

Marriott Senior Living Services reported higher sales, and solid profit growth in the 1998 first quarter, before the impact of the real estate transaction cited above. Results were boosted by contributions from 20 senior living communities added since the beginning of 1997. Occupancy for comparable communities remained at 95 percent in the quarter. The division now operates 92 independent full-service and assisted living communities totaling 18,100 units. Marriott plans to add more than 200 senior living communities over a five-year period (1998-2002).

Marriott Distribution Services generated higher profits in the 1998 first quarter, despite lower sales. Profits improved considerably compared to 1997, as the Company completed the integration of a major restaurant customer.

Corporate activity. Interest expense decreased by \$4 million, primarily due to Host Marriott's assumption of \$187 million of mortgage debt associated with the June 1997 sale of 29 senior living communities. Interest income increased by \$5 million reflecting higher note receivable balances. Corporate expenses increased due to year 2000 software modification costs of \$3 million as well as non-cash items associated with investments generating significant income tax benefits. The effective income tax rate decreased from 39.0 percent to 38.5 percent reflecting increased affordable housing tax credits.

## LIQUIDITY AND CAPITAL RESOURCES

Cash and equivalents totaled \$478 million at March 27, 1998, an increase of \$189 million from year end. Cash provided by operations of \$124 million increased over 1997 principally due to higher earnings. EBITDA increased by \$34 million to \$178 million. EBITDA is an indicative measure of operating performance which can be used to measure the Company's ability to service debt, fund capital expenditures and expand its business. However, EBITDA is not an alternative to net income, operating profit, cash from operations, or any other operating or liquidity measure prescribed by generally accepted accounting principles.

Net cash used in investing activities totaled \$161 million for the 1998 first quarter, primarily comprising the increase in the Company's ownership interest in The Ritz-Carlton Hotel Company LLC, together with development of limited-service lodging properties and senior living communities. Cash generated from dispositions of \$37 million was primarily due to the sales of limited-service lodging properties and senior living communities.

The Company continues to grow its businesses, in part, by investing in new units. The Company's principal investments will continue to include loans, minority equity interests, business acquisitions and direct development and ownership of certain lodging and senior living services projects. The Company expects to sell certain lodging and senior living service properties under development, or to be developed, while continuing to operate them under long-term agreements. The Company believes that cash generated by operations, together with its borrowing capacity and proceeds from the sale of assets, will be sufficient to finance its planned growth and capital requirements.

The Company, like most computer users, will be required to modify significant portions of its computer software so that it will function properly prior to, in the year 2000, and beyond. The Company has assembled a dedicated team to address the year 2000 issue. This team has completed an inventory of most significant systems requiring modification, and has completed the remediation of some significant systems. Many of the costs to be incurred will be reimbursed to the Company or otherwise paid directly by owners and clients, pursuant to existing contracts. Estimated pre-tax modification costs to be borne by the Company are approximately \$25 to \$30 million and will be expensed as incurred. These amounts are subject to numerous estimation uncertainties including the extent of work to be done, availability and cost of consultants and the extent of testing required. The Company believes that it has allocated adequate resources for this purpose and expects its year 2000 program to be completed on a timely basis. However, there can be no assurance that the systems of other parties upon which the Company's businesses also rely will be converted on a timely basis. The Company could be materially adversely affected by the failure of its systems and applications or those operated by other parties to properly address the year 2000 issue.



PART II -- OTHER INFORMATION

Item 1. Legal Proceedings

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On March 26, 1998, the Company filed suit against Interstate Hotels Company (Interstate) in the United States District Court for the District of Maryland seeking a declaration and injunctive relief with respect to 29 franchised Marriott hotels owned and/or operated by Interstate. Patriot American Hospitality, Inc. (Patriot American) and Wyndham International, Inc. (Wyndham) were subsequently added as defendants. The suit alleges, among other things, failure by the defendants to provide certain notices and comply with certain contract rights in favor of the Company in connection with the proposed merger of Patriot American and Interstate. On April 8, 1998, the Fourth Circuit Court of Appeals entered a preliminary injunction barring the merger, pending a trial on the merits. On March 30, 1998, Patriot American and Wyndham brought suit against the Company in Dallas County, Texas, alleging unlawful interference with the merger between plaintiffs and Interstate, and asserting claims for tortious interference with contract. The lawsuit seeks a declaratory judgment, at least \$10 million in actual damages and treble damages by way of punitive damages. The Company has denied the allegations and asserted affirmative defenses. On May 4, 1998, the Company, Patriot American and Interstate entered into a non-binding agreement in principle to settle both the Maryland and Texas lawsuits, and were granted a delay in the Maryland trial until after May 12, 1998, to complete and sign a definitive settlement agreement. Terms of the proposed settlement are confidential, except that the settlement, if completed, would allow the Patriot American-Interstate merger to be consummated. There can be no assurance that a definitive settlement agreement will be reached, or as to the outcome of the lawsuits if a definitive settlement is not reached.

Item 2. Changes in Securities

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On March 27, 1998 the Company's Amended and Restated Certificate of Incorporation and Amended and Restated Bylaws became effective, and the Company executed a Rights Agreement with the Bank of New York, as rights agent. The Common Stock, Class A Common Stock and rights that are governed by these documents are described in the Company's Form 10 filed on February 13, 1998 and the Company's Form 8-A/A filed on April 3, 1998, which are incorporated by reference in this report.

Item 3. Defaults Upon Senior Securities

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None.

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

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None.

Item 5. Other Information

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None.

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

Exhibit No.	Description
3.1	Amended and Restated Certificate of Incorporation of the Company (incorporated by reference to Exhibit 2 to the Form 8-A/A of the Company filed on April 3, 1998).
3.2	Certificate of Designation, Preferences and Rights of Series A Junior Participating Preferred Stock of the Company (incorporated by reference to Exhibit 3 to the Form 8-A/A of the Company filed on April 3, 1998).
3.3	Amended and Restated Bylaws of the Company.
3.4	Rights Agreement, dated as of March 27, 1998, between the Company and The Bank of New York, as Rights Agent (incorporated by reference to Exhibit 1 to the Form 8-A/A of the Company filed on April 3, 1998).
4.1	Third Supplemental Indenture, dated as of March 10, 1998, among RHG Finance Corporation, as issuer, Renaissance Hotel Group N.V. as guarantor, the Company as successor guarantor, Sodexo Marriott Services, Inc. (formerly known as Marriott International, Inc.), and The First National Bank of Chicago, as trustee.
4.2	Second Supplemental Indenture, dated as of March 27, 1998, relating to the Liquid Yield Option Notes due 2011, among the Company, Sodexo Marriott Services, Inc. and The Bank of New York, as trustee.
10.1	Noncompetition Agreement, dated as of March 27, 1998, between the Company and Sodexo Marriott Services, Inc.
10.2	Tax Sharing Agreement, dated as of March 27, 1998, between the Company and Sodexo Marriott Services, Inc.
10.3	LYONS Allocation Agreement, dated as of March 27, 1998, among the Company, Sodexo Marriott Services, Inc. and Sodexo Alliance, S.A.
10.4	Amendment No. 2 to Distribution Agreement with Host Marriott Corporation, dated as of June 21, 1997, by and among the Company, Host Marriott Corporation and Host Marriott Services Corporation (incorporated by reference to Exhibit 10.1 to Form 10-Q of Marriott

International, Inc. (now known as Sodexho Marriott Services, Inc.) for the fiscal quarter ended September 12, 1997).

- 10.5 Amendment No. 3 to Distribution Agreement with Host Marriott Corporation, dated March 3, 1998 and effective March 27, 1998.
- 10.6 Restated Noncompetition Agreement, dated March 3, 1998 and effective March 27, 1998, between the Company and Host Marriott Corporation.
- 10.7 Stock Purchase Agreement, dated as of June 21, 1997, between the Company and Host Marriott Corporation (incorporated by reference to Exhibit 10.2 to the Form 10-Q of Marriott International, Inc. (now known as Sodexho Marriott Services, Inc.) for the fiscal quarter ended September 12, 1997).
- 27 Financial Data Schedule for the Registrant.
- 99 Forward-Looking Statements.

(b) Reports on Form 8-K

- (1) The Company filed a report dated March 13, 1998 containing quarterly unaudited financial data for 1997 and 1996.
- (2) The Company filed a report dated March 27, 1998, disclosing the Spinoff of the Company by Old Marriott, and related transactions.

SIGNATURE

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

MARRIOTT INTERNATIONAL, INC.

May 8, 1998

/s/ Stephen E. Riffie

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

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 mail, addressed to such director or shareholder, at his address as it appears on the records of the Corporation, with postage thereon prepaid, and such notice shall be deemed to be given at the time when the same shall be deposited in the United States mail. Notice to directors may also be given by 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

## THIRD SUPPLEMENTAL INDENTURE

THIS THIRD SUPPLEMENTAL INDENTURE is dated as of March 10, 1998, by and among RHG FINANCE CORPORATION, a Delaware corporation ("RHG Finance"), as the Issuer, RENAISSANCE HOTEL GROUP N.V., a Netherlands corporation ("Renaissance"), as the Guarantor, MARRIOTT INTERNATIONAL, INC., a Delaware corporation ("Marriott International"), as the Additional Guarantor, NEW MARRIOTT MI, INC., a Delaware corporation ("New Marriott"), as successor to Marriott International, and THE FIRST NATIONAL BANK OF CHICAGO, a national banking association, as trustee (the "Trustee"). Capitalized terms used herein and not defined herein or in the Indenture (as defined below) shall have the meanings ascribed to such terms in the Offer to Purchase and Consent Solicitation Statement (as defined below).

## RECITALS

WHEREAS, RHG Finance, Renaissance, Marriott International and the Trustee are parties to an Indenture dated as of October 1, 1995 (the "Original Indenture"), as amended by the First Supplemental Indenture dated as of April 11, 1997 by and between RHG Finance, Renaissance, Marriott International and the Trustee (the "First Supplemental Indenture"), and the Second Supplemental Indenture dated as of April 25, 1997 by and between RHG Finance, Renaissance, Marriott International and the Trustee (the "Second Supplemental Indenture"), and, as it may be further amended or supplemented from time to time by one or more supplemental indentures entered into pursuant to the applicable provisions thereof, the "Indenture"), providing for the issuance of Securities (as defined in the Original Indenture);

WHEREAS, RHG Finance's 8.875% Guaranteed Notes Due October 1, 2005 (the "Notes") are Securities issued pursuant to the Original Indenture, as amended and supplemented by the First Supplemental Indenture and the Second Supplemental Indenture;

WHEREAS, Notes in the aggregate principal amount of \$120 million are Outstanding Securities (as defined in the Indenture);

WHEREAS, Marriott International and New Marriott, along with other entities including Marriott-ICC Merger Sub, a Delaware corporation and a wholly owned subsidiary of Marriott International, Sodexo Alliance, S.A., a societe anonyme organized under the laws of France ("Sodexo"), and International Catering Corporation, a Delaware corporation and a wholly owned subsidiary of Sodexo, are parties to a series of transactions (the "Transactions"), one purpose of which is to reorganize Marriott International;

WHEREAS, the Transactions constitute a transfer of Marriott International's properties and assets substantially as an entirety to New Marriott under the terms of Section 8.1 of the Indenture;

WHEREAS, Section 7.2 of the Indenture provides that RHG Finance, Renaissance, Marriott International and the Trustee may enter into a supplemental indenture to add provisions to or to change or eliminate provisions of the Indenture with the written consent of the Holders (as defined in the Original Indenture) of at least a majority in aggregate principal amount of the Outstanding Securities;

WHEREAS, the execution and delivery of this Third Supplemental Indenture have been duly authorized and approved by resolution of the Board of Directors of RHG Finance and the Board of Managing Directors of Renaissance, and have been duly authorized and approved by Marriott International and New Marriott;

WHEREAS, RHG Finance, Renaissance, and Marriott International desire to (i) effect the substitution of New Marriott for Marriott International under the Indenture and (ii) amend certain provisions of the Indenture affecting the Notes, as set forth in Article II hereof;

WHEREAS, RHG Finance, on behalf of itself, Renaissance and Marriott International has solicited the consent of the Holders of the Securities to certain amendments (the "Proposed Amendments") to the Indenture pursuant to Offer of Purchase and Consent Solicitation Statement, dated February 25, 1998, as it may be amended

or supplemented (the "Offer to Purchase and Consent Solicitation");

WHEREAS, the Holders of at least a majority in aggregate principal amount of the Notes outstanding have consented to the amendments effected by this Third Supplemental Indenture; and

WHEREAS, all things necessary to make this Third Supplemental Indenture a valid agreement, in accordance with its terms, have been done.

NOW, THEREFORE, for and in consideration of the promises and of the mutual covenants herein contained and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree, for the equal and proportionate benefit of all Holders of the Notes, as follows:

## ARTICLE I

### SUBSTITUTION OF NEW MARRIOTT

SECTION 1.1. Assumption of Payment Obligations. Effective upon the consummation of the Transactions, unless prior to that time the parties, by written notice to the Trustee, have terminated this Third Supplemental Indenture, New Marriott expressly assumes by this Third Supplemental Indenture, executed and delivered to the Trustee, the due and punctual payment of the principal of and premium, if any, and interest (and Additional Amounts, if any) on all the Securities and the performance of every obligation and covenant of the Indenture and in the Securities on the part of Marriott International.

SECTION 1.2. Substitution of New Marriott Under the Indenture. Effective upon the consummation of the Transactions, unless prior to that time the parties, by written notice to the Trustee, have terminated this Third Supplemental Indenture, pursuant to Section 8.2 of the Indenture, New Marriott shall succeed to, and be substituted for, and may exercise every right and power of, Marriott International under the Indenture with the same effect as if New Marriott had been named as "Marriott" therein, and thereafter Marriott International shall be relieved of all obligations and covenants under the Indenture and the Securities.

## ARTICLE II

### AMENDMENTS TO INDENTURE

SECTION 2.1. Amendments to Articles Three, Four and Eight. Effective upon the date RHG Finance accepts Notes for purchase and payment pursuant to the Offer to Purchase and Consent Solicitation Statement, unless, prior to that time, RHG Finance, by written notice to the Trustee, has terminated this Third Supplemental Indenture:

(i) Sections 3.8, 3.9, 3.10, 3.15, 3.18, 4.1(d), 4.1(e), 4.1(h), 4.1(i) and 8.1 of the Indenture are hereby amended by deleting all such sections and all references thereto in their entirety; and

(ii) Section 8.2 of the Indenture is hereby modified to read as follows:

"SECTION 8.2. Successor Company Substituted.

Upon any consolidation with or merger into any other corporation or other Person, or any conveyance, transfer or lease of the properties and assets of RHG Finance or New Marriott substantially as an entirety, the successor corporation or person formed by such consolidation or into which RHG Finance or New Marriott 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, RHG Finance or New Marriott, as the case may be, under this Indenture with the same effect as if such successor corporation or person had been named as RHG Finance or New Marriott, as the case may be, herein, and thereafter, except in the case of a lease, the predecessor corporation shall

be relieved of all obligations and covenants under this Indenture and the Securities."

### ARTICLE III

#### MISCELLANEOUS

SECTION 3.1. Section 7.2 of the Indenture; Time Amendments Become Operative. This Third Supplemental Indenture is a supplemental indenture pursuant to Section 7.2 of the Indenture. Upon execution and delivery of this Third Supplemental Indenture, the terms and conditions of this Third Supplemental Indenture shall be part of the terms and conditions of the Indenture for any and all purposes, and all the terms and conditions of both shall be read together as though they constitute one and the same instrument, except that in case of conflict, the provisions of this Third Supplemental Indenture will control. Notwithstanding an earlier execution date, the amendments contained in this Third Supplemental Indenture shall not become operative until the date upon which RHG Finance accepts the Notes for purchase and payment pursuant to the Offer to Purchase and Consent Solicitation Statement.

SECTION 3.2. Full Force and Effect. Except as they have been modified in this Third Supplemental Indenture, each and every term and provision of the Indenture shall continue in full force and effect, and all references to the Indenture in the Indenture shall be deemed to mean the Indenture as supplemented and amended pursuant hereto.

SECTION 3.3. Counterparts. This Third Supplemental Indenture may be executed in any number of counterparts and in separate counterparts, each of which when so executed shall be deemed to be an original, but all of which counterparts shall together constitute but one and the same instrument.

SECTION 3.4. Governing Law. This Third Supplemental Indenture shall be governed by the laws of the State of New York.

SECTION 3.5. Headings. The headings of the Articles and Sections of this Third Supplemental Indenture have been inserted for convenience of reference only, and are not to be considered a part hereof and shall in no way modify or restrict any of the terms and provisions hereof.

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IN WITNESS WHEREOF, the parties have caused this Third Supplemental Indenture to be duly executed as of the day and year first above written.

RHG FINANCE CORPORATION

Attest: /s/ Ward R. Cooper  
-----  
Name: Ward R. Cooper  
Title: Assistant Secretary

By: /s/ Carolyn B. Handlon  
-----  
Name: Carolyn B. Handlon  
Title: Vice President and  
Assistant Treasurer

RENAISSANCE HOTEL GROUP, N.V.

Attest: /s/ Ward R. Cooper  
-----  
Name: Ward R. Cooper  
Title: Assistant Secretary

By: /s/ William J. Shaw  
-----  
Name: William J. Shaw  
Title: Chairman

MARRIOTT INTERNATIONAL, INC.

Attest: /s/ Ward R. Cooper  
-----  
Name: Ward R. Cooper  
Title: Assistant Secretary

By: /s/ Carolyn B. Handlon  
-----  
Name: Carolyn B. Handlon  
Title: Vice President and  
Assistant Treasurer

NEW MARRIOTT MI, INC.

Attest: /s/ Ward R. Cooper  
-----  
Name: Ward R. Cooper  
Title: Assistant Secretary

By: /s/ Carolyn B. Handlon  
-----  
Name: Carolyn B. Handlon  
Title: Vice President and  
Assistant Treasurer

THE FIRST NATIONAL BANK OF CHICAGO

Attest: /s/ Mary R. Fonti  
-----  
Name: Mary R. Fonti  
Title: Assistant Vice President

By: /s/ Steve M. Husbands  
-----  
Name: Steve M. Husbands  
Title: Assistant Vice President



## SECOND SUPPLEMENTAL INDENTURE

This Second Supplemental Indenture (the "Second Supplemental Indenture") to the Indenture dated as of March 25, 1996, as amended by a First Supplemental Indenture dated as of April 2, 1996 (the "Indenture"), between MARRIOTT INTERNATIONAL, INC., a Delaware corporation to be renamed "Sodexo Marriott Services, Inc." ("SMS"), and The Bank of New York, a New York banking corporation, as trustee (the "Trustee"), is entered into as of this 27th day of March, 1998, by and among SMS, the Trustee and NEW MARRIOTT MI, INC., a Delaware corporation to be renamed "Marriott International, Inc." ("New Marriott").

WHEREAS, SMS has outstanding Liquid Yield Option(R) Notes due 2011 (the "Securities") issued under the Indenture;

WHEREAS, SMS plans to make a special dividend consisting of the distribution (the "Distribution") to holders of its outstanding shares of common stock, par value \$1.00 per share, on a share-by-share basis, of all the outstanding shares of Common Stock, par value \$0.01 per share, of New Marriott and Class A Common Stock, par value \$0.01 per share, of New Marriott;

WHEREAS, in connection with the Distribution, New Marriott, SMS and Sodexo Alliance, S.A. ("Sodexo") are entering into a LYONS Allocation Agreement dated as of the date hereof (the "LYONS Allocation Agreement"), pursuant to which New Marriott and SMS have agreed, among other things, to effect certain amendments to the Indenture that do not adversely affect the rights of the Securityholders (as defined in the Indenture);

WHEREAS, the Board of Directors has determined that the conversion rights provided to the Securityholders pursuant to Section 9 of this Second Supplemental Indenture will enable the Securityholders to participate in the Distribution on a basis that is fair and appropriate in light of the basis on which holders of common stock of SMS will participate in the Distribution, and that the notice provided to Securityholders referred to in Section 7 of the LYONS Allocation Agreement is fair and appropriate in light of the notice being provided to holders of common stock of SMS in connection with the Distribution; and

WHEREAS, pursuant to Sections 9.01(2) and 9.01(4) of the Indenture, SMS and the Trustee may amend the Indenture without the consent of any Securityholder, respectively, to provide for the assumption of the "Company's" obligations under the Indenture by a transferee of the "Company's" assets substantially in its entirety, and to make any change that does not adversely affect the rights of any Securityholder.

NOW THEREFORE, pursuant to Sections 9.01(2) and 9.01(4) of the Indenture, the parties hereby amend the Indenture as follows:

Section 1. Capitalized Terms. All capitalized terms used herein, and -----  
not defined herein, shall have the meanings ascribed to them in the Indenture.

Section 2. Definitions.  
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(a) The following defined terms shall be added to Section 1.01 of the Indenture:

"Distribution" means the special dividend made by SMS,  
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consisting of the distribution to holders of Common Stock of SMS,  
on a share-for-share basis, of all the outstanding shares of  
Common Stock (as such term is amended to read in the Second  
Supplemental Indenture).

"Distribution Date" means the date the Common Stock is  
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distributed by SMS in the Distribution.

"Second Supplemental Indenture" means the Second  
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Supplemental Indenture, dated as of March 27, 1998, to this  
Indenture.

"SMS" means Marriott International, Inc., a Delaware  
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corporation to be renamed "Sodexho Marriott Services, Inc.,"  
until a successor replaces it pursuant to the applicable  
provisions of this Indenture and, thereafter, shall mean such  
successor. The foregoing sentence shall likewise apply to any  
subsequent such successor or successors.

"SMS Common Stock" means the common stock, par value \$1.00  
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per share, of SMS as it exists on the Distribution Date  
(immediately after the Distribution and the SMS Reverse Stock  
Split), or any other shares of capital stock of SMS into which  
such common stock shall be reclassified or changed.

"SMS Permitted Junior Securities" means Securities of SMS or  
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any other corporation that are equity securities or are  
subordinated in right of payment to all SMS Senior Indebtedness  
that may at the time be outstanding to substantially the same  
extent as, or to a greater extent than, the Securities are so  
subordinated as provided in Article 10B.

"SMS Reverse Stock Split" means the one-for-four reverse  
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stock split pursuant to which every four shares of SMS Common  
Stock will be converted into one share of SMS Common Stock on the  
Distribution Date.

"SMS Senior Indebtedness" means, without duplication, the  
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principal of (and premium, if any) and unpaid interest on all  
present and future (i) indebtedness of SMS for borrowed money,  
(ii) obligations of SMS evidenced by bonds, debentures, notes or  
similar instruments, (iii) indebtedness incurred, assumed or  
guaranteed by SMS in connection with the acquisition by it or a  
SMS Subsidiary of any business, properties or assets (except  
purchase-money indebtedness classified as accounts payable under  
generally accepted accounting principles), (iv) obligations of  
SMS as lessee under leases required to

be capitalized on the balance sheet of the lessee under generally accepted accounting principles, (v) reimbursement obligations of SMS in respect of letters of credit relating to indebtedness or other obligations of SMS that qualify as indebtedness or obligations of the kind referred to in clauses (i) through (iv) above, and (vi) obligations of SMS under direct or indirect guaranties in respect of, and obligations (contingent or otherwise) to purchase or otherwise acquire, or otherwise to assure a creditor against loss in respect of, indebtedness or obligations of others of the kinds referred to in clauses (i) through (v) above, in each case unless in the instrument creating or evidencing the indebtedness or obligation or pursuant to which the same is outstanding it is provided that such indebtedness or obligation is not superior in right of payment to the Securities.

"SMS Senior Indebtedness Default" means the happening of an -----  
event of default with respect to any SMS Senior Indebtedness, as defined therein or in the instrument under which the same is outstanding which, if occurring prior to the stated maturity of such SMS Senior Indebtedness, permits any holder thereof thereupon to accelerate the maturity thereof.

"SMS Subsidiary" means (i) a corporation, a majority of -----  
whose Capital Stock with voting power, under ordinary circumstances, to elect directors is, at the date of determination, directly or indirectly owned by SMS, by one or more subsidiaries of SMS or by SMS and one or more subsidiaries of SMS, (ii) a partnership in which SMS or a subsidiary of SMS holds a majority interest in the equity capital or profits of such partnership, or (iii) any other person (other than a corporation) in which SMS, a subsidiary of SMS, or SMS and one or more subsidiaries of SMS, directly or indirectly, at the date of determination, has (x) at least a majority ownership interest or (y) the power to elect or direct the election of a majority of the directors or other governing body of such person.

(b) The following defined terms shall be amended in their entirety to read as follows:

"Common Stock" means the Common Stock, par value \$0.01 per -----  
share, of New Marriott and the Class A Common Stock, par value \$0.01 per share, of New Marriott, in each case as it exists on the Distribution Date (immediately after the Distribution) or any other shares of capital stock of New Marriott into which such common stock shall be reclassified or changed.

"Company" means the party named as the "Company" in the  
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first paragraph of this Indenture until a successor replaces it pursuant to the applicable provisions of this Indenture and, thereafter, shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors. Upon the effectiveness of the Second Supplemental Indenture, Company refers to New Marriott MI, Inc., a Delaware corporation to be renamed as "Marriott International, Inc.".

(c) The following defined terms shall be added to the cross-reference list contained in Section 1.02 of the Indenture as follows:

Term -----	Defined in Section -----
"Company Allocable Payment Obligation"	4A.02
"SMS Allocable Payment Obligation"	4A.01

Section 3. Successor Company Substituted. (a) Effective on the  
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Distribution Date, pursuant to Section 5.02 of the Indenture, New Marriott expressly assumes by this Second Supplemental Indenture, executed and delivered to the Trustee, the due and punctual payment of the principal of and premium, if any, and interest, if any, on all the Securities and the performance of every obligation and covenant of the Indenture and in the Securities on the part of the "Company" to be performed or observed.

(b) Effective on the Distribution Date, pursuant to Section 5.02 of the Indenture, New Marriott 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 New Marriott had been named as the "Company" therein, and thereafter

SMS shall be relieved of all obligations and covenants under the Indenture and the Securities except as provided in this Second Supplemental Indenture.

Section 4. SMS Covenants. A new Article 4A regarding additional

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covenants of SMS and the "Company" shall be added to the Indenture immediately following Article 4, as follows:

"ARTICLE 4A

ADDITIONAL COVENANTS

Section 4A.01. SMS Allocable Payment Obligation. SMS

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assumes responsibility for, and agrees to pay, nine percent (9%) of the amount of each payment required to be made by the Company under the terms of the Indenture and any Securities issued thereunder with respect to Principal Amount, Issue Price, accrued Original Issue Discount, Redemption Price, Purchase Price, Change in Control Purchase Price and interest (if any) with respect to the Securities (the "SMS Allocable Payment Obligation"); provided that the SMS Allocable Payment Obligation shall not include any amounts required to be paid as interest pursuant to paragraph 1 of the Securities as a result of the Company's failure to satisfy the Company Allocable Payment Obligation (as defined in Section 4A.02).

Section 4A.02. Company Allocable Payment Obligation.

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Notwithstanding the foregoing assumption, the Company retains responsibility of all of its obligations under the Indenture, including, without limitation, the obligations (i) to make payment of the SMS Allocable Payment Obligation in the event SMS fails to make such payment in accordance with Section 4A.01 and (ii) in any event, to pay an amount equal to ninety-one percent (91%) of each payment required to be made under the terms of the Indenture and any Securities issued thereunder with respect to Principal Amount, Issue Price, accrued Original Issue Discount, Redemption Price, Purchase Price, Change of Control Purchase Price and Interest if any) with respect to the Securities (the "Company Allocable Payment Obligation"). The assumption by SMS of the SMS Allocable Payment Obligation shall not limit or affect the rights of the Trustee or the Securityholders under Article 6 of the Indenture to take action against the

Company if an Event of Default occurs with respect to SMS's obligations under the Indenture.

Section 4A.03. Manner of Payment. SMS shall satisfy the

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SMS Allocable Payment Obligation on the dates and in the manner provided in the Indenture with respect to SMS's payment obligations; provided that SMS shall be permitted to satisfy the SMS Allocable Payment Obligation only by making cash payments in the manner provided in the Indenture, and SMS shall not have the option to pay its allocable portion of the Purchase Price for Securities through issuance and delivery of securities of SMS. Pursuant to Section 3.08(b), the Company shall retain the right to pay all or any portion of the Purchase Price for Securities in cash or through issuance and delivery of Common Stock, or in any combination of cash or Common Stock, as provided for therein (and, any payments made by the Company in Common Stock on behalf of SMS shall be credited against the SMS Allocable Payment Obligation in accordance with Sections 4A.04 and 3.08(d)).

Section 4A.04. Excess Payments. Without limiting any other

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provision contained herein, the Company shall have the right to make payments on behalf of SMS with respect to the SMS Allocable Payment Obligation. Any payments made by the Company shall be credited first against the Company Allocable Payment Obligation, and second, to the extent of any excess payment, against the SMS Allocable Payment Obligation.

Section 4A.05 Indemnity. The provisions of Section 7.06

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shall apply to SMS with the same force and effect as such provisions apply to the Company with respect to the administration of this trust (provided that SMS's indemnity obligations under this Section 4A.05 shall be with respect to 9% of any indemnity payments due under Section 7.06 (other than indemnity payments solely attributable to a breach or alleged breach by the Company of its obligations under this Indenture, which indemnity payments shall be the sole responsibility of the Company.))"

Section 5. Successor Corporation.

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A new Article 5A regarding a merger, consolidation or transfer of assets involving SMS shall be added immediately following Article 5 as follows:

"ARTICLE 5A

SMS SUCCESSOR CORPORATION

Section 5A.01. When SMS May Merge or Transfer Assets.  
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Section 5.01 shall apply to SMS and transactions involving SMS with the same force and effect as such provisions apply to the Company and transactions involving the Company."

Section 6. Defaults and Remedies Against SMS. A new Article 6A  
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regarding remedies against SMS shall be added immediately following Article 6 as follows:

"ARTICLE 6A

REMEDIES AGAINST SMS

Section 6A.01. Limitation on Action. The rights to and  
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limitations on action against the Company set forth in Article 6 shall also apply to any action against SMS for the enforcement of the SMS Allocable Payment Obligations; without limiting the generality of the foregoing, the Trustee shall be permitted to pursue a remedy against SMS for collection of the SMS Allocable Payment Obligation only under such circumstances as would enable the Trustee under Article 6 to pursue such remedy against the Company (provided that the Trustee shall not have any right to pursue any remedy against SMS with respect to collection of the Company Allocable Payment Obligation)."

Section 7. Amendments. A new Article 9A regarding amendments that  
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may be effected without the consent of SMS shall be added immediately following Article 9 as follows:

"ARTICLE 9A

AMENDMENTS WITHOUT THE CONSENT OF SMS

Section 9A.01. Amendments Without the Consent of SMS. The  
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Company and the Trustee may amend this Indenture or the Securities without the consent of SMS so long as such amendment does not adversely affect the rights of, or alter the covenants or obligations of, SMS with respect to the Indenture or the Securities. The Company shall provide prior notice to SMS of any such amendment proposed to be made. If requested by the Company, SMS will enter into any amendment or



supplement to this Indenture consistent with this Section 9A.01.

Section 8. Subordination.  
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(a) A new Article 10A regarding the rights of holders of Senior Indebtedness with respect to the SMS Allocable Payment Obligation shall be added immediately following Article 10 as follows:

"ARTICLE 10A

SUBORDINATION OF SMS ALLOCABLE PAYMENT OBLIGATION  
TO SENIOR INDEBTEDNESS

Section 10A.01. SMS Subordination. The rights of  
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Securityholders to receive payment from SMS pursuant to the SMS Allocable Payment Obligation in respect to each and all of the Securities is hereby expressly made subordinate and subject in right of payment to the prior payment in full of all Senior Indebtedness, to the same extent that the rights of Securityholders to receive payment from the Company are subordinate to prior payment in full of Senior Indebtedness pursuant to Article 10 of the Indenture.

Section 10A.02. Applicability of Article 10. SMS shall be  
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obligated to continue to make payments in satisfaction of the SMS Allocable Payment Obligation to the Paying Agent during such times as the Company shall be prohibited from making payments to Securityholders under Article 10; provided, however, that all such payments made by SMS shall be paid over and delivered forthwith by the Paying Agent to the Company (or to a trustee in bankruptcy, receiver, liquidating trustee, Custodian, assignee, agent or other Persons making payment or distribution of assets of the Company, if the provisions of Section 10.02 of the Indenture are then applicable) for the benefit of the holders of Senior Indebtedness, as if such payments were made by the Company. The subordination provisions set forth in Article 10 shall apply to amounts paid by SMS under the SMS Allocable Payment Obligation, such that the Paying Agent, Trustee and Securityholders shall be required to pay over to the Company (or to a trustee in bankruptcy, receiver, liquidating trustee, Custodian, assignee, agent or other Person making payment or distribution of assets of the Company, if the provisions of Section 10.02 of the Indenture are then applicable),

for the benefit of holders of Senior Indebtedness, all amounts paid by SMS, to the same extent that such persons would be required under Article 10 to pay over for the benefit of holders of Senior Indebtedness amounts paid by the Company pursuant to its obligations under the Indenture.

Section 10A.03. Satisfaction of SMS Allocable Payment

Obligation. SMS's total payment obligation under this Indenture is

limited to payment of the SMS Allocable Payment Obligation. Any amounts paid by SMS which are paid over for the benefit of the holders of Senior Indebtedness pursuant to this Article 10A shall reduce the amount of the SMS Allocable Payment Obligation on a dollar-for-dollar basis. Securityholders shall have no right to seek payment from SMS with respect to any amounts paid by SMS to holders of Senior Indebtedness pursuant to this Article 10A; provided, however, that Securityholders shall retain their rights of subrogation against the Company pursuant to Section 10.06 of the Indenture with respect to any payments in satisfaction of the SMS Allocable Payment Obligation that are paid over for the benefit of the holders of the Senior Indebtedness."

(b) A new Article 10B regarding subordination of the SMS Allocable Payment Obligation to holders of SMS Senior Indebtedness shall be added immediately following Article 10A as follows:

"ARTICLE 10B  
SUBORDINATION OF SMS ALLOCABLE PAYMENT OBLIGATION  
TO SMS SENIOR INDEBTEDNESS

SECTION 10B.01. SMS Allocable Payment Obligation Subordinate to

SMS Senior Indebtedness. The indebtedness represented by the

SMS Allocable Payment Obligation in respect of each and all of the Securities is hereby expressly made subordinate and subject in right of payment to the prior payment in full of all SMS Senior Indebtedness.

SECTION 10B.02. Payment Over of Proceeds Upon Dissolution, Etc.

Upon any distribution of assets of SMS in the event of:

(a) any insolvency or bankruptcy case or proceeding, or any receivership, liquidation, reorganization or other similar case or proceeding in connection therewith, relative to SMS or to its

creditors, as such, or to its assets, or

(b) any liquidation, dissolution or other winding up of SMS, whether voluntary or involuntary and whether or not involving insolvency or bankruptcy, or

(c) any assignment for the benefit of creditors or any other marshalling of assets and liabilities of SMS, then and in any such event the holders of SMS Senior Indebtedness shall be entitled to receive

(1) payment in full of all amounts due or to become due on or in respect of all SMS Senior Indebtedness, or provision shall be made for such payment in money or money's worth, before the Holders of the Securities are entitled to receive any payment (other than SMS Permitted Junior Securities) on account of the SMS Allocable Payment Obligation in respect of the Securities, and

(2) any payment or distribution of any kind or character, whether in cash, property or securities (other than SMS Permitted Junior Securities), which may be payable or deliverable to respect of the SMS Allocable Payment Obligation in any such case, proceeding, dissolution, liquidation or other winding up or event, including any such payment or distribution which may be payable or deliverable by reason of the payment of any other indebtedness of SMS being subordinated to the payment of the SMS Allocable Payment Obligation.

In the event that, notwithstanding the foregoing provisions of this Section, the Trustee or the Holder of any Security shall have received any payment or distribution of assets of SMS of any kind or character, whether in cash, property or securities (other than SMS Permitted Junior Securities), including any such payment or distribution which may be payable or deliverable by reason of the payment of any other indebtedness of SMS being subordinated to the payment of the SMS Allocable Payment Obligation, before all SMS Senior Indebtedness is paid in full or payment thereof provided for, and if such fact shall, at or prior to the time of such payment or distribution, have been made known to the Trustee or, as the case may be, such Holder, then in such event such payment or distribution shall be paid over or delivered forthwith to the trustee in bankruptcy, receiver, liquidating trustee, Custodian, assignee, agent or other Person making payment or distribution of assets of SMS for

application to the payment of all SMS Senior Indebtedness remaining unpaid, to the extent necessary to pay all SMS Senior Indebtedness in full, after giving effect to any concurrent payment or distribution to or for the holders of SMS Senior Indebtedness.

The consolidation of SMS with, or the merger of SMS into, another person or the liquidation or dissolution of SMS following the conveyance or transfer of its properties and assets substantially as an entirety to another person upon the terms and conditions set forth in Article 5A shall not be deemed a dissolution, winding up, liquidation, reorganization, assignment for the benefit of creditors or marshalling of assets and liabilities of SMS for the purposes of this Section if the person formed by such consolidation or into which SMS is merged or the person which acquires by conveyance or transfer such properties and assets substantially as an entirety, as the case may be, shall as part of such consolidation, merger, conveyance or transfer, comply with the conditions set forth in Article 5A.

SECTION 10B.03 Acceleration of Securities. In the event that

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any Securities are declared due and payable before their Stated Maturity pursuant to Section 6.02, then and in such event SMS shall promptly notify holders of SMS Senior Indebtedness of such acceleration. SMS may not pay the SMS Allocable Payment Obligation until the earlier of (i) the passage of 120 or more days have passed after such acceleration occurs or (ii) the payment in full of all SMS Senior Indebtedness, and may thereafter pay the SMS Allocable Payment Obligation if this Article 10B permits the payment at that time.

In the event that, notwithstanding the foregoing, SMS shall make any payment to the Trustee or the Holder of any Securities prohibited by the foregoing provisions of this Section 10B.03, and if such facts shall, at or prior to the time of such payment, have been made known to the Trustee or, as the case may be, such Holder, then and in such event such payment shall be paid over and delivered forthwith to SMS by or on behalf of the person holding such payment for the benefit of the holders of SMS Senior Indebtedness.

The provisions of this Section 10B.03 shall not apply to any payment with respect to which Section 10B.02 would be applicable.

SECTION 10B.04. Default on SMS Senior Indebtedness. SMS may not

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make any payment of the SMS Allocable

Payment Obligation in respect of the Securities or acquire any Securities for cash or property (except as otherwise provided by Article 11A) if:

(1) a payment default on any SMS Senior Indebtedness has occurred and is continuing beyond any applicable grace period with respect thereto; or

(2) a default (other than a default referred to in the preceding clause (1)) on any SMS Senior Indebtedness occurs and is continuing that permits holders of such SMS Senior Indebtedness to accelerate the maturity thereof and the default is the subject of judicial proceedings or SMS receives a notice of default thereof from any person who may give such notice pursuant to the instrument evidencing or document governing such SMS Senior Indebtedness. If SMS receives any such notice, then a similar notice received within nine months thereafter relating to the same default on the same issue of SMS Senior Indebtedness shall not be effective for purposes of this Section 10B.04.

SMS may resume payment of the SMS Allocable Payment Obligation and may acquire Securities if and when:

(A) the default referred to above is cured or waived; or

(B) in the case of a default referred to in clause (2) of the preceding paragraph, 179 or more days pass after the receipt by SMS of the notice described in clause (2) above; and

this Article 10B otherwise permits the payment or acquisition at that time.

In the event that, notwithstanding the foregoing, SMS shall make any payment to the Trustee or the Holder of any Security prohibited by the foregoing provisions of this Section, and if such fact shall then have been made known to the Trustee or, as the case may be, such Holder, then and in such event such payment shall (to the extent permitted by law) be paid over and delivered forthwith to SMS by or on behalf of the person holding such payment for the benefit of the holders of the SMS Senior Indebtedness.

Nothing contained in this Article 10B shall prevent the conversion by a Holder of any Securities into SMS Common Stock in accordance with the provisions for conversion of such Securities set forth in this Indenture, including the payment of cash in lieu of

fractional shares of SMS Common Stock in accordance with Article 11A, in the event of an occurrence of the events described in this Section 10B.04.

The provisions of this Section shall not apply to any payment with respect to which Section 10B.02 would be applicable.

SECTION 10B.05. Payment Permitted If No Default. Nothing contained

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in this Article or elsewhere in this Indenture shall prevent (a) SMS, at any time except during the pendency of any case, proceeding, dissolution, liquidation or other winding up, assignment for the benefit of creditors or other marshalling of assets and liabilities of SMS referred to in Section 10B.02 or under the conditions described in Section 10B.03 or 10B.04, from making payments at any time of the SMS Allocable Payment Obligation in respect of the Securities, or (b) the application by the Trustee of any money deposited with it hereunder to the payment of or on account of the SMS Allocable Payment Obligation in respect of the Securities or the retention of such payment by the Holders of the Securities, if, at the time of such application by the Trustee, the Trustee did not have actual knowledge that such payment would have been prohibited by the provisions of this Article.

SECTION 10B.06. Subrogation to Rights of Holders of SMS Senior

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Indebtedness. Subject to payment in full of all SMS Senior

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Indebtedness, the Holders of the Securities shall be subrogated to the extent of the payments or distributions made to the holders of such SMS Senior Indebtedness pursuant to the provisions of this Article (equally and ratably with the holders of all indebtedness of SMS which by its express terms is subordinated to indebtedness of SMS to substantially the same extent as the Securities are subordinated and is entitled to like rights of subrogation) to the rights of the holders of such SMS Senior Indebtedness to receive payments or distributions of cash, property and securities applicable to the SMS Senior Indebtedness until the SMS Allocable Payment Obligation in respect of the Securities shall be paid in full. For purposes of such subrogation, no payments or distributions to the holders of the SMS Senior Indebtedness of any cash, property or securities to which the Holders of the Securities or the Trustee would be entitled except for the provisions of this Article, and no payments over pursuant to the provisions of this Article to the holders of SMS Senior Indebtedness by Holders of the Securities or the Trustee, shall, as among SMS, its creditors other than

holders of SMS Senior Indebtedness and the Holders of Securities, be deemed to be a payment or distribution by SMS to or on account of the SMS Senior Indebtedness.

SECTION 10B.07. Provisions Solely to Define Relative Rights.  
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The provisions of this Article are and are intended solely for the purpose of defining the relative rights of the Holders of the Securities, on the one hand, and the holders of SMS Senior Indebtedness, on the other hand. Nothing contained in this Article or elsewhere in this Indenture or in the Securities is intended to or shall (a) impair, as among SMS, its creditors other than holders of SMS Senior Indebtedness and the Holders of the Securities, the obligation of SMS, which is absolute and unconditional (and which, subject to the rights under this Article of the holders of SMS Senior Indebtedness, is intended to rank equally with all other general obligations of SMS), to pay the SMS Allocable Payment Obligation in respect of the Securities as and when the same shall become due and payable in accordance with the terms of this Indenture; or (b) affect the relative rights against SMS of the Holders of the Securities and creditors of SMS other than the holders of SMS Senior Indebtedness; or (c) prevent the Trustee or the Holder of any Security from exercising all remedies otherwise permitted by applicable law upon default under this Indenture, subject to the rights, if any, under this Article of the holders of SMS Senior Indebtedness to receive cash, property and securities otherwise payable or deliverable to the Trustee or such Holder.

SECTION 10B.08. Trustee to Effectuate Subordination. The Trustee  
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shall take such action as may be necessary or appropriate to effectuate the subordination provided in this Article.

SECTION 10B.09. No Waiver of Subordination Provisions. No right  
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of any present or future holder of any SMS Senior Indebtedness to enforce subordination as herein provided shall at any time in any way be prejudiced or impaired by any act or failure to act on the part of SMS or by any act or failure to act, in good faith, by any such holder, or by any non-compliance by SMS with the terms, provisions and covenants of this Indenture, regardless of any knowledge thereof any such holder may have or be otherwise charged with.

Without in any way limiting the generality of the foregoing paragraph, the holders of SMS Senior Indebtedness may, at any time and from time to time, without the consent of or notice to the Trustee or the

Holders of the Securities, without incurring responsibility of the Holders of the Securities and without impairing or releasing the subordination provided in this Article or the obligations hereunder of the Holders of the Securities to the holders of SMS Senior Indebtedness, do any one or more of the following: (i) change the manner, place or terms of payment or extend the time of payment of, or renew or alter, SMS Senior Indebtedness, or otherwise amend or supplement in any manner SMS Senior Indebtedness or any instrument evidencing the same or any agreement under which SMS Senior Indebtedness is outstanding; (ii) sell, exchange, release or otherwise deal with any property pledged, mortgaged or otherwise securing SMS Senior Indebtedness; (iii) release any person liable in any manner for the collection of SMS Senior Indebtedness; and (iv) exercise or refrain from exercising any rights against SMS and any other Person.

SECTION 10B.10 Notice to Trustee. SMS shall give prompt written

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notice to the Trustee of any fact known to SMS which would prohibit the making of any payment to or by the Trustee in respect of the Securities. Notwithstanding the provisions of this Article, the Trustee shall not be charged with knowledge of the existence of any facts which would prohibit the making of any payment to or by the Trustee in respect of the Securities pursuant to this Article or any other provision of this Indenture, unless and until the Trustee shall have received written notice thereof from SMS or a holder of SMS Senior Indebtedness or from any trustee therefor or from any other person referred to in the second sentence of Section 10.10; and, prior to the receipt of any such written notice, the Trustee shall be entitled in all respects to assume that no such facts exist; provided,

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however, that if a Trust Officer of the Trustee shall not have

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received, at least three Business Days prior to the date upon which by the terms hereof any such money may become payable for any purpose the notice with respect to such money provided for in this Section 10B.10, then, anything herein contained to the contrary notwithstanding, the Trustee shall have full power and authority to receive such money and to apply the same to the purpose for which such money was received and shall not be affected by any notice to the contrary which may be received by it within three Business Days prior to such date.

The Trustee shall be entitled to rely on the delivery to it of a written notice by a person representing himself to be a holder of SMS Senior Indebtedness (or a trustee therefore) to establish that such notice has been given by a holder of SMS Senior Indebtedness (or a



trustee therefor). In the event that the Trustee determines in good faith that further evidence is required with respect to the right of any person as a holder of SMS Senior Indebtedness to participate in any payment or distribution pursuant to this Article, the Trustee may request such person to furnish evidence to the reasonable satisfaction of the Trustee as to the amount of SMS Senior Indebtedness held by such person, the extent to which such person is entitled to participate in such payment or distribution and any other facts pertinent to the rights of such person under this Article, and if such evidence is not furnished, the Trustee may defer any payment to such person pleading judicial determination as to the right of such person to receive such payment.

SECTION 10B.11. Reliance on Judicial Order or Certificate of

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Liquidation Agent. Upon any payment or distribution of assets of SMS  
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referred to in this Article, the Trustee and the Holders of the Securities shall be entitled to rely upon any order to decree entered by any court of competent jurisdiction in which such insolvency, bankruptcy, receivership, liquidation, reorganization, dissolution, winding up or similar case or proceeding is pending, or a certificate of the Trustee in bankruptcy, liquidating trustee, Custodian, receiver, assignee for the benefit of creditors, agent or other Person making such payment or distribution, delivered to the Trustee or to the Holders of Securities, for the purpose of ascertaining the persons entitled to participate in such payment or distribution, the holders of the SMS Senior Indebtedness and other indebtedness of SMS, the amount thereof or payable thereon, the amount or amounts paid or distributed thereon and all other facts pertinent thereto or to this Article.

SECTION 10B.12. Trustee No Fiduciary for Holders of SMS Senior

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Indebtedness. The Trustee shall not be deemed to owe any fiduciary  
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duty to the holders of SMS Senior Indebtedness and shall not be liable to any cash holders if it shall in good faith mistakenly pay over or distribute to Holders of Securities or to SMS or to any other person cash, property or securities to which any holders of SMS Senior Indebtedness shall be entitled by virtue of this Article or otherwise. The Trustee shall not be charged with knowledge of the existence of SMS Senior Indebtedness or of any facts that would prohibit any payment hereunder or that would permit the resumption of any such payment unless a Trust Officer of the Trustee shall have received notice to that effect at the address of the Trustee set forth in Section 13.02. With respect to the holders of SMS

Senior Indebtedness, the Trustee undertakes to perform or to observe only such of its covenants or obligations as are specifically set forth in this Article 10B and no implied covenants or obligations with respect to holders of SMS Senior Indebtedness shall be read into this Indenture against the Trustee.

SECTION 10B.13. Rights of Trustee as Holder of SMS Senior

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Indebtedness; Preservation of Trustee's Rights. The Trustee in its

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individual capacity shall be entitled to all the rights set forth in this Article with respect to any SMS Senior Indebtedness which may at any time be held by it, to the same extent as any other holder of SMS Senior Indebtedness, and nothing in this Indenture shall deprive the Trustee of any of its rights as such holder.

Nothing in this Article shall apply to claims of, or payments to, the Trustee under or pursuant to Section 7.06 or Section 4A.05.

SECTION 10B.14. Article 10B Applicable to Paying Agents. In

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case at any time any Paying Agent other than the Trustee shall have been appointed by the Company and be then acting hereunder, the term "Trustee" as used in this Article shall in such case (unless the context otherwise requires) be construed as extending to and including such Paying Agent within its meaning as fully for all intents and purposes as if such Paying Agent were named in this Article in addition to or in place of the Trustee; provided, however, that

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Sections 10B.10 and 10B.12 shall not apply to SMS or any Affiliate of SMS if it or such Affiliate acts as Paying Agents."

SECTION 10B.15. Relationship of Article 10B to Article 10 and

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Article 10A. Article 10B provides for subordination of the SMS

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Allocable Payment Obligation to SMS Senior Indebtedness, and payment of the SMS Allocable Payment Obligation shall be subject to the restrictions against payment set forth in Article 10B whether or not payments with respect to the Securities are restricted under Article 10 and Article 10A. The Company remains liable to the Securityholders for the timely payment of its obligations under the Indenture even if payment of the SMS Allocable Payment Obligation is prohibited or delayed pursuant to Article 10B."

(c) Section 10.10 shall be amended by adding the following phrase to the second sentence of Section 10.10 immediately following the words "trustee therefor":

"or from any other person referred to in the second sentence of Section 10B.10"

Section 9. Conversion Rights Related to Common Stock. The first

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paragraph of Section 11.01 of the Indenture is hereby amended by deleting the last sentence thereof and inserting the following sentence:

"Effective on the effectiveness of the Second Supplemental Indenture, upon conversion of a Security pursuant to this Article 11, a holder shall be entitled to receive, per \$1,000 of Principal Amount thereof (the "Conversion Rate"), 8.760 shares of Common Stock, par value \$0.01 per share, of New Marriott and 8.760 shares of Class A Common Stock, par value \$0.01 per share, of New Marriott, subject to adjustment as herein set forth."

Section 10. Conversion Rights in SMS Common Stock. A new Article 11A

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regarding conversion rights of Securityholders with respect to SMS Common Stock shall be added immediately following Article 11 as follows:

#### ARTICLE 11A

##### CONVERSION INTO SMS COMMON STOCK

Section 11A.01. Conversion Privilege. Securityholders

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exercising their right to convert Securities into Common Stock pursuant to Section 11.01 of the Indenture shall also have the right to receive, upon conversion of Securities, 2.190 shares of SMS Common Stock per \$1,000 Principal Amount of Securities so converted, as adjusted as set forth in Section 11A.06 below (the "SMS Conversion Rate").

Section 11A.02. Conversion Procedure. A holder shall be

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entitled to receive SMS Common Stock upon conversion of a Security after satisfaction of the requirements set forth in paragraph 9 of the Securities. SMS shall deliver a certificate for the number of full shares of SMS Common Stock issuable upon conversion and cash in lieu of any fractional shares determined pursuant to Section 11A.03 below, on the dates and in the manner set forth in the Indenture with

respect to delivery of Common Stock upon conversion of a Security, and the second and fifth paragraphs of Section 11.02, and the first sentence of the fourth paragraph of Section 11.02, shall apply to the issuance by SMS of the SMS Common Stock upon conversion of a Security with the same force and effect as such provisions apply to the issuance by the Company of Common Stock upon conversion of a Security. The Company shall provide SMS with notice (by telecopy, with a copy of any such notice delivered by mail) as soon as practicable (in any event within 5 days) after a Securityholder has initiated any of the conversion procedures set forth in paragraph 9 of the Securities, and shall provide SMS with notice (by telecopy, with a copy of such notice delivered by mail) that a Conversion Date has occurred no later than one business day following such Conversion Date.

Section 11A.03. Fractional Shares. SMS will not issue

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fractional shares of SMS Common Stock upon conversion of Securities. Instead, SMS will deliver cash for the current market value of the fractional shares of SMS Common Stock as provided for in Section 11.03 with respect to delivery of cash in lieu of fractional shares of Common Stock. The current market value of a share of SMS Common Stock shall be determined in the same manner as the current market value of a share of Common Stock is determined under Article 11 of the Indenture.

Section 11A.04. Taxes on Conversion. SMS shall pay taxes

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due on the issuance and delivery of shares of SMS Common Stock upon conversion of a Security to the same extent that the Company is required to pay taxes due on the issuance and delivery of shares of Common Stock under Section 11.04.

Section 11A.05. SMS to Provide Stock. Section 11.05 shall

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apply to SMS with respect to the issuance and delivery of SMS Common Stock with the same force and effect as such provision applies to the issuance and delivery of Common Stock by the Company.

Section 11A.06. Adjustment to SMS Conversion Privilege and

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SMS Conversion Rate. The conversion privilege with respect to SMS  
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Common Stock set forth in Section 11A.01 and the SMS Conversion Rate shall be adjusted in accordance with the adjustment provisions set forth in Sections 11.06, 11.07, 11.08, 11.09, 11.10, 11.12, 11.17 and 11.18, such that such provisions shall apply to SMS and actions taken by SMS that affect the SMS Common Stock, with the same force and effect as they apply to the Company and actions

taken by the Company that affect the Common Stock.

Section 11A.07. Notice of Adjustment. The notice

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provisions of Sections 11.10, 11.11 and 11.13 shall apply to SMS with respect to events requiring an adjustment to the SMS Conversion Rate with the same force and effect as such provisions apply to the Company. Promptly upon request, the Company shall provide SMS with all necessary information regarding Securityholders, the Trustee and the Conversion Agent to permit SMS to satisfy such notice obligations.

Section 11A.08. Reorganization of SMS; Special

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Distribution; Other. Section 11.14 shall apply to SMS with the same  
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force and effect as such provision applies to the Company (provided that the reference contained therein to Section 5.01 shall be deemed to refer to Section 5A.01).

Section 11A.09. SMS Determination Final. Any determination

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that SMS or the Board of Directors of SMS must make pursuant to this Article 11A shall be conclusive to the same extent that a determination by the Board of Directors of the Company is conclusive pursuant to Section 11.15.

Section 11A.10. Trustee's Adjustment Disclaimer. Section

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11.16 shall apply to this Article and to SMS with the same force and effect as such provision applies to Article 11 and the Company."

Section 11. Miscellaneous. A new Article 13A shall be added

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immediately following Article 13 as follows:

"ARTICLE 13A

MISCELLANEOUS PROVISIONS  
APPLICABLE TO SMS

Section 13A.01. TIA Compliance. If any provision of the

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Second Supplemental Indenture limits, qualifies or conflicts with another provision which is required to be included in the Second Supplemental Indenture by the TIA, the required provision shall control.

Section 13A.02. Notices. Copies of any notice that the

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Company delivers to, or receives from, the Paying Agent, the Registrar, the Conversion Agent, the Trustee, the Securityholders or the holders of Senior

Indebtedness pursuant to the terms of the Indenture shall, promptly after such notice is delivered or received, be delivered by the Company to SMS. Copies of any notice that the Trustee is required to deliver to the Company under the Indenture shall, at the time such notice is delivered to the Company, be delivered to SMS. Similarly, copies of any notice that SMS delivers to, or receives from, the Paying Agent, the Registrar, the Conversion Agent, the Trustee, the Securityholders or the holders of SMS Senior Indebtedness pursuant to the terms of the Indenture shall, promptly after such notice is delivered or received, be delivered by SMS to the Company. Copies of any notice that the Trustee is required to deliver to SMS under the Indenture shall, at the time such notice is delivered to SMS, be delivered to the Company.

Any notice or communication to SMS shall be delivered to SMS in the manner set forth in Section 13.02 (except as provided in Section 11A.02 with respect to notices that are required to be telecopied). SMS's address shall be as follows:

Sodexo Marriott Services, Inc.  
f/k/a Marriott International, Inc.  
10400 Fernwood Road  
Bethesda, Maryland 20058  
Attention: Corporate Secretary  
Telecopy: (301) 380-3000

Section 13A.03. Non-impairment. Nothing in the Second

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Supplemental Indenture shall impair the rights of the Trustee or the Securityholders and the obligations of the Company as such rights and obligations existed prior to the execution and delivery hereof.

Section 13A.04. No Recitals, etc. The Trustee assumes no

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responsibility for or in respect of the validity or sufficiency of the Second Supplemental Indenture or the due execution hereof by the Company and SMS or for or in respect of the recitals and statements contained herein, all of which recitals and statements are made solely by the Company and SMS."

SIGNATURES

IN WITNESS WHEREOF, the undersigned, being duly authorized, have executed this Second Supplemental Indenture on behalf of the respective parties hereto as of the date first above written.

NEW MARRIOTT MI, INC. (To Be Renamed  
"Marriott International, Inc.")

By /s/ RAYMOND G. MURPHY

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Title: Vice President and Treasurer

Attest:

/s/ W. DAVID MANN

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W. David Mann

MARRIOTT INTERNATIONAL, INC. (To Be Renamed  
"Sodexo Marriott Services, Inc.")

By /s/ LAWRENCE E. HYATT

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Title: Vice President

Attest:

/s/ Joan Rector McGlockton

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Joan Rector McGlockton

THE BANK OF NEW YORK, as Trustee

By /s/ MARYBETH A. LEWICKI

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Title: Assistant Vice President

NONCOMPETITION AGREEMENT

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THIS NONCOMPETITION AGREEMENT (this "Agreement") is made and entered into as of March 27, 1998, by and between MARRIOTT INTERNATIONAL, INC., a Delaware corporation (which will be renamed "Sodexo Marriott Services, Inc.") ("Parent"), and NEW MARRIOTT MI, INC., a Delaware corporation (which will be renamed "Marriott International, Inc.")("Spinco"). As used in this Agreement, the terms "Parent" and "Spinco" shall mean Parent and Spinco, as the case may be, and their respective Subsidiaries.

WHEREAS, prior to the Distribution Date (as defined herein), the MMS Business (as defined herein) and the Excluded Business (as defined herein) were both operated through Parent, its divisions, subsidiaries or affiliates; and

WHEREAS, pursuant to a Distribution Agreement (the "Distribution Agreement") dated as of September 30, 1997, as amended, in which Parent has agreed to distribute to its stockholders all of Spinco's issued and outstanding capital stock (the "Distribution"), Parent and Spinco have agreed to enter into this Agreement; and

WHEREAS, from the Distribution Date (as defined herein), Spinco is to continue the Excluded Business (as defined herein) formerly operated through Parent, its divisions, subsidiaries or affiliates; and

WHEREAS, Parent is to continue the MMS Business (as defined herein).

NOW, THEREFORE, in consideration of the premises and the mutual covenants contained herein and in the Distribution Agreement and in the other Transaction Documents entered into pursuant to or related to the Distribution Agreement, and for other valuable consideration, the receipt and sufficiency of which are hereby mutually acknowledged, Parent and Spinco agree as follows:

ARTICLE ONE  
DEFINITIONS

1.1 Definitions. The following terms when used herein shall have the meanings set forth below:

"A&C and Employment-Related Services" means the business of providing

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(i) construction design, planning, contracting, management and procurement (subject to the terms of the Procurement Services Agreement, dated as of the date hereof, between Spinco and Parent, if applicable), and (ii) employment, training, staffing and placement and related employment services, including in connection with the Excluded Businesses, and ancillary services related thereto.

"Business Day" means any calendar day which is not a Saturday, Sunday

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or a



public holiday under the laws of New York or Maryland.

"Compete" means (i) to conduct or participate or engage in, or bid for

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or otherwise pursue a business, whether as a principal, sole proprietor, partner, stockholder, or agent of, or consultant to or manager for, any Person or in any other capacity, or (ii) have any ownership interest in any Person or business which conducts, participates or engages in, or bids for or otherwise pursues a business, whether as a principal, sole proprietor, partner, stockholder, or agent of, or consultant to or manager for, any Person or in any other capacity.

"Competing MMS Activity" means a business activity that Competes with

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the MMS Business.

"Competing MMS Business" means a business that Competes with the MMS

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Business.

"Distribution" shall have the meaning set forth in the recitals to

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this Agreement.

"Distribution Agreement" shall have the meaning set forth in the

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recitals to this Agreement.

"Distribution Date" means the date on which the Distribution shall be

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effected as determined by the Board of Directors of Parent, subject to the terms and conditions of the Distribution Agreement.

"Distribution Services Business" means the business of providing

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limited-line or broad-line distribution services via truck, rail, water or other transport, to restaurants, hotels, and other destinations, whether to related or unrelated parties, and matters incident thereto, whether relating to procurement, order filling, quality control, dispatch, delivery, unloading, inventory control or otherwise.

"Effective Period" means that period commencing on the Distribution

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Date and automatically terminating without further documentation on the fourth (4th) anniversary of the Distribution Date.

"Event Management Business" means the business of providing event

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planning, marketing, contracting and management services to individuals, businesses and other entities for events such as conferences, retreats, conventions, sporting events, trade shows, charitable events, promotions, and other events, whether located at the site of the sponsoring individual, business or other entity, or off-site, including the arrangement or provision of food, beverages and entertainment, ticketing, facility selection, reservation, preparation, management and cleanup and ancillary services related thereto.

"Excluded Business" means the Lodging and Conference Center Management

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Business, the Timeshare and Interval Ownership Business, the Distribution Services Business, the Senior Living Services Business, the Home Services Business, the Event Management Business,

the Golf Property Management Business, the A&C and Employment Related Services Business, the businesses listed on Exhibit 1 attached hereto, and services ancillary to each of the above described businesses. From and after the date on which The Ritz Carlton Hotel Company LLC or any successor or assignee thereof becomes a Subsidiary of Spinco subject to this Agreement, the term "Excluded Business" shall include all businesses and activities conducted by such entity at such time, together with services ancillary to such businesses and activities.

"Golf Property Management Business" means the business of developing,

owning, managing, operating or franchising golf courses, driving ranges, golf learning centers, pro shops, clubhouses and related properties and facilities, including management services with respect to food and beverage operations located at or serving such properties, plant and equipment operation and maintenance, health rooms, swimming and other sports facilities and all other services related to the operation of such properties, and ancillary services related thereto.

"Home Services Business" means the business of providing, managing,

operating or franchising housekeeping, handyman, repair, maintenance, cleaning, landscaping and related services to (i) residences, apartments and other dwelling units (whether permanent or temporary), including common areas related thereto, and (ii) other facilities, whether corporate, industrial or otherwise, provided, that the source of such business is an extension of or supplement to a

pre-existing contract described in the foregoing clause (i) or a pre-existing business relationship of Spinco involving any Excluded Business or any other business or activity that is not an MMS Business.

"Lodging and Conference Center Management Business" means the business

of developing, owning, managing, operating, franchising or providing other services to limited service or full service hotel and other lodging (including serviced apartments), conference and convention properties (provided that a lodging or conference activity is conducted by Spinco in connection with such convention property) and "club"-style properties such as lunch clubs, townclubs and country clubs and matters incident to each of the foregoing including: (i) management services with respect to food, beverages, housekeeping, laundry, vending, plant and equipment operation and maintenance, grounds care, gift or merchandise shops within such properties, reservations, sales and marketing services, conference and meeting facilities, health rooms, swimming and other sports facilities and all other services related to the operation of such properties, (ii) providing any service or producing any product at or using the facilities or personnel of such properties (provided that such facilities and personnel are primarily devoted to the Excluded Business), including the use of kitchen facilities for external catering, banquets or other food service and the use of laundry facilities for third party customers, and (iii) providing laundry services at external facilities not located within such properties that primarily service the Excluded Business.

"MMS Business" means the business of providing management services or

operations with respect to food (including catering), beverages, housekeeping, laundry, vending, plant and equipment operation and maintenance, grounds care, convenience stores, and gift or merchandise shops, located in hospitals, nursing homes and other health care facilities, primary and secondary schools, colleges, universities, academies and other educational facilities, corporate

headquarters and office buildings, manufacturing or industrial facilities, municipal, state or federal government offices, courthouses, and stadiums and arenas owned or operated by colleges or universities (except for such stadiums and arenas utilized by professional football, basketball, or major league baseball or hockey teams); provided, however, that the MMS Business shall not

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include the Excluded Business.

"Parent" shall have the meaning set forth in the recitals to this  
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Agreement.

"Person" means any person, firm, corporation, limited liability  
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company, general or limited partnership, association, or other entity.

"Senior Living Facility" means any limited service or full service  
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retirement or senior living service facility or community, including independent and/or assisted living facilities, nursing homes, congregate care facilities and other health care facilities providing residential, recreational, personal care, home care, assisted living, nursing care, other health care and like services, in any combination, to the elderly; provided, that "Senior Living Facility"

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shall not include acute care hospitals.

"Senior Living Services Business" means the business of (i)  
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developing, owning, operating, managing, franchising (as franchisee or franchisor) or providing other services to any Senior Living Facility, including (A) management services with respect to food, beverages, housekeeping, laundry, vending, plant and equipment operation and maintenance, grounds care, gift or merchandise shops within such properties, physical therapy and health club facilities and all other services related to the operation of such Senior Living Facilities, (B) any other service or product provided or produced at or using the facilities or personnel of such Senior Living Facilities (provided that such facilities and personnel are primarily devoted to the Excluded Business), including the use of kitchen facilities for external catering or other food service and the use of laundry facilities for third party customers and (C) sales and marketing activities, including advertising, and the development of relationships with sources (including hospitals and other health care providers) for resident referrals, and like activities, for Senior Living Facilities and (ii) providing operational or management services with respect to health care, therapy, home health care, assisted living, nursing and related medical, residential, supportive and personal care services to or relating primarily to the elderly, whether at a Senior Living Facility or elsewhere; provided,

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however, that with respect to a particular Senior Living Facility, the Senior Living Services Business shall include the services listed in (i)(A) or (B) above only if Spinco also provides or manages the delivery of assisted living, nursing, or other personal care services at such Senior Living Facility.

"Spinco" shall have the meaning set forth in the recitals to this  
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Agreement.

"Subsidiaries" means corporations or other entities which are more  
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than fifty percent (50%) owned, directly or indirectly, by Parent or Spinco, as the case may be, and partnerships in which Parent or Spinco, as the case may be, or a subsidiary corporation, is a general partner.

"Territory" means the United States, Canada and the United Kingdom.

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"Timeshare and Interval Ownership Business" means the business of

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developing, owning, operating, managing, marketing, selling or providing services to timeshare and interval ownership developments, interests, programs and facilities (whether by membership, agreement, tenancy-in-common, sale, lease, deed, rental agreement, license, right-to-use agreement or otherwise), including (i) management services with respect to food, beverages, housekeeping, laundry, vending, plant and equipment operation and maintenance, grounds care, gift or merchandise shops within such properties, health rooms, swimming and other sports facilities, and all other services related to the operation of such timeshare and interval ownership properties, (ii) providing any service or producing any product at or using the facilities or personnel of such timeshare properties (provided that such facilities and personnel are primarily devoted to the Excluded Business), including the use of kitchen facilities for external catering or other food service and the use of laundry facilities for third party customers, and (iii) providing or participating in a timeshare and interval ownership exchange program or network, or ancillary services related thereto.

"Transfer" means the sale, conveyance, disposal of or other transfer

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of ownership, title or other interest.

Any capitalized terms defined in the Distribution Agreement and used herein shall have the meanings ascribed to them in the Distribution Agreement unless otherwise defined herein. By this reference, the Distribution Agreement is incorporated in this Agreement.

#### ARTICLE TWO

#### NONCOMPETITION WITH RESPECT TO THE MMS BUSINESS

##### 2.1 Certain Restrictions on Spinco.

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A. Except as provided in Section 2.1(B) and Section 2.1(C), during the Effective Period, Spinco shall not Compete in the MMS Business within the Territory.

B. Notwithstanding anything herein to the contrary, nothing contained in this Agreement shall restrict Spinco from engaging in (i) the Excluded Business and (ii) any other activities and businesses in which Parent is engaged (whether through Spinco or otherwise) immediately prior to the Distribution Date, other than through or using the Retained Assets (as that term is used in the Distribution Agreement).

C. Notwithstanding anything herein to the contrary, Section 2.1(A) shall not prohibit Spinco from the following activities:

(i) the ownership of capital stock or other equity interests of a Competing MMS Business if (a) such capital stock or other equity interests are traded on a national or regional stock exchange in the United States, Canada or the United Kingdom or are traded on the

National Association of Securities Dealers, Inc., Automated Quotation System, and (b) Spinco, directly or indirectly, is the beneficial owner of not more than five percent (5%) of such entity's outstanding capital stock or other equity interests, provided, that Spinco does not control such entity; or

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(ii) the acquisition of any Person which conducts, participates or engages in, or owns or has an interest in a Competing MMS Business, if the gross sales of such Person (including its Subsidiaries) from the Competing MMS Activities for the prior fiscal year preceding the date on which the acquisition is consummated, do not represent (a) more than ten percent (10%) of the gross sales (including sales from the Competing MMS Activities) of such Person (including its Subsidiaries) or (b) more than \$10 million; or

(iii) the acquisition of any Person which conducts, participates or engages in, or owns or has an interest in a Competing MMS Business, if the gross sales of such Person (including its Subsidiaries) from the Competing MMS Activities for the prior fiscal year preceding the date on which the acquisition is consummated, represent (a) ten percent (10%) or more of the gross sales (including sales from the Competing MMS Activities) of such Person (including its Subsidiaries) and (b) more than \$10 million, provided,

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that within one year after such acquisition, revenues derived from the Competing MMS Activities represent less than ten percent (10%) of the gross sales (including sales from the Competing MMS Activities) of such Person (without giving effect to transfers of assets of such Person to or from Spinco or any of its Subsidiaries during such period) or constitute less than \$10 million; or

(iv) other activities that, in the aggregate, do not result in revenues in excess of \$5 million in any fiscal year.

2.2 Right of First Offer. Within ninety (90) days after the closing

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of an acquisition in accordance with Section 2.1(C)(iii) above, Spinco must offer to sell the acquired Competing MMS Business to Parent for cash (on substantially the same economic terms and conditions as such Competing MMS Business was acquired, if such terms were identified specifically for such Competing MMS Business as part of such acquisition or, if such terms were not identified specifically, on terms and conditions that Spinco determines in good faith to represent that portion of the total consideration paid allocable to the Competing MMS Business), and must negotiate with Parent in good faith for forty-five (45) days before engaging in negotiations with a third party for the sale of such Competing MMS Business. Any sale of such Competing MMS Business shall be required to be consummated within ninety (90) days after agreement is reached between Parent and Spinco. This Section 2.2 shall not apply to a Competing MMS Business which has a fair market value of less than \$10 million in Spinco's reasonable judgment.

ARTICLE THREE  
MISCELLANEOUS

3.1 Arbitration of Certain Matters. Parent and Spinco agree that any  
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controversy or dispute concerning any calculation or determination of value or sales arising under Section 2.1(C)(ii) or (iii) hereof shall be settled in arbitration in accordance with the Commercial Rules of the American Arbitration Association then in effect. Such arbitration shall take place in Maryland. Any judgment upon the award rendered by the arbitrators may be entered in any court having jurisdiction thereof. The arbitrators shall not, under any circumstances, have any authority to award punitive, exemplary or similar damages, and may not, in any event, make any ruling, finding or award that does not conform to the terms and conditions of this Agreement. Nothing contained in this Section 3.1 shall limit or restrict in any way the right or power of a party at any time to seek injunctive relief in any court and to litigate the issues relevant to such request for injunctive relief before such court (i) to restrain the other party from breaching this Agreement, or (ii) for specific enforcement of this Section 3.1. The parties agree that any legal remedy available to a party with respect to a breach of this Section 3.1 will not be adequate and that, in addition to all other legal remedies, each party is entitled to an order specifically enforcing this Section 3.1. Neither party nor the arbitrators may disclose the existence or results of any arbitration under this Agreement or any evidence presented during the course of the arbitration without the prior written consent of both parties, except as required to enable enforcement of such results in a court of competent jurisdiction, to fulfill applicable disclosure and reporting obligations, or as otherwise required by agreements with third parties, or by law.

3.2 Entire Agreement. This Agreement, the Distribution Agreement and  
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the other Transaction Documents constitute the entire agreement of the parties concerning the subject matter hereof and, except for the provisions of the Confidentiality Agreement which shall continue in full force and effect except as set forth in the Merger Agreement, supersedes all other prior negotiations, commitments, agreements and understandings, both written and oral, between the parties with respect to the subject matter hereof.

3.3 Modification. This Agreement may only be amended, modified or  
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supplemented in a written agreement signed by both parties hereto.

3.4 Waiver. No term or condition of this Agreement shall be deemed  
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to have been waived, nor shall there be any estoppel against the enforcement of any provision hereof, except by written instrument of the party charged with such waiver or estoppel.

3.5 Legal Enforceability. Any provision of this Agreement which is  
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prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without affecting the validity or enforceability of the remaining provisions hereof. Any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction. If any provision of this Agreement is so broad as to be unenforceable, the provision shall be interpreted to be only so broad as is enforceable.

3.6 Specific Performance. Parent and Spinco acknowledge and agree  
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that in the

event of any breach of this Agreement, the non-breaching party would be irreparably and immediately harmed and could not be made whole by monetary damages. It is accordingly agreed that the parties hereto (a) will waive, in any action for specific performance, the defense of adequacy of a remedy at law, and (b) shall be entitled, in addition to any other remedy to which they may be entitled at law or in equity, to compel specific performance of this Agreement in any action instituted in accordance with Section 3.8 below. Parent and Spinco agree that irreparable damage would occur in the event any of the provisions of this Agreement were not to be performed in accordance with the terms hereof, and that their remedy at law for any breach of the other party's obligations hereunder would be inadequate. Parent and Spinco agree and consent that temporary and permanent injunctive relief may be granted in any proceeding which may be brought to enforce any provision hereof without the necessity of proof of actual damage.

3.7 Assignment and Successors and Assigns. Parent shall not,  
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without the prior written consent of Spinco, which consent shall not be unreasonably withheld, assign any rights or delegate any obligations under this Agreement. Notwithstanding anything herein to the contrary, in the event Parent Transfers all or substantially all of the MMS Business, such transferee shall automatically be bound by and entitled to enforce the terms of this Agreement; and, in the event Spinco Transfers all or substantially all of the Excluded Business, then in each case such transferee shall automatically be bound by and entitled to enforce the terms of this Agreement; but only with respect to the businesses so acquired (and not with respect to other then-existing businesses of the transferee or other businesses commenced or acquired thereafter by such transferee).

3.8 Consent to Jurisdiction; Waiver of Jury Trial. Subject to  
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Section 3.1 hereof, the parties irrevocably submit to the exclusive jurisdiction of (a) the Courts of the State of Maryland in Montgomery County, and (b) if federal jurisdiction exists, the United States District Court for the State of Maryland for the purposes of any suit, action or other proceeding arising out of this Agreement. Each party hereby irrevocably consents to service of process in any such action or proceeding upon it by mail at its address set forth in Section 3.10 of this Agreement. EACH PARTY HEREBY AGREES TO WAIVE ITS RESPECTIVE RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF THIS AGREEMENT.

3.9 Interpretation. The descriptive headings herein are inserted  
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for convenience of reference only and are not intended to be part of or to affect the meaning or interpretation of this Agreement. For all purposes of this Agreement, except as otherwise expressly provided, (i) the enumeration of one or more items following the term "including" shall not be interpreted as excluding any items not so enumerated, (ii) defined terms shall include the plural as well as the singular, (iii) all references to "Articles," "Sections" or other subdivisions are to designated Articles, Sections and other subdivisions of the body of this Agreement, (iv) pronouns of either gender or neuter shall include, as appropriate, the other pronoun forms, and (v) the words "herein," "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section or other subdivision.

3.10 Notices. All notices and other communications hereunder shall  
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be in writing and shall be deemed given upon (a) confirmation of receipt of a facsimile transmission, (b) confirmed

delivery by a standard overnight carrier or when delivered by hand or (c) the expiration of five Business Days after the day when mailed by certified or registered mail, postage prepaid, addressed to the following addresses (or such other address for a party as shall be specified by like notice):

To Parent:

Sodexo Marriott Services, Inc.  
10400 Fernwood Road  
Bethesda, MD 20817  
Attention: Chief Executive Officer  
Fax: 301/380-7856

With a copy to:

Sodexo Marriott Services, Inc.  
10400 Fernwood Road  
Bethesda, MD 20817  
Attention: General Counsel  
Fax: 301/380-6727

To Spinco:

Marriott International, Inc.  
10400 Fernwood Road  
Bethesda, Maryland 20817  
Attention: Chief Financial Officer  
Fax: 301/380-5067

With a copy to:

Marriott International, Inc.  
10400 Fernwood Road  
Bethesda, Maryland 20817  
Attention: General Counsel  
Fax: 301/380-6727

3.11 Governing Law. This Agreement shall be governed by, and

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construed in accordance with, the laws of the State of Maryland, regardless of the laws that might be applied under applicable principles of conflicts of laws.

3.12 Relationship of Parties. It is understood and agreed that

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nothing in this Agreement shall be deemed or construed by the parties or any third party as creating an employer-employee, principal/agent, partnership or joint venture relationship between the parties.



3.13 Counterparts. This Agreement may be executed in two or more

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counterparts, each of which shall be deemed to be an original, but all of which shall constitute one and the same instrument.

[The remainder of this page has been left blank intentionally.]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered, all as of the day and year first above written.

MARRIOTT INTERNATIONAL, INC.  
(to be renamed "Sodexo Marriott Services, Inc.")

By: /s/ Lawrence E. Hyatt

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Name: Lawrence E. Hyatt  
Title: Vice President

NEW MARRIOTT MI, INC.  
(to be renamed "Marriott International, Inc.")

By: /s/ Raymond G. Murphy

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Name: Raymond G. Murphy  
Title: Vice President and Treasurer

TAX SHARING AND INDEMNIFICATION AGREEMENT

Dated as of March 27, 1998

By and Among

MARRIOTT INTERNATIONAL, INC.  
(to be renamed "Sodexo Marriott Services, Inc.")

NEW MARRIOTT MI, INC.  
(to be renamed "Marriott International, Inc.")

and

SODEXHO ALLIANCE S.A.

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TAX SHARING AND INDEMNIFICATION AGREEMENT

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This TAX SHARING AND INDEMNIFICATION AGREEMENT (this "Agreement"), is entered into effective as of the Distribution Date (as hereinafter defined), by and among Marriott International, Inc., a Delaware corporation to be renamed Sodexo Marriott Services, Inc. ("Marriott"), New Marriott MI, Inc., a Delaware corporation and a wholly owned subsidiary of Marriott to be renamed Marriott International, Inc. ("Spinco"), and Sodexo Alliance, S.A., a societe anonyme organized under the laws of France ("Sodexo").

RECITALS

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WHEREAS, Marriott, Marriott-ICC Merger Corp., a Delaware corporation and a wholly owned subsidiary of Marriott, Spinco, International Catering Corporation, a Delaware corporation and a wholly owned subsidiary of Sodexo ("ICC"), and Sodexo have entered into an Agreement and Plan of Merger dated as of September 30, 1997 (the "Merger Agreement");

WHEREAS, Marriott and Spinco have entered into the Distribution Agreement dated as of September 30, 1997 (the "Distribution Agreement"); and

WHEREAS, Marriott and Spinco wish to provide for the allocation of all responsibilities, liabilities and benefits relating to or affecting Taxes (as hereinafter defined) paid or payable by either of them or their affiliated Groups (as hereinafter defined) for all taxable periods, whether beginning before, on or after the Distribution Date and to provide for certain other matters.

NOW, THEREFORE, in consideration of the premises, and of the representations, warranties, covenants and agreements set forth herein, the parties hereto hereby agree as follows:

ARTICLE I

DEFINITIONS

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Section 1.01 General.

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As used in this Agreement, the following terms shall have the following meanings (such meanings to be equally applicable to both the singular and the plural forms of the terms defined):

"Adjusted MMS Group" shall mean MMS and the MMS Subsidiaries.

"Affiliate" shall mean, with respect to any specified Person, any other Person directly or indirectly controlling or controlled by, or under direct or indirect common control with, such specified Person. For purposes of this definition, "control," when used with respect to any 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" shall have meanings correlative to the foregoing.

"Affiliated Group" shall have the meaning set forth in Section 3.01(a) hereof.

"Agreement" shall have the meaning set forth in the Preamble.

"Code" shall mean the Internal Revenue Code of 1986, as amended, and shall include corresponding provisions of any subsequently enacted federal tax laws.

"Combined State Tax Returns" shall have the meaning set forth in the Section 2.02(b) hereof.

"Combined Taxes" shall have the meaning set forth in the Section 3.01(b) hereof.

"Distribution" shall mean the distribution of 100% of the capital stock of Spinco by Marriott to the Marriott shareholders and related transactions undertaken pursuant to the Distribution Agreement, which is intended to qualify for tax-free treatment under Code Section 368(a)(1)(D) and Section 355.

"Distribution Agreement" shall have the meaning set forth in the Recitals.

"Distribution Date" shall mean the date on which the Distribution occurs or is deemed to occur for federal income tax purposes. For purposes of this Agreement, the Distribution shall be deemed effective as of the close of business on the Distribution Date.

"Equity Securities" shall mean any stock or other equity securities treated as stock for tax purposes, or options, warrants, rights, convertible debt, or any other instrument or security that affords any Person the right, whether conditional or otherwise, to acquire stock.

"Fifty Percent or Greater Interest" shall have the meaning of a "50 percent or greater interest" as defined in Section 355(e)(4)(A) of the Code.

"Final Determination" shall mean the final resolution of liability for any Tax for a taxable period, (i) by IRS Form 870 or 870-AD (or any successor forms thereto), on the date of acceptance by or on behalf of the taxpayer, or by a comparable form under the laws of other jurisdictions; except that a Form 870 or 870-AD or comparable form that reserves (whether by its terms or by operation of law) the right of the taxpayer to file a claim for refund and/or the right of the taxing authority to assert a further deficiency shall not constitute a Final Determination; (ii) by a decision, judgment, decree, or other order by a court of competent jurisdiction, which has become final and unappealable; (iii) by a closing agreement or accepted offer in compromise under Section 7121 or 7122 of the Code, or

comparable agreements under the laws of other jurisdictions; (iv) by any allowance of a refund or credit in respect of an overpayment of Tax, but only after the expiration of all periods during which such refund may be recovered (including by way of offset) by the Tax imposing jurisdiction; or (v) by any other final disposition, including by reason of the expiration of the applicable statute of limitations or by mutual agreement of the parties.

"Forwarding Responsibilities" shall have the meaning set forth in Section 4.03 hereof.

"Governmental Entity" shall mean any court, agency, authority, board, bureau, commission, department, regulatory or administrative body, office or instrumentality of any nature whatsoever of any governmental or quasi-governmental unit (including the New York Stock Exchange or any other national stock exchange), whether federal, state, parish, county, district, municipality, city, political subdivision or otherwise, domestic or foreign, or any other entity exercising executive, legislative, judicial regulatory or administrative functions of or pertaining to government, whether now or hereafter in effect.

"Group" shall mean the Spinco Group or the MMS Group.

"Hypothetical Return" shall have the meaning set forth in Section 3.02(a) hereof.

"ICC" shall have the meaning set forth in the Recitals.

"Indemnified Amount" shall have the meaning set forth in Section 4.03(a) hereof.

"Indemnitee" shall have the meaning set forth in Section 4.02 hereof.

"Indemnitor" shall have the meaning set forth in Section 4.02 hereof.

"IRS" shall mean the Internal Revenue Service.

"Joint Tax Return" shall mean any Tax Return that includes the Retained Business and the Spinco Business.

"Marriott" shall have the meaning set forth in the Preamble.

"Marriott (Canada)" shall mean Marriott Corporation of Canada Ltd., a Canadian corporation and a wholly-owned subsidiary of Marriott.

"Marriott Tax Item" shall mean a Tax Item solely attributable to the Retained Business.

"Marriott Tax Ruling Representations" shall mean those representations

made by Marriott in connection with the request for the Tax Ruling.

"Merger Agreement" shall have the meaning set forth in the Recitals.

"MMS" shall mean Marriott Management Services Corp., a New York corporation and a wholly-owned subsidiary of Marriott.

"MMS Group" shall mean Marriott, MMS and the MMS Subsidiaries.

"MMS Indemnitee" shall mean Marriott, MMS, each Affiliate of MMS and each of their respective Representatives and each of the heirs, executors, successors and assigns of any of the foregoing.

"MMS Subsidiaries" shall mean all direct and indirect Subsidiaries of Marriott through which Marriott conducts the Retained Business, as set forth on Schedule 1.1, attached hereto.

"MMS (U.K.)" shall mean Marriott Management Services (U.K.) Ltd., a United Kingdom corporation and a wholly-owned subsidiary of MMS.

"1997 Taxable Year" shall mean Marriott's consolidated federal income taxable year ending January 2, 1998.

"1998 Taxable Year" shall mean Marriott's consolidated federal income taxable year ending January 1, 1999.

"Other Taxes" shall have the meaning set forth in Section 3.01(d) hereof.

"Other Tax Returns" shall have the meaning set forth in Section 2.02(d) hereof.

"Person" shall mean an individual, corporation, partnership, association, trust, estate or other entity or organization, including any Governmental Entity or authority.

"Post-Distribution Taxable Period" shall have the meaning set forth in Section 2.04 hereof.

"Pre-Distribution Taxable Period" shall have the meaning set forth in Section 2.02(a) hereof.

"Prohibited Sale or Issuance" shall have the meaning set forth in Section 5.04(d).

"Representation Date" shall mean any date on which Marriott or Spinco makes any representation to the IRS, to Spinco or Marriott, or to tax counsel for the purpose

of obtaining a Subsequent Ruling or an opinion pursuant to Section 5.05(c) hereof.

"Representative" shall mean with respect to any Person, any of such Person's directors, officers, employees, agents, consultants, advisors, accountants, attorneys and representatives.

"Restricted Period" shall mean the period beginning on the date hereof and ending on the three-year anniversary of the Distribution Date.

"Retained Business" shall have the meaning ascribed to such term in the Distribution Agreement.

"Rollback Items" shall have the meaning set forth in Section 3.04(d) hereof.

"Rollover Items" shall have the meaning set forth in Section 3.04(d) hereof.

"Ruling Documents" shall mean the request for a ruling under Section 368(a)(1)(D) and Section 355 of the Code submitted to the IRS regarding the Tax-Free Status of the Distribution.

"Short Period" shall mean the period commencing on January 3, 1998, and ending on the Distribution Date.

"Sodexho" shall have the meaning set forth in the Preamble.

"Sodexho Tax Ruling Representations" shall mean those representations made by Sodexho in connection with the request for the Tax Ruling.

"Spinco" shall have the meaning set forth in the Preamble.

"Spinco Business" shall have the meaning ascribed to such term in the Distribution Agreement.

"Spinco Group" shall mean Spinco and the Spinco Subsidiaries.

"Spinco Indemnitee" shall mean each Affiliate of Spinco and each of their respective Representatives and each of the heirs, executors, successors and assigns of any of the foregoing.

"Spinco Subsidiaries" shall mean all direct and indirect Subsidiaries of Marriott, other than MMS and any MMS Subsidiary, as set forth on Schedule 1.2, attached hereto.

"Straddle Period" shall mean a taxable period that includes but does not end on the Distribution Date, including the 1998 Taxable Year for federal income tax purposes.



"Subsequent Ruling" shall mean a ruling from the IRS confirming that the consummation of a transaction or existence of a condition subsequent to the Distribution will not result in loss of Tax-Free Status.

"Subsidiary" shall mean, with respect to any Person, (a) any corporation of which at least a majority in interest of the outstanding voting stock (having by the terms thereof voting power under ordinary circumstances to elect a majority of the directors of such corporation, irrespective of whether or not at the time stock of any other class or classes of such corporation shall have or might have voting power by reason of the happening of any contingency) is at the time, directly or indirectly, owned or controlled by such Person, by one or more Subsidiaries of such Person, or by such Person and one or more of its Subsidiaries, or (b) any non-corporate entity in which such Person, one or more Subsidiaries of such Person, or such Person and one or more Subsidiaries of such Person, directly or indirectly, at the date of determination thereof, has at least a majority ownership interest.

"Tax" shall mean any of the Taxes.

"Tax Deficiency" shall mean an assessment of Taxes as a result of a Final Determination.

"Tax Detriment" shall mean any item of income, gain, recapture of credit or any other Tax Item which increases Taxes paid or payable.

"Tax-Free Status" shall mean the qualification of the Distribution (i) as a transaction described in Section 368(a)(1)(D) and Section 355(a)(1) of the Code, (ii) as a transaction in which the stock distributed thereby is qualified property for purposes of Section 355(c)(2) of the Code, and (iii) as a transaction in which Marriott recognizes no income or gain other than intercompany items or excess loss accounts taken into account pursuant to the Treasury Regulations promulgated pursuant to Section 1502 of the Code.

"Tax Item" shall mean any item of income, gain, loss, deduction, credit, provisions for reserves, recapture of credit or any other item which increases or decreases Taxes paid or payable, including an adjustment under Code Section 481 resulting from a change in accounting method.

"Tax Refund" shall mean a refund of Taxes as the result of a Final Determination.

"Tax Return" shall mean any return, filing, questionnaire, information return or other document required to be filed, including requests for extensions of time, filings made with estimated tax payments, claims for refund and amended returns that may be filed, for any period with any taxing authority (whether domestic or foreign) in connection with any Tax or Taxes (whether or not a payment is required to be made with respect to such filing).

"Tax Ruling" shall mean the private letter ruling to be issued by the IRS in respect of the Tax-Free Status of the Distribution, and related federal income tax consequences.

"Taxes" shall mean all forms of taxation, whenever created or imposed, and whether of the United States or elsewhere, and whether imposed by a local, municipal, governmental, state, foreign, federation or other body, and without limiting the generality of the foregoing, shall include income, sales, use, ad valorem, gross receipts, license, value added, franchise, transfer, recording, withholding, payroll, employment, excise, occupation, unemployment insurance, social security, business license, business organization, stamp, environmental, premium and property taxes, together with any related interest, penalties and additions to any such tax, or additional amounts imposed by any taxing authority (domestic or foreign) upon the MMS Group, the Spinco Group or any of their respective members or divisions or branches.

"True-Up Provision" shall mean the provisions of Section 2.8(f) of the Distribution Agreement, which govern the treatment of adjustments to net tangible assets and related items for Marriott and Spinco.

Section 1.02 Interpretation. The descriptive headings herein are

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inserted for convenience or reference only and are not intended to be part of or to affect the meaning or interpretation of this Agreement. For all purposes of this Agreement, except as otherwise expressly provided, (i) the enumeration of one or more items following the term "including" shall not be interpreted as excluding any items not so enumerated, (ii) defined terms shall include the plural as well as the singular, (iii) all references to "Articles," "Sections" or other subdivisions are to designated Articles, Sections and other subdivisions of the body of this Agreement, (iv) pronouns of either gender or neuter shall include, as appropriate, the other pronoun forms, and (v) the words "herein," "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section or other subdivision.

#### ARTICLE I

#### FILING OF TAX RETURNS

Section 2.01 Manner of Filing. All Tax Returns filed after the  
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Distribution Date shall be prepared on a basis which is consistent with the consummation of the transactions as set forth in the Distribution Agreement, the Marriott Tax Ruling Representations, the Sodexo Tax Ruling Representations and the Tax Ruling (in the absence of a controlling change in law or circumstances) and shall be filed on a timely basis (including extensions) by the party responsible for such filing under this Agreement. In the absence of a controlling change in law or circumstances, all Tax Returns filed after the date of this Agreement shall be prepared on a basis consistent with the elections, accounting methods, conventions, and principles of taxation used for the most recent taxable periods for which Tax Returns involving similar Tax Items have been filed, to the extent that a failure to do so would result in a Tax Detriment to the other party hereto or a member of its Group. Subject to the provisions of this Agreement, all decisions relating to the preparation of Tax Returns shall be made by the party responsible under this Agreement for such preparation (subject to any party's rights to review such Tax Returns as are provided in this Agreement). Each party to this Agreement will provide the information for the filing of such Tax Returns in the manner set forth in Section 4.05(a), and will provide copies of all Tax Returns (or appropriate portions thereof) filed after the Distribution Date to any other party to this Agreement to the extent such returns relate to such other party.

Section 2.02 Pre-Distribution Tax Returns.  
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(a) Consolidated Returns. The Marriott consolidated federal income Tax  
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Returns required to be filed for all taxable periods ending on or before the Distribution Date ("Pre-Distribution Taxable Periods") that have not been filed prior to the Distribution Date shall be prepared and filed by Spinco, and Marriott hereby irrevocably designates, and agrees to cause each of its Subsidiaries to so designate, Spinco as its agent to take any and all actions necessary or incidental to the preparation and filing of such Returns. Spinco agrees to provide Marriott with (i) a pro forma federal income Tax Return for the MMS Group for the 1997 Taxable Year no later than August 1, 1998 (and Spinco will incorporate thereon any reasonable comments timely provided in writing by Marriott in respect of the pro forma Tax Return for the 1997 Taxable Year for the MMS Group), (ii) a copy of each such Tax Return for the 1997 Taxable Year as soon as it is filed, and (iii) the pro forma tax returns for the Spinco Group members for the Short Period no later than December 31, 1998 (which pro forma tax returns will form the basis for the inclusion of the Spinco Group for the Short Period in Marriott's consolidated federal income Tax Return for the 1998 Taxable Year).

(b) Combined, Consolidated and Unitary Returns. All state and local  
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combined, consolidated and unitary corporate income Joint Tax Returns ("Combined State Tax Returns") required to be filed for all Pre-Distribution Taxable Periods, that have not been filed prior to the Distribution Date, shall be prepared and filed by Spinco, and Marriott hereby irrevocably designates, and agrees to cause each of its Subsidiaries to so designate, Spinco as its agent to take any and all actions necessary or incidental to the preparation and filing of such Joint Tax Returns. Spinco agrees to provide Marriott with a pro forma Combined State Tax Return for the MMS Group for the 1997 taxable year as soon as is practicable (and Spinco will incorporate thereon any reasonable comments timely provided in

writing by Marriott in respect of the Combined State Tax Returns for the 1997 taxable year).

(c) Returns for Marriott (Canada). All Tax Returns for Marriott

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(Canada) for Pre-Distribution Taxable Periods required to be filed for all Pre-Distribution Taxable Periods, that have not been filed prior to the Distribution Date, shall be prepared and filed by Spinco, and Marriott hereby agrees to cause Marriott (Canada) to designate Spinco as its agent to take any and all actions necessary or incidental to the preparation and filing of such Returns. Spinco agrees to provide Marriott with a copy of such Tax Returns for the 1997 taxable year as soon as is practicable before they are filed (and Spinco will incorporate thereon any reasonable comments timely provided in writing by Marriott in respect of such Tax Returns for the 1997 taxable year).

(d) Other Returns. All other Tax Returns not described elsewhere in

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this Section 2.02, including separate state returns, local tax returns and payroll tax returns ("Other Tax Returns"), required to be filed for all Pre-Distribution Taxable Periods, that have not been filed prior to the Distribution Date, shall be prepared and filed by the party which prepared and filed such Other Tax Return for the most recent period for which such Other Tax Return was filed, or, if no such Other Tax Return was filed in such period, the party responsible under the appropriate law of the taxing jurisdiction. The parties hereto intend that, under this Section 2.02(d), no member of the Spinco Group shall be responsible for preparing or filing such Other Tax Returns that are currently prepared and filed by or on behalf of members of the Adjusted MMS Group, including any sales, use or property Tax Returns. Schedule 2.02(d) sets forth the agreed-upon list of the Other Tax Returns filed by or on behalf of the Adjusted MMS Group (and listing the entity actually filing such Other Tax Return) for the most recent periods, which schedule shall be finalized on the Distribution Date. Notwithstanding the foregoing, any Other Tax Returns which were historically prepared and filed by Marriott on behalf of members of the Adjusted MMS Group, shall be prepared and filed by Spinco, and Marriott hereby irrevocably designates Spinco as its agent to take any and all actions necessary or incidental to the preparation and filing of such Other Tax Returns. Spinco agrees to provide Marriott with a copy of each such Other Tax Return that has been filed historically by Marriott on behalf of the Adjusted MMS Group as soon as possible before it is required to be filed, and to incorporate thereon any reasonable comments timely provided in writing by Marriott in respect of such Other Tax Returns before Spinco files such Other Tax Return.

Section 2.03 Straddle Period Tax Returns.

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(a) Consolidated Returns. The Marriott consolidated federal income Tax

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Returns required to be filed for all Straddle Periods shall be prepared and filed by Marriott. Marriott agrees to provide Spinco with a copy of each such Tax Return four weeks before it is filed, and to incorporate thereon any reasonable comments timely provided in writing by Spinco. As provided for in Section 2.02(a) hereof, Spinco agrees to provide to Marriott by December 31, 1998, pro forma tax returns for the Spinco Group for the Short Period.

(b) Combined, Consolidated and Unitary Returns. All Combined State

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Tax Returns for all Straddle Periods shall be prepared and filed by Marriott. Marriott agrees to provide Spinco with a copy of each such Combined State Tax Return as soon as is practicable before it is filed, and to incorporate thereon any reasonable comments timely provided in writing by Spinco. To assist Marriott in the preparation of such Tax Returns, Spinco agrees to provide to Marriott by December 31, 1998, any information necessary for Marriott to prepare such Tax Returns.

(c) Returns for Marriott (Canada). All Tax Returns for Marriott

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(Canada) for all Straddle Periods shall be prepared and filed by Marriott. Marriott agrees to provide Spinco with a copy of each such Tax Return as soon as is practicable before it is filed, and to incorporate thereon any reasonable comments timely provided in writing by Spinco. Spinco agrees to provide to Marriott by December 31, 1998, any information necessary for Marriott to prepare such Tax Returns.

(d) Other Returns. All Other Tax Returns that are required to be

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filed for Straddle Periods shall be prepared and filed by the party which prepared and filed such Tax Return for the most recent period for which such Tax Return was filed or if no such Tax Return was filed in such period, the party responsible under the appropriate law of the taxing jurisdiction. Schedule 2.02(d) sets forth the agreed-upon list of Tax Returns that have been filed for the most recent periods. The parties hereto intend that, under this Section 2.03(d), no member of the Spinco Group shall be responsible for preparing or filing such Tax Returns that are currently prepared and filed by members of the Adjusted MMS Group, including any sales, use or property Tax Returns.

(e) Delayed Distribution Date. Notwithstanding anything to the

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contrary in this Agreement, in the event the Distribution Date has not occurred before May 31, 1998, Spinco shall have the right to prepare and file all Tax Returns for the Straddle Period and shall take such other steps and shall have such other authority delegated to it by Marriott as Spinco in its discretion shall deem necessary to prepare and file such returns in a timely manner. In the event Spinco exercises such a right, the parties hereto shall execute an amendment to this Agreement that shall set forth the procedures for Spinco's preparation of such Tax Returns for the Straddle Period and the mechanisms for Spinco's payment of Taxes reflected on such Tax Returns in such a manner as is consistent with the principles set forth in this Agreement.

Section 2.04 Post-Distribution Tax Returns. All Tax Returns for

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periods beginning after the Distribution Date ("Post-Distribution Taxable Periods") shall be (i) the responsibility of the Spinco Group if such Tax Returns relate solely to a member or members of the Spinco Group or their respective assets or businesses, and (ii) the responsibility of the MMS Group if such Tax Returns relate solely to a member or members of the MMS Group or their respective assets or businesses.

ARTICLE I

LIABILITY FOR TAXES  
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Section 3.01 Pre-Distribution Taxable Period Tax Liabilities.  
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(a) Pre-Distribution Taxable Period Consolidated Federal Income Tax  
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Liabilities. Spinco shall pay, on a timely basis, all Taxes due with respect to  
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the consolidated federal income tax liability for all Pre-Distribution Taxable  
Periods of the affiliated group of which Marriott is the common parent (the  
"Affiliated Group"). Notwithstanding the foregoing, any payments in respect of  
the Spinco Group's Tax Return for the Short Period will be determined and  
governed by Section 3.02 and Section 3.03 hereof. As provided in Section 2.8(f)  
of the Distribution Agreement, the Distribution Agreement's definition of  
Adjusted Net Tangible Assets, and the "Distribution Date Statement" referred to  
in Section 2.8(f) of the Distribution Agreement, in connection with the transfer  
of the Spinco Business to Spinco, Marriott shall, in effect, transfer to Spinco  
100% of the income tax provisions of Marriott for accrued income taxes as at the  
Distribution Date. Any tax provisions relating to sales, use and property Taxes  
accrued as at the Distribution Date shall be treated in accordance with Section  
3.03(g) hereof.

(b) Pre-Distribution Taxable Period Combined Consolidated and Unitary  
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Corporate Income Tax Liabilities. Spinco or a member of the Spinco Group shall  
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pay, on a timely basis, all Taxes due with respect to any Combined State Tax  
Returns ("Combined Taxes") for Pre-Distribution Taxable Periods.

(c) Tax Liability for Marriott (Canada). Spinco shall pay, on a  
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timely basis, all Taxes due with respect to Marriott (Canada) for all Pre-  
Distribution Taxable Periods.

(d) Pre-Distribution Taxable Period Liabilities for Other Taxes. All  
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Taxes due with respect to Other Tax Returns ("Other Taxes") for Pre-Distribution  
Taxable Periods shall be paid by the party responsible under this Agreement for  
filing the Other Tax Return pursuant to which such Taxes are due. Spinco hereby  
assumes and agrees to pay directly to the appropriate taxing authority that  
amount of all Other Taxes (except for sales, use and property Taxes, which are  
provided for in Section 3.03(g) hereof, and for Other Taxes with respect to  
Other Tax Returns filed by any MMS Subsidiary, as reflected on Schedule 2.02(d),  
which shall be paid directly to Marriott for payment to the appropriate taxing  
authority) that are due with respect to Other Tax Returns filed by Marriott or  
any MMS Subsidiary for Pre-Distribution Taxable Periods.

Section 3.02 Straddle Period Tax Liabilities.

(a) Straddle Period Consolidated Federal Income Tax Liabilities.

Except as otherwise provided in Section 2.03(e) and Section 4.05(a) of this Agreement, Marriott shall pay, on a timely basis, all Taxes due with respect to the consolidated federal income tax liability for all Straddle Periods of the Affiliated Group. Spinco hereby assumes and agrees to pay directly to Marriott its allocable share of the Taxes for the Straddle Period, in accordance with the following:

(i) Spinco's allocable share of liability for Taxes for the Straddle Period will be the net hypothetical consolidated federal income tax liability for the Affiliated Group determined pursuant to a hypothetical pro forma tax return prepared by Spinco (the "Hypothetical Return") that shall be prepared as though the Short Period were a taxable period ending on the Distribution Date, which hypothetical tax liability may be positive or negative (provided,

however, that any Taxes attributable to, resulting from, arising from,

or caused by a loss, in part or in whole, of Tax-Free Status shall be treated as occurring the day after the Distribution Date for these purposes). The Hypothetical Return shall be prepared by determining the items of income, expense, deduction, loss or credit on a "closing of the books" basis as of the Distribution Date and shall be provided by Spinco to Marriott, on an estimated basis, within twelve weeks after the Distribution Date, and shall incorporate thereon any reasonable comments timely provided in writing by Marriott. Subject to the foregoing, the Hypothetical Return shall be prepared on a basis consistent with the elections, accounting methods, conventions, and principles of taxation used for the most recent taxable periods for which Tax Returns involving similar Tax Items have been filed, to the extent that a failure to do so would result in a Tax Detriment to the other party hereto or a member of its Group.

(ii) In determining Spinco's allocable share of any Tax liability as set forth in the Hypothetical Return, (A) those extraordinary expenses (and related income tax deductions) incurred in connection with the Distribution and acquisition of ICC, whether on or before the Distribution Date, that are described in Clause (x)(I) of the definition of "Adjusted Net Tangible Assets" of the Distribution Agreement shall be allocated to the portion of the Straddle Period after the Distribution Date; and (B) all other extraordinary expenses (and related income tax deductions) incurred in connection with the Distribution and acquisition of ICC shall be allocated for tax and other purposes to the Short Period.

(iii) After the Distribution Date, Spinco shall timely pay all amounts payable in respect of the Affiliated Group's quarterly estimated federal income tax payments for the Short Period; such payments shall be made directly to Marriott, which will, to the extent Tax is owed by the

Affiliated Group, forward such payments to the IRS.

(iv) If the calculations made pursuant to this Section 3.02(a) indicate that Spinco's allocable share of the consolidated federal income tax liability for the 1998 Taxable Year exceeds the sum of (A) any estimated payments, deposits or credits made or applied with respect to the Short Period (which shall be made or applied in accordance with past practice), and (B) the estimated tax payments made in accordance with Section 3.02(a)(iii) hereof, then within 30 days of the filing of Marriott's consolidated federal income tax return for the 1998 Taxable Year, Spinco shall pay Marriott the amount of any such excess.

(v) If the calculations made pursuant to this Section 3.02(a) indicate that the sum of (w) any estimated payments, deposits or credits made or applied with respect to the Short Period made before the Distribution Date (which shall be made or applied in accordance with past practice), and (x) the estimated tax payments made in accordance with Section 3.02(a)(iii) hereof, exceeds Spinco's allocable share of the consolidated federal income tax liability for the 1998 Taxable Year, then within 30 days of the filing of Marriott's consolidated federal income tax return for the 1998 Taxable Year, Marriott shall pay Spinco the amount of any such excess. For these purposes, if Spinco's allocable share of the consolidated federal income tax liability is negative (for example, in the event that the Hypothetical Return reflects a loss or a refund due for the Short Period), Marriott shall pay to Spinco such negative amount plus the sum of (y) any estimated payments, deposits or credits made or applied with respect to the Short Period made before the Distribution Date (which shall be made or applied in accordance with past practice), and (z) the estimated tax payments made in accordance with Section 3.02(a)(iii) hereof.

(vi) All calculations and determinations required to be made pursuant to this Section 3.02(a) shall be made by Spinco on a basis reasonably consistent with prior years.

(b) Straddle Period Combined Consolidated and Unitary Corporate Income

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Tax Liability. Except as otherwise provided in Section 2.03(e) and Section  
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4.05(a) of this Agreement, Marriott shall pay, on a timely basis, all Combined Taxes due with respect to all Straddle Periods. In accordance with the principles set forth in Section 3.02(a) hereof, Spinco hereby assumes and agrees to pay directly to Marriott its allocable share of all Combined Taxes for all Straddle Periods, and Marriott hereby assumes and agrees to pay directly to Spinco any overpayments by Spinco or any "negative tax liabilities."

(c) Tax Liability for Marriott (Canada). Except as otherwise provided

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in Section 2.03(e) and Section 4.05(a) of this Agreement, Marriott shall pay, on a timely basis, all Taxes due with respect to Marriott (Canada) for all Straddle Periods. In accordance with



the principles set forth in Section 3.02(a) hereof, Spinco hereby assumes and agrees to pay directly to Marriott its allocable share of Marriott (Canada)'s Taxes for the Straddle Period, and Marriott hereby assumes and agrees to pay directly to Spinco any overpayments by Spinco or any "negative tax liabilities."

(d) Straddle Period Other Taxes. In the case of all Other Taxes  
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(except for sales, use and property Taxes, which are provided for in Section 3.03(g) hereof) that are due with respect to Other Tax Returns filed by Marriott or any MMS Subsidiary for Straddle Periods, and in accordance with the principles set forth in Section 3.02(a) hereof, Spinco hereby assumes and agrees to pay directly to Marriott its allocable share of all Taxes for all Straddle Periods, and Marriott hereby assumes and agrees to pay directly to Spinco any overpayments by Spinco or any "negative tax liabilities." Where the system set forth in Section 3.02(a) hereof is not feasible in calculating the portion of Other Taxes for a Straddle Period for which Spinco or Marriott is responsible under this Section 3.02, the amount of such Other Taxes for which Spinco or Marriott is responsible shall be determined by prorating the actual tax due for the Straddle Period on a daily proration basis or by some other reasonable method on which Spinco and Marriott agree (and Spinco and Marriott hereby agree to cooperate in good faith in determining any such mutually acceptable method). The amount of such Other Tax borne by Spinco shall be the amount allocated to the portion of the Straddle Period ending on the Distribution Date.

Section 3.03 Other Allocations of Tax Liabilities.  
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(a) In implementing this Article III, the parties shall make any adjustments that are necessary to insure that, with respect to all Taxes for Straddle Periods, payment and reimbursement between the parties reflects the principle that Spinco is to be liable for Taxes attributable to the portion of Straddle Periods ending on the Distribution Date and Marriott is to bear responsibility for Taxes attributable to the portion of Straddle Periods after the Distribution Date (other than sales, use and property Taxes, the liability for which is provided for in Section 3.03(g) hereof).

(b) Notwithstanding anything to the contrary in this Agreement, in determining Spinco's allocable share of any Tax liability (under Section 3.01, Section 3.02 or this Section 3.03), any increase in the Tax liability resulting from any act or omission not in the ordinary course of business (other than transactions contemplated by this Agreement, the Distribution Agreement or the Merger Agreement) on the part of any member of the MMS Group occurring on the Distribution Date, after the Distribution has been effected, shall be deemed to arise in a taxable period which begins after the Distribution Date.

(c) Notwithstanding anything to the contrary in this Agreement, in determining Spinco's allocable share of any Tax liability (under Section 3.01, Section 3.02 or this Section 3.03), any increase in the Tax liability resulting from any act or omission not in the ordinary course of business (other than transactions contemplated by this Agreement, the Distribution Agreement or the Merger Agreement) on the part of any member of the Spinco Group occurring on the Distribution Date, after the Distribution has been effected, shall be

deemed to arise in a taxable period which begins before the Distribution Date.

(d) Notwithstanding anything to the contrary in this Article III, whenever any party hereto is required to make any of the calculations or determinations referred to therein, such party shall provide the other party with (i) copies of any material calculations or determinations as soon as is practicable after such calculations or determinations have been made, and prior to the applicable Tax Returns' being filed, sufficient to enable the other party to verify mathematical accuracy and (ii) if requested by the other party, access during reasonable business hours to copies of any Returns, reports or other statements sufficient to enable the other party to verify reasonably consistent treatment with prior years.

(e) Notwithstanding anything to the contrary in this Agreement, any Tax liabilities of MMS (U.K.) shall be governed exclusively by the Stock Purchase and Sale Agreement to be entered into among Marriott, MMS, Sodexho and a subsidiary of Sodexho respecting MMS's sale of MMS (U.K.) to Sodexho (or a Sodexho Affiliate); provided, however, that any gain or loss incurred in the sale of MMS (U.K.) shall be governed by this Agreement.

(f) Marriott shall not be responsible for or liable for any Taxes of ICC or attributable to ICC which are attributable to periods prior to Marriott's acquisition of ICC, and the Spinco Group shall not be responsible for or liable for any Taxes of ICC or attributable to ICC for any period, and Sodexho and its Affiliates shall be liable for and shall indemnify, defend and hold harmless Marriott against any liability, payment, cost and/or expense (including any Tax liability, lawyers' fees and accountants' fees) ("ICC Tax Liability") incurred by Marriott in respect of any Taxes of ICC or attributable to ICC which are attributable to periods prior to Marriott's acquisition of ICC, and shall indemnify, defend and hold harmless Spinco against any ICC Tax Liability incurred by any member of the Spinco Group in respect of any Taxes of ICC which are attributable to any period.

(g) Notwithstanding any other provision of this Agreement, Marriott and the MMS Group shall be responsible for, and shall be entitled to receive and retain all refunds relating to, all sales, use, and property taxes incurred with respect to the Retained Business for the Pre-Distribution Taxable Period, the Straddle Taxable Period, and the Post-Distribution Taxable Period, and the portion of any reserve for Taxes relating to such sales, use and property Taxes related to the Retained Business shall be retained by Marriott following the Distribution and shall be reflected in the Distribution Date Statement described in Section 2.8(f) of the Distribution Agreement.

Section 3.04 Redetermined Tax Liabilities.

(a) Pre-Distribution Taxable Period Tax Returns. In the case of any

Final Determination regarding a Tax Return for a Pre-Distribution Taxable Period, any Tax Deficiency shall be paid to the appropriate taxing authority by, and any Tax Refund received from the appropriate taxing authority shall be paid to, Spinco, and Marriott shall forward any such Tax Refund to Spinco within ten days after receipt thereof; provided, however, that (i) any Final Determination

respecting consolidated federal income Taxes for the Short Period shall be provided for in Section 3.04(b) hereof, and (ii) any Final Determination respecting sales, use or property Taxes shall be provided for in Section 3.03(g) hereof.

(b) Straddle Period Joint Tax Returns. In the case of any Final

Determination regarding a Straddle Period Tax Return (which, for purposes of this Section 3.04(b), shall include Marriott's consolidated federal income Tax Return for the 1998 Taxable Year), Spinco's allocable share of any Tax Deficiency shall be paid to the appropriate taxing authority by, and Spinco's allocable share of any Tax Refund received from the appropriate taxing authority shall be paid to, Spinco, and Marriott shall forward Spinco's allocable share of any such Tax Refund to Spinco within ten days after receipt thereof. For purposes of this Section 3.04(b), Spinco's allocable share of Tax respecting any Final Determination shall be the excess of (A) Spinco's allocable share of Tax, determined under the principles of Section 3.02(a), with respect to a recomputed Hypothetical Return that takes into account the Final Determination, over (B) Spinco's allocable share of Tax as determined using the most recent Hypothetical Return (either the original Hypothetical Return or a recomputed Hypothetical Return generated with respect to a prior Final Determination). For purposes of this Section 3.04(b), the MMS Group's allocable share of Tax respecting any Final Determination shall be the amount of such Final Determination, less Spinco's allocable share as determined in the immediately preceding sentence. Whether or not there is a Tax Deficiency or Tax Refund or whether or not a payment is required to or from the appropriate taxing authority, Marriott shall make payments to Spinco or receive payments from Spinco based upon the following principles:

(i) Marriott shall make a payment to Spinco in an amount equal to any increase in the MMS Group's allocable share of Tax (including any applicable interest or penalties, which is or has been imposed by any taxing authority with respect to any additional Taxes resulting from such adjustments, or any such interest that would have been imposed but for any offsetting Tax Items) with respect to such Tax Return, less any payments previously made by Marriott to Spinco (or directly to the appropriate taxing authority) or any Refund amount received by Spinco attributable to the MMS Group's allocable share of Tax.

(ii) Spinco shall make a payment to Marriott in an amount equal to any decrease in the MMS Group's allocable share of Tax (including any applicable interest or penalties, which is or has been imposed by any taxing

authority with respect to any additional Taxes resulting from such adjustments, or any such interest that would have been imposed but for any offsetting Tax Items) with respect to such Tax Return, less any payments previously made by Spinco to Marriott (or directly to the appropriate taxing authority) or any Refund amount received by Marriott attributable to the MMS Group's allocable share of Tax.

(iii) Payments made pursuant to subsections (i) and (ii) above shall be adjusted to take into account the amounts of any offsetting adjustments that result in an increase or decrease in the MMS Group's allocable share of Taxes with respect to any Tax Return for another period (as determined under the above principles), resulting from adjustments to Marriott Tax Items in such Final Determination. This Section 3.04 shall be applied in a manner that avoids any duplications of payments.

(c) Liability for Taxes with Respect to Post-Distribution Periods.  
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Except as otherwise provided in Section 3.04(a) or Section 3.04(b) of this Agreement, the Spinco Group shall pay all Taxes and shall be entitled to receive and retain all refunds of Taxes resulting from a Final Determination with respect to periods beginning after the Distribution Date which are attributable to the Spinco Business. Except as otherwise provided in Section 3.04(a) or Section 3.04(b) of this Agreement, the MMS Group shall pay all Taxes and shall be entitled to receive and retain all refunds of Taxes resulting from a Final Determination with respect to periods beginning after the Distribution Date which are attributable to the Retained Business.

(d) Rollover Items. Notwithstanding anything to the contrary in this  
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Agreement, (i) with respect to any tax items for which, pursuant to a Final Determination, taxable income is recognized in a period before the Distribution Date with respect to an asset or other item (including an intangible asset or a capitalized expense) and such items will generate a corresponding tax benefit or benefits (excluding permanent timing changes) to the MMS Group in a tax period ending after the Distribution Date ("Rollover Items"), Marriott shall pay to Spinco an amount equal to the amount of such tax benefit or benefits attributable to such Rollover Items, determined at the highest marginal corporate tax rate set by statute for such periods, and (ii) with respect to any tax items for which, pursuant to a Final Determination, taxable income is recognized by the MMS Group in a taxable period ending after the Distribution Date with respect to an asset or other item (including an intangible asset or a capitalized expense), and such Rollback Items will generate a corresponding tax benefit or benefits (excluding permanent timing changes) to a member of the Spinco Group ("Rollback Items"), Spinco shall pay to Marriott an amount equal to the amount of such tax benefit or benefits attributable to such Rollback Items, determined at the highest marginal corporate tax rate set by statute for such periods. Any payment to be made under this Section 3.04(d) shall be appropriately discounted to the present value of any reduction in Taxes, to reflect the time-value-of-money (the discount rate to be equal to LIBOR plus one percent for the period in which such payment is to be made).

(e) Calculation and Payment of Amounts. Except in the case of Tax

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Returns that include only MMS and the MMS Subsidiaries, all calculations and determinations required to be made pursuant to this Section 3.04 shall be made by Spinco in good faith and on a basis reasonably consistent with prior years. Any payments made by the parties hereunder to each other shall be treated by each of the parties as satisfaction of liabilities of such paying party and shall not be subject to any gross-up or additional payment.

(f) Other Tax Liabilities and Refunds. Any Tax Liability or Refund

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with respect to a Pre-Distribution Taxable Period Joint Tax Return not arising from an adjustment to, or change in, a Tax Item (e.g., change in applicable law) shall be allocated to Spinco. Any Tax Liability or Refund with respect to a Straddle Period Joint Tax Return not arising from an adjustment to, or change in, a Tax Item (e.g., change in applicable law) shall be allocated by Spinco between Spinco and Marriott in a manner consistent with Section 3.02(a) hereof.

(g) The provisions of Section 3.03(d) hereof shall apply with respect to the calculations and allocations to be made by Spinco pursuant to this Section 3.04.

Section 3.05 Carrybacks. Any Tax Refund resulting from the carryback

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by Spinco of any Tax Item arising after the Distribution Date to a Pre-Distribution Taxable Period or a Straddle Period shall be for the account of Spinco, and Marriott shall promptly pay over to Spinco any such Tax Refund that it receives. Spinco shall be permitted to file, and Marriott shall fully cooperate with Spinco in connection with, any such Tax Refund claim. Any Tax Refund resulting from the carryback by Marriott of any Tax Item arising after the Distribution Date (including items allocated to the portion of the Straddle Period after the Distribution Date) to a Pre-Distribution Taxable Period or a Straddle Period shall be for the account of Marriott, provided that to the extent that any carryback by Marriott of any Tax Item arising after the Distribution Date causes a Tax Detriment to the Spinco Group, Marriott shall reimburse Spinco for the cost to the Spinco Group of such Tax Detriment.

## ARTICLE I

### INDEMNITY, TAX NOTICES, AUDITS AND EXCHANGE OF INFORMATION

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Section 4.01 Indemnity for Breach. Spinco shall be liable for and

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shall indemnify, defend and hold harmless the MMS Indemnitees from and against any payment required to be made as a result of the breach by a member of the Spinco Group of any representation, warranty, covenant or agreement under this Agreement. Marriott shall be liable for and shall indemnify, defend and hold harmless the Spinco Indemnitees from and against any payment required to be made as a result of the breach by a member of the MMS Group of any representation, warranty, covenant or agreement under this Agreement.

Section 4.02 Notice of Indemnity Issue. Whenever a party hereto

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becomes aware of the existence of an issue which could increase the liability for any Tax of the other party hereto or any member of its Group or require a payment hereunder (hereinafter an "Indemnatee"), the Indemnatee shall in good faith promptly give notice to such other party (hereinafter the "Indemnitor") of such issue. The failure of any Indemnatee to give such notice shall not relieve any Indemnitor of its obligations under this Agreement except to the extent such Indemnitor or its Affiliate is actually materially prejudiced by such failure to give notice.

Section 4.03 Forwarding Responsibilities. If Marriott or Spinco, or

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any member of the MMS Group or Spinco Group, fails to comply in any respect whatsoever with any of its responsibilities under the Agreement relating to promptly forwarding any communications with and refunds received from any taxing authority ("Forwarding Responsibilities"), then:

(a) If such failure relates to a communication other than a refund, the party failing to fulfill the Forwarding Responsibilities (or any member of such party's Group) shall be liable for and shall indemnify and hold Spinco and the Spinco Group, or Marriott and the MMS Group, as the case may be, harmless from and against any costs or expenses (including Taxes and lawyers' and accountants' fees) ("Indemnified Amount") incurred by or imposed upon the party to receive such communication, or any member of the party's Group, as a result of such delay with respect to such communication.

(b) If such failure relates to a refund, the party failing to fulfill the Forwarding Responsibilities (or any member of such party's Group) shall be liable to Spinco and the Spinco Group, or Marriott and the MMS Group, as the case may be, for the full amount of such refund, plus interest accruing as of the date such communication should have been forwarded at the prime rate as published in The Wall Street Journal, plus any costs or expenses (including lawyers' and accountants' fees) incurred by or imposed upon the party to receive such refund, or any member of the party's Group, as a result of such delay with respect to such refund.

(c) Whenever an Indemnatee receives any written communication by any means from any Governmental Entity that relates to or could have an effect on Taxes for any Pre-Distribution Taxable Period or Straddle Period, the Indemnatee shall immediately thereupon forward such communication to the Indemnitor at the address provided in Section 4.03(d). The failure of any Indemnatee to give such notice shall not relieve any Indemnitor of its obligations under this Agreement except to the extent such Indemnitor or its Affiliate is prejudiced by such failure to give notice.

(d) All communications forwarded pursuant to Sections 4.02 and 4.03 hereunder shall be delivered by hand including overnight business courier or mailed by registered or certified mail (return receipt requested) to the parties at the following addresses (or to such other person as a party hereto shall designate in writing by notice provided under

Section 6.03 hereof):

To Spinco or any member of the Spinco Group:

New Marriott MI, Inc.  
10400 Fernwood Road  
Bethesda, Maryland 20817  
Attention: Senior Vice President-Taxes

To Marriott or any member of the MMS Group:

Sodexo Marriott Services, Inc.  
10400 Fernwood Road  
Bethesda, Maryland 20817  
Attention: Chief Financial Officer

Section 4.04 Audit Matters. Spinco shall have primary responsibility

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for conducting the audit of any Joint Tax Return relating to or having an effect on any Pre-Distribution Taxable Period or Straddle Period, and Spinco shall have primary responsibility for conducting any subsequent litigation relating thereto. Marriott shall have the right, directly or through its designated representatives, to review in advance and comment upon all submissions made in the course of such audits, appeals, or litigation and to be present at, directly or by its representatives, all conferences, meetings or proceedings with any taxing authority, and all appearances before any court, the subject matter of which is or includes an item for which the MMS Group could be liable under this Agreement; in addition, if the disposition, resolution or compromise of such audit or appeal will or might reasonably be expected to result in Marriott having an increased Tax liability, or any other adverse Tax consequence, for any period beginning after the Distribution Date, Marriott shall have the right, exercisable within 10 days of its receipt of notice of a proposed disposition of the audit or appeal, to veto the disposition of any audit adjustment with respect to such periods, such veto not to be unreasonably exercised. Each party shall bear its own internal expenses of participation in such audits, appeals, or litigation. The expenses of hiring outside counsel or accountants by either party with respect to the matters contemplated by this Section 4.04 shall be borne (i) by Spinco for matters relating to Pre-Distribution Taxable Periods (other than periods ending on the Distribution Date), and (ii) 50% by Spinco and 50% by MMS Group for all Straddle Periods (which for these purposes includes those periods ending on the Distribution Date). If Spinco declines to defend any matter provided for in this Section 4.04, Marriott has the right to pay, compromise or contest the matter, and Spinco shall bear Marriott's costs in those actions.

Section 4.05 Cooperation and Exchange of Information.  
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(a) Preparation of Returns. Marriott shall, and shall cause each  
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appropriate member of the MMS Group to, prepare and submit to Spinco, at Marriott's expense, (i) in accordance with past practice, but in no event later than July 1, 1998, all information as Spinco shall reasonably request to enable Spinco to file the Marriott consolidated federal income tax return for the 1997 Taxable Year, and (ii) in accordance with past practice, but in no event later than August 1, 1998, all information that Spinco shall reasonably request to enable Spinco to file any state and local combined or unitary corporate income tax returns for the 1997 Taxable Year. Spinco shall, and shall cause each appropriate member of the Spinco Group to, prepare and submit to Marriott, at Spinco's expense, in accordance with past practice, but in no event later than July 1, 1999, all information as Marriott shall reasonably request to enable Marriott to file the Marriott consolidated federal income tax return for the 1998 Taxable Year (other than the pro forma tax returns for the Spinco Group, which will be provided by December 31, 1998, as provided for in Section 2.02(a) hereof), and (ii) in accordance with past practice, but in no event later than August 1, 1999, all information that Marriott shall reasonably request to enable Marriott to file any state and local combined or unitary corporate income tax returns for the 1998 Taxable Year. Notwithstanding the foregoing provisions of this Section 4.05(a), if the Distribution Date is delayed until after May 31, 1998, then, in order to facilitate the orderly preparation and filing of the tax returns for Marriott for the balance of the 1998 Taxable Year, Spinco, if it so elects under Section 2.03(e) hereof, will prepare at its expense, and submit to Marriott for its review and approval, the Marriott consolidated federal income tax and state income tax returns for the 1998 Taxable Year, and shall take such other steps and shall have such other authority delegated to it by Marriott as Spinco in its discretion shall deem necessary to prepare and file such returns in a timely manner.

(b) Cooperation. Marriott, on behalf of itself and each member of  
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the MMS Group, agrees to provide the Spinco Group with such cooperation and information as Spinco shall reasonably request in connection with the preparation or filing of any Tax Return (or Hypothetical Return) or claim for refund not inconsistent with this Agreement or in conducting any audit or other proceeding in respect to Taxes. Such cooperation and information shall include designation of an officer of Spinco as an officer of Marriott and MMS for the purpose of signing Tax Returns, receiving and cashing refund checks and defending audits as well as promptly forwarding copies of appropriate notices and forms or other communications received from or sent to any taxing authority which relate to the Affiliated Group or the Retained Business and providing copies of all relevant Tax Returns, together with accompanying schedules and related workpapers, documents relating to rulings or other determinations by taxing authorities, including foreign taxing authorities, and records concerning the ownership and Tax basis of property, which either party may possess. It is expressly the intention of the parties to this Agreement to take all actions necessary to establish Spinco as the sole agent for tax purposes of each member of the Affiliated Group with respect to all combined, consolidated and unitary Tax Returns of the Affiliated Group for Pre-Distribution Taxable Periods as if Spinco were the common parent of the Affiliated



Group, and as the sole agent for tax purposes of Marriott for all Tax Returns of Marriott for Pre-Distribution Taxable Periods. Marriott and MMS shall make, or shall cause the members of the MMS Group to make, their employees and facilities available on a mutually convenient basis to provide explanation of any documents or information provided hereunder, without charge to Spinco.

(c) Record Retention. Marriott and Spinco agree to retain all Tax  
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Returns, related schedules and workpapers, and all material records and other documents as required under Section 6001 of the Code and the regulations promulgated thereunder relating thereto existing on the date hereof or created through the Distribution Date, until the expiration of the statute of limitations (including extensions) of the taxable years to which such Tax Returns and other documents relate and until the Final Determination of any payments which may be required in respect of such years under this Agreement. Spinco and Marriott agree to advise each other promptly of any such Final Determination. Any information obtained under this Section 4.05 shall be kept confidential, except as may be otherwise necessary in connection with the filing of Tax Returns or claims for refund or in conducting any audit or other proceeding. Spinco shall be the owner of those Tax Returns, related schedules and workpapers, and all material records and other documents relating to those Tax Returns, relating to all Pre-Distribution Taxable Periods and that portion of the Straddle Period ending on the Distribution Date (except for those Tax Returns, related schedules and workpapers, and all material records and other documents relating to those Tax Returns, prepared and filed by members of the Adjusted MMS Group). Marriott shall be the owner of those Tax Returns, related schedules and workpapers, and all material records and other documents relating to those Tax Returns, relating to all Post-Distribution Taxable Periods and that portion of the Straddle Period following the Distribution Date.

(d) Special Indemnification. If any member of the Spinco Group or

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the MMS Group, as the case may be, supplies information to a member of the other Group pursuant to this Section 4.05 and an officer of the requesting party signs a statement or other document under penalties of perjury in reliance upon the accuracy of such information, then a duly authorized officer of the party supplying such information shall certify upon request, under penalties of perjury, the accuracy and completeness of the information so supplied. Spinco agrees to indemnify and hold harmless each member of the MMS Group and its directors, officers and employees, and Marriott agrees to indemnify and hold harmless each member of the Spinco Group and its directors, officers and employees, from and against any cost, fine, penalty or other expense of any kind attributable to the negligence or willful misconduct of a member of the Spinco Group or the MMS Group, as the case may be, in supplying a member of the other Group with inaccurate or incomplete information.

## ARTICLE I

### MATTERS RELATING TO THE DISTRIBUTION

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#### Section 5.01 Representations of Spinco.

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(a) Spinco hereby represents and warrants to Marriott and Sodexo that, as of the Distribution Date, (i) it has examined the Ruling Documents and (ii) to its best knowledge after due inquiry, the facts presented and the representations made therein (including the representations in the Ruling Documents to the extent that they relate to the plans, proposals, intentions, and policies of Spinco, Marriott and its Subsidiaries) are true, complete and correct.

(b) Spinco hereby represents and warrants to Marriott and Sodexo that it has no plan or intention of taking any action, or failing or omitting to take any action, that would (i) cause the Distribution not to have Tax-Free Status, (ii) cause any representation or factual statement made in the Ruling Documents to be untrue, or (iii) be inconsistent with information provided to the IRS in connection with Tax Ruling.

(c) Spinco hereby represents and warrants to Marriott and Sodexo that the Distribution is not part of a plan (or series of related transactions) pursuant to which any Persons will acquire stock representing a Fifty Percent or Greater Interest in Spinco.

#### Section 5.02 Covenants of Spinco.

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(a) Spinco shall not, and Spinco shall cause each Spinco Group member not to, take any action, or fail or omit to take any action that would (i) cause the Distribution not to have Tax-Free Status, or (ii) cause any representation made in the Ruling Documents to be untrue.

(b) During the two-year period beginning on the Distribution Date, Spinco shall not cease, or permit any of its Subsidiaries or Affiliates to cease to be engaged in the conduct of the active trade or business relied upon for purposes of satisfying the requirements of Section 355(b) of the Code for purposes of the Tax Ruling.

(c) Until the first day after the Restricted Period, Spinco (or any successor thereof) shall not (i) solicit any Person to make a tender offer for the Equity Securities of Spinco or any successor thereof, (ii) participate in or support any unsolicited tender offer for the Equity Securities of Spinco or any successor thereof, or (iii) approve any proposed business combination or any transaction which, in each case, results in any Persons acquiring an interest in Spinco or any successor thereof such that such Persons own a Fifty Percent or Greater Interest in Spinco or any successor thereof; provided, however, that

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this Section 5.02(c) shall not prevent Spinco from purchasing Spinco stock pursuant to a stock purchase program satisfying the requirements of Section 4.05(1)(b) of Rev. Proc. 96-30, 1996-1 C.B. 696.

Section 5.03 Representations of Marriott and Sodexo.  
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(a) Marriott and Sodexo each hereby represents and warrants to Spinco that, as of the Distribution Date, (i) it has examined the Ruling Documents and (ii) to its best knowledge after due inquiry, to the extent descriptive of the MMS Subsidiaries and the Retained Business (including the representations in the Ruling Documents to the extent that they relate to the plans, proposals, intentions, and policies of Marriott with respect to the MMS Subsidiaries or with respect to the Retained Business), the facts presented and the representations made therein are true, complete and correct.

(b) Marriott and Sodexo each hereby represents and warrants to Spinco that it has no plan or intention of taking any action, or failing or omitting to take any action, that would (i) cause the Distribution not to have Tax-Free Status, (ii) cause any representation or factual statement made in the Ruling Documents to be untrue, or (iii) be inconsistent with information provided to the IRS in connection with Tax Ruling.

(c) Marriott and Sodexo each hereby represents and warrants to Spinco that the Distribution is not part of a plan (or series of related transactions) pursuant to which any Persons will acquire stock representing a Fifty Percent or Greater Interest in Marriott or any successor to Marriott.

Section 5.04 Covenants of Marriott and Sodexo.  
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(a) Neither Marriott, Sodexo, nor any Affiliate of Sodexo shall take any action, fail or omit to take any action, or permit any Member of the MMS Group to take any action or fail or omit to take any action, that would (i) cause the Distribution not to have Tax-Free Status or (ii) cause any representation made in the Ruling Documents to be untrue.

(b) During the two-year period beginning on the Distribution Date,

Marriott shall not cease, or permit any of its Subsidiaries or Affiliates to cease, to be engaged in the conduct of the active trade or business relied upon for purposes of satisfying the requirements of Section 355(b) of the Code for purposes of the Tax Ruling.

(c) Until the first day after the Restricted Period, Sodexho will not hold, acquire or exercise any right or interest in Marriott or its successors (including the exercise of any rights respecting the corporate governance of Marriott or its successors), such that Sodexho, and any direct or indirect Subsidiary, parent, Affiliate of, or any Person otherwise related to, or that could be treated as acting pursuant to a plan or arrangement with, Sodexho, will collectively hold a Fifty Percent or Greater Interest in Marriott or any successor thereof.

(d) Until the first day after the Restricted Period, Marriott shall not sell or otherwise issue to any Person (a "Prohibited Sale or Issuance"), or redeem or otherwise acquire from any Person, any Equity Securities of Marriott or any successor thereof; provided, however, that (i) Marriott may issue (x)

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Equity Securities in respect of the Liquid Yield Option Notes due March 25, 2011, and (y) any compensatory options or shares of Marriott stock to employees of Marriott or any of its Subsidiaries where the issuance of such shares or options, or shares of Marriott stock issued pursuant to the exercise of such options, shall not constitute a transaction which results in the acquisition by a Person or Persons such that Sodexho, and any direct or indirect Subsidiary, parent, Affiliate of, or any Person otherwise related to, or that could be treated as acting pursuant to a plan or arrangement with, Sodexho, will collectively hold a Fifty Percent or Greater Interest in Marriott or any successor thereof; and (ii) Marriott may purchase its Equity Securities pursuant to a stock purchase program satisfying the requirements of Section 4.05(1)(b) of Rev. Proc. 96-30, 1996-1 C.B. 696, provided that such purchase will not violate

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the provisions of Section 5.04(f) below.

(e) Until the first day after the Restricted Period, Sodexho shall not (i) individually, or with any direct or indirect Subsidiary, parent, or Affiliate of, or any Person otherwise related to, or that could be treated as acting pursuant to a plan or arrangement with, Sodexho, acquire or hold collectively a Fifty Percent or Greater Interest in Marriott or any successor thereof, and (ii) permit any Equity Securities of Marriott or any successor thereof to be acquired or held in any manner that would allow a Person or group of Persons to hold a Fifty Percent or Greater Interest in Marriott or any successor thereof.

(f) Until the first day after the Restricted Period, Marriott (or any successor thereof) shall not (i) solicit any Person to make a tender offer for the Equity Securities of Marriott or any successor thereof, (ii) participate in or support any unsolicited tender offer for the Equity Securities of Marriott or any successor thereof, or (iii) approve any proposed business combination or any transaction which, in each case, results in any Persons acquiring an interest in Marriott or any successor thereof such that such Persons own a Fifty Percent or Greater Interest in Marriott or any successor thereof.

Section 5.05 Joint Covenants.  
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(a) Any of the provisions of Section 5.02(b) and (c), and Section 5.04(b), (c), (d), (e) and (f) shall be waived with respect to any particular transaction or transactions if Spinco or Marriott has obtained (i) a ruling from the IRS, in form and substance reasonably satisfactory to the other party hereto, to the effect that such proposed transaction will not adversely affect the Tax-Free Status of the Distribution, or (ii) an opinion of counsel, which opinion and counsel shall be reasonably satisfactory to the other party hereto, that to effect the proposed transaction will not adversely affect the Tax-Free Status of the Distribution. Waiver with respect to one transaction or group of transactions shall not constitute a waiver with respect to any other transaction.

(b) Until the first day after the Restricted Period, Marriott, Sodexo and Spinco, as the case may be, will provide written notice to the other party hereto of any action described in Section 5.02 or Section 5.04 hereof, without regard to the exceptions thereto, within a period of time sufficient to enable the other party to seek a Subsequent Ruling or opinion of counsel, or to prepare and seek injunctive relief in a court of competent jurisdiction. Each such notice shall set forth the terms and conditions of the proposed transaction, including the nature of any related action proposed to be taken by the board of directors of Marriott or Spinco, as the case may be, the approximate number of Equity Securities (if any) proposed to be sold or otherwise issued, the approximate value of any assets (or assets of any Affiliates) proposed to be transferred, and the proposed timetable for such transaction, all with sufficient particularity to enable the other party to prepare and seek such Subsequent Ruling or opinion of counsel, or seek such injunctive relief. Promptly, but in any event within 30 days, after the other party receives such written notice from the party seeking to effect the transaction, the party receiving notice shall notify Marriott or Spinco, as the case may be, in writing of any intent to seek a Subsequent Ruling or opinion of counsel. In the event a party intends to seek a Subsequent Ruling, such party must notify the other party of the proposed date for the initial submission thereof, which date shall not be more than 60 days after so notifying Marriott or Spinco of its intent to seek such Subsequent Ruling, provided that such 30-day period (from the preceding sentence) or 60-day period, as the case may be, shall be appropriately extended for any period of noncompliance by Marriott or Spinco with this Section.

(c) Each party hereto shall cooperate with the other party in connection with a party's request for a Subsequent Ruling or opinion of counsel. Such cooperation shall include providing any information and/or representations reasonably requested to enable a party to obtain and maintain any Subsequent Ruling or opinion of counsel. From and after any Representation Date until the first day after the two-year anniversary of the date that a party receives the correlative Subsequent Ruling or opinion of counsel, the parties hereto shall not take (nor refrain from taking) any action that would have caused a representation given in connection with any such Subsequent Ruling or opinion of counsel to have been untrue as of the relevant Representation Date, had such party intended to take (or refrain from taking) such action on the relevant Representation Date.

Section 5.06 Indemnification Relating to the Distribution.  
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(a) Spinco agrees to indemnify, defend and hold harmless the MMS Indemnitees from and against any costs or expenses (including Taxes and lawyers' and accountants' fees) resulting from (i) a breach by Spinco of any representation or covenant hereof; or (ii) the loss of Tax-Free Status by reason of the acquisition by any Person or Persons of a direct or indirect interest in Spinco or any successor thereof such that such Person owns or Persons own a Fifty Percent or Greater Interest in Spinco or any successor thereof.

(b) Marriott and Sodexho agree to indemnify, defend and hold harmless the Spinco Indemnitees from and against any costs or expenses (including Taxes and lawyers' and accountants' fees) resulting from (i) a breach by Marriott or Sodexho of any representation or covenant hereof, or (ii) the loss of Tax-Free Status by reason of the acquisition by any Person or Persons of a direct or indirect interest in Marriott or any successor thereof such that such Person owns or Persons own a Fifty Percent or Greater Interest in Marriott or any successor thereof.

Section 5.07 Changes Resulting from Tax Ruling Process. To the  
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extent the IRS requires the parties to change the transactions undertaken in connection with the Distribution or acquisition of ICC, or to change the rights and obligations of the parties respecting the Distribution or acquisition of ICC, in order for the parties to obtain the Tax Ruling, or the IRS requires representations or covenants from the parties that are not contained in this Article 5 (and such representations or covenants are material), and the parties hereto agree to any such changes pursuant to Section 6.12 of the Merger Agreement, the parties hereto agree to amend this Agreement and revise the representations and covenants of this Article V to reflect such changes.

Section 5.08 Injunction. The parties hereto agree that the payment  
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of monetary compensation would not be an adequate remedy to a breach of the obligations contained in Section 5.02(a) and (c) and Section 5.04(a), (c), (d), (e) and (f) hereof, and each party consents to the issuance and entry of an injunction to prevent a breach of the obligations contained in those Sections; provided, however, that the foregoing shall be without prejudice to and shall not constitute a waiver of any other remedy either party may be entitled to at law or at equity hereunder.

Section 5.09 Procedures Regarding Transfer Restriction  
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(a) Marriott shall not knowingly give effect on its books to any purported transfer of shares of Marriott's common stock in violation of Article 7 of Marriott's Certificate of Incorporation.

(b) Marriott shall give its transfer agent stop-transfer instructions with respect to any proposed transfers of Marriott's common stock by Sodexho that would be in violation of

Article 7 of Marriott's Certificate of Incorporation or the Stockholder Agreement dated as of the date hereof between Marriott and Sodexo.

(c) In the event that the Board of Directors of Marriott is provided with an opinion of counsel pursuant to Section 6 of Article 7 of Marriott's Certificate of Incorporation, Marriott shall provide a copy of such opinion to Spinco. Within seven days of receipt of such opinion, Spinco shall provide written notice to Marriott as to whether such opinion is satisfactory to Spinco in its reasonable discretion in accordance with the terms of such Section 6 of Article 7.

## ARTICLE I

### MISCELLANEOUS

Section 6.01 Expenses. Except as otherwise expressly provided in

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this Agreement or in the Distribution Agreement, each party shall bear any and all expenses that arise from their respective obligations under this Agreement.

Section 6.02 Amendment. This Agreement may not be amended except by

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an agreement in writing, signed by the parties hereto. Anything in this Agreement or the Distribution Agreement to the contrary notwithstanding, in the event and to the extent that there shall be a conflict between the provisions of this Agreement and the Distribution Agreement, the provisions of this Agreement shall control.

Section 6.03 Notices. All notices and other communications

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hereunder, excepting those notices provided for in Sections 4.02 and 4.03 hereunder, shall be in writing and shall be delivered by hand including overnight business courier or mailed by registered or certified mail (return receipt requested) to the parties at the following addresses (or at such other addresses for a party as shall be specified by like notice) and shall be deemed given on the date on which such notice is received:

To Spinco or any member of the Spinco Group:

New Marriott MI, Inc.  
10400 Fernwood Road  
Bethesda, Maryland 20817  
Attention: Senior Vice President-Taxes

With a copy to:

O'Melveny & Myers LLP  
555 13th Street, NW  
Suite 500 West  
Washington, DC 20004  
Attention: Jeffrey J. Rosen

To Sodexho, Marriott or any member of the MMS Group:

Sodexho Marriott Services, Inc.  
10400 Fernwood Road  
Bethesda, Maryland 20817  
Attention: Chief Financial Officer

With a copy to:

Davis Polk & Wardwell  
450 Lexington Avenue  
New York, New York 10017  
Attention: Paul R. Kingsley

Section 6.04 Resolution of Disputes. Any disputes between the parties

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with respect to this Agreement shall be resolved by a "Big Six" public  
accounting firm or a law firm satisfactory to Spinco and Marriott, whose fees  
and expenses shall be shared equally by Spinco and Marriott.

Section 6.05 Application to Present and Future Subsidiaries. This

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Agreement is being entered into by Spinco and Marriott on behalf of themselves  
and each member of the Spinco Group and MMS Group, respectively. This Agreement  
shall constitute a direct obligation of each such member and shall be deemed to  
have been readopted and affirmed on behalf of any corporation which becomes a  
member of the Spinco Group or MMS Group in the future. Spinco and Marriott  
hereby guarantee the performance of all actions, agreements and obligations  
provided for under this Agreement of each member of the Spinco Group and the MMS  
Group, respectively. Spinco and Marriott shall, upon the written request of the  
other, cause any of their respective group members formally to execute this  
Agreement. This Agreement shall be binding upon, and shall inure to the benefit  
of, the successors, assigns and persons controlling any of the corporations  
bound hereby for so long as such successors, assigns or controlling persons are  
members of the Spinco Group or the MMS Group or their successors and assigns.

Section 6.06 Term. This Agreement shall commence on the date of

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execution indicated below and shall continue in effect until otherwise agreed to  
in writing by Spinco and Marriott, or their successors.

Section 6.07 Legal Enforceability. Any provision of this Agreement

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which is prohibited or unenforceable in any jurisdiction shall, as to such  
jurisdiction, be ineffective to the extent of such prohibition or  
unenforceability without invalidating the remaining provisions hereof. Any such  
prohibition or unenforceability in any jurisdiction shall not invalidate or  
render unenforceable such provision in any other jurisdiction. Without  
prejudice to any rights or remedies otherwise available to any party hereto,  
each party hereto



acknowledges that damages would be an inadequate remedy for any breach of the provisions of this Agreement and agrees that the obligations of the parties hereunder shall be specifically enforceable.

Section 6.08 Governing Law. This Agreement shall be governed by the  
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laws of the State of New York.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date above first written.

MARRIOTT INTERNATIONAL, INC.

By: /s/ LAWRENCE E. HYATT

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Name: Lawrence E. Hyatt  
Title: Vice President

NEW MARRIOTT MI, INC.

By: /s/ RAYMOND G. MURPHY

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Name: Raymond G. Murphy  
Title: Vice President and Treasurer

SODEXHO ALLIANCE S.A.

By: /s/ BERNARD CARTON

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Name: Bernard Carton  
Title: Senior Vice President and  
Chief Financial Officer

## LYONS ALLOCATION AGREEMENT

This LYONS Allocation Agreement (the "Agreement") is entered into this 27th day of March, 1998 between NEW MARRIOTT MI, INC., a Delaware corporation to be renamed "Marriott International, Inc." ("New Marriott"), MARRIOTT INTERNATIONAL, INC., a Delaware corporation to be renamed "Sodexo Marriott Services, Inc." ("SMS"), and SODEXHO ALLIANCE, S.A., a societe anonyme organized under the laws of France ("Sodexo").

## RECITALS

WHEREAS, New Marriott and SMS have entered into a Distribution Agreement dated as of September 30, 1997, as amended, which provides for, among other things, (i) the distribution (the "Distribution") to the holders of SMS's outstanding shares of common stock, par value \$1.00 per share (the "SMS Common Stock"), on a share-for-share basis, of all the outstanding shares of capital stock of New Marriott, which as of the Distribution will be Common Stock, par value \$0.01 per share, of New Marriott ("New MAR Common Stock") and Class A Common Stock, par share \$0.01 per share, of New Marriott ("New MAR-A Common Stock," and, collectively with the New MAR Common Stock, the "New Marriott Common Stock"), (ii) the division between New Marriott and SMS of certain assets and liabilities and (iii) certain other agreements governing the relationship between New Marriott and SMS following the Distribution;

WHEREAS, SMS has issued and outstanding Liquid Yield Option(R) Notes due 2011 ("Securities"), issued pursuant to an Indenture dated as of March 25, 1996, as amended by a First Supplemental Indenture dated as of April 2, 1996, between SMS and The Bank of New York, as trustee (the "Indenture");

WHEREAS, the Distribution Agreement provides that SMS and New Marriott shall enter into this Agreement on or prior to the date the Distribution is effected (the "Distribution Date"), in order to provide for the adjustments and assumption of obligations set forth herein; and

WHEREAS, Sodexo is entering into this Agreement in accordance with the terms of the Agreement and Plan of Merger, dated as of September 30, 1997, as amended, among the parties hereto and certain of their affiliates and the transactions contemplated thereby, as a result of which, among other things, Sodexo will (x) become a substantial stockholder of SMS on the Distribution Date and (y) otherwise derive significant benefits.

NOW, THEREFORE, in consideration of the mutual agreements, provisions and covenants set forth herein, the parties hereby agree as follows:

Section 1. Capitalized Terms. Capitalized terms used herein, and not ----- defined herein, shall have the meanings ascribed to such terms in the Indenture.

Section 2. Execution of Second Supplemental Indenture. SMS and New  
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Marriott agree to amend the terms of the Indenture by executing the Second Supplemental Indenture in the form attached hereto as Exhibit A (the "Second Supplemental Indenture") on or prior to the Distribution Date. (The "Indenture" as referred to hereinafter shall mean the Indenture, as amended by the Second Supplemental Indenture.) SMS agrees to deliver to the Trustee an Officer's Certificate and an Opinion of Counsel, in form and substance satisfactory to the Trustee, stating that the amendments contained in the Second Supplemental Indenture are authorized or required pursuant to Sections 5.01, 9.01(2) and 9.01(4) of the Indenture. New Marriott and SMS agree to take all such other action as may be reasonably necessary to cause the Trustee to execute the Second Supplemental Indenture.

Section 3. SMS Allocable Payment Obligation. Pursuant to the Second  
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Supplemental Indenture, (a) New Marriott will become the Successor Company to SMS as contemplated by Article 5 of the Indenture, and (b) SMS will assume responsibility for, and agree to pay, nine percent (9%) of the amount of each payment required to be made by New Marriott, as the Successor Company, under the terms of the Indenture or any Securities issued thereunder with respect to Principal Amount, Issue Price, accrued Original Issue Discount, Redemption Price, Purchase Price, Change

in Control Purchase Price and interest (if any) with respect to the Securities (the "SMS Allocable Payment Obligation"); provided that the SMS Allocable Payment Obligation shall not include any amounts required to be paid by New Marriott as interest pursuant to paragraph 1 of the Securities as a result of New Marriott's failure to satisfy the Company Allocable Payment Obligation (as defined below).

Section 4. Company Allocable Payment Obligation. Any payments by SMS

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in satisfaction of the SMS Allocable Payment Obligation shall be deemed to relieve New Marriott of its obligations under the Indenture to the extent of such payments by SMS. Subject to the SMS Allocable Payment Obligations, New Marriott shall assume and retain all obligations with respect to payments under the Indenture or with respect to any Securities issued thereunder, including, without limitation, the obligation (i) to make payment of the SMS Allocable Payment Obligation in the event SMS fails to make such payment as provided in Section 3 and (ii) in any event, to pay an amount equal to ninety-one percent (91%) of each payment required to be made under the terms of the Indenture with respect to Principal Amount, Issue Price, accrued Original Issue Discount, Redemption Price, Purchase Price, Change in Control Purchase Price and interest (if any) with respect to the Securities (the "Company Allocable Payment

Obligation").

Section 5. Direct Payment by New Marriott.

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(a) Upon a default by SMS in its payment obligations under the Indenture, New Marriott shall have the right to pay all or any portion of the SMS Allocable Payment Obligation directly to the Paying Agent or the Trustee for the Securities.

(b) New Marriott shall also have the right, by giving written notice to SMS at least 30 Business Days prior to the Purchase Date, to elect to pay all or a portion of the SMS Allocable Payment Obligation for the purchase of Securities directly to the Paying Agent or Trustee through the delivery of Common Stock, as provided for in Section 3.08(b) of the Indenture. If New Marriott makes such election, the amount due from SMS under the Indenture shall be paid directly to New Marriott on the date such amount is due from SMS under the Indenture.

(c) In the event that New Marriott is obligated to pay any amounts payable by or on behalf of SMS pursuant to this Agreement or the Indenture, SMS shall be required to pay to New Marriott upon demand any amounts paid by New Marriott, together with interest on any such amounts at the Prime Rate (as defined below), calculated from the date such payment was due from SMS

under the Indenture to the date such payment is made by SMS to New Marriott.  
"Prime Rate" means the "prime rate" as quoted from time to time in the "Money Rates" section of The Wall Street Journal or, if the "prime rate" is no longer  
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quoted there, the "prime", "base" or "reference rate" as announced from time to time by Citibank, N.A.

Section 6. Issuance of SMS Stock Upon Conversion of Securities.  
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(a) Following the record date for the Distribution (the "Distribution Record Date"), upon conversion of Securities as provided in Article 11 of the Indenture, Securityholders shall have the right to receive for each \$1,000 face amount of Securities: (1) 8.760 shares of SMS Common Stock, and (2) 8.760 shares of New MAR Common Stock and 8.760 shares of New MAR-A Common Stock, in each case subject to further adjustment in accordance with Article 11 of the Indenture. The foregoing rights are being provided to the Securityholders pursuant to a determination by the Board of Directors of SMS under Section 11.10 of the Indenture that such rights enable the Securityholders to participate in the Distribution on a basis that is fair and appropriate in light of the basis on which holders of SMS Common Stock participate in the Distribution, and that, by virtue of such rights being provided, no adjustment need



be made pursuant to the Indenture, including Section 11.08 or 11.14 thereof, on account of the Distribution.

(b) SMS currently anticipates effecting a one-for-four reverse stock split (the "Reverse Stock Split") on or about the Distribution Date (the date on which the Reverse Stock Split is effected, the "Effective Date"). If so effected, pursuant to Section 11.06 and 11.06A of the Indenture, immediately after the Effective Date, Securityholders shall have the right to receive, in lieu of 8.760 shares of SMS Common Stock as set forth in Section 6(a) above, 2.190 shares of SMS Common Stock for each \$1,000 face amount of Securities.

(c) SMS agrees to issue and deliver shares of SMS Common Stock upon the conversion of Securities on the dates and in the manner set forth in Article 11A of the Indenture.

Section 7. Notice to Securityholders. SMS has delivered a notice

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to Securityholders (and, if the Reverse Stock Split is to be effected, filed such notice with the Trustee and the Conversion Agent), reasonably satisfactory in form and substance to New Marriott, at least 15 days prior to the Distribution Record Date that describes the basis on which Securityholders will participate in the Distribution and the matters set forth in this Agreement and the Second Supplemental

Indenture, and, if the Reverse Stock Split is to be effected, that states the Effective Date.

Section 8. Redemption of Securities.  
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(a) New Marriott Initiated Redemption. New Marriott may exercise its  
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right to redeem any Securities in accordance with Article 3 of the Indenture, without obtaining the prior consent of SMS. In the event New Marriott calls for a redemption of any Securities, (x) New Marriott will provide to SMS a copy of the notice given to the Trustee in accordance with Section 3.01 of the Indenture and (y) New Marriott must deposit with the Paying Agent the entire Redemption Price for the Securities to be redeemed (including, without limitation, the portion attributable to the SMS Allocable Payment Obligation) on the date and in the manner set forth in the Indenture. The portion of such Redemption Price constituting the SMS Allocable Payment Obligation shall be paid by SMS to New Marriott on the applicable Redemption Date in the same manner that New Marriott is obligated to deposit with the Paying Agent the Redemption Price.

(b) No SMS Initiated Redemptions. SMS shall have no right to initiate  
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a redemption of any Securities.

Section 9. Special Tax Event Conversion. New Marriott shall have  
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the sole power to elect, pursuant to Article 12 of the Indenture, to make cash interest payments, and SMS agrees to make cash interest payments on the SMS Allocable

Payment Obligation in the event New Marriott makes such election.

Section 10. Sodexo Obligations.  
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(a) Sodexo Guarantee. Sodexo hereby unconditionally guarantees to  
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New Marriott prompt and timely payment and performance of all of the obligations of SMS under this Agreement and the Indenture, other than the obligation to deliver SMS Common Stock upon conversion of the Securities pursuant to Section 11A of the Indenture and Section 6 hereof. The obligations of Sodexo under this Section 10 shall be unconditional, absolute and irrevocable. Sodexo will pay, on demand by New Marriott, any amounts not timely paid by SMS under this Agreement and the Indenture.

(b) Direct Obligations of Sodexo. To the extent that SMS is not  
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permitted or obligated to make any payment hereunder or under the Indenture for any reason whatsoever, Sodexo agrees to make such payment directly to New Marriott or the Trustee, as the case may be, and shall indemnify New Marriott for any losses, costs or expenses incurred by New Marriott as a result of SMS not being permitted or obligated to make any such payments.

(c) Obligations Unconditional. Sodexo agrees that its obligations  
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hereunder shall be unconditional, irrespective of the validity, legality or enforceability of the underlying

obligations of SMS, the failure of New Marriott to assert any claim or demand or to exercise any right or remedy against SMS or any other person under the provisions hereof or of the Indenture or any other agreement or otherwise, the absence of any action to enforce the underlying obligations of SMS or any other circumstance that might otherwise constitute a legal or equitable discharge or defense of a guarantor (including any rescission, waiver, amendment, extension, renewal or modification of any of the terms or provisions hereof or any of the agreements under which the underlying obligations of SMS arise or any other instrument or agreement). Sodexo hereby waives diligence, presentment, demand, any right to require a proceeding first against any other person, protest or notice with respect to the underlying obligations of SMS and all demands whatsoever and also waives notice of protest for nonpayment or nonperformance. Sodexo covenants that its obligations in this Section 10 will not be discharged except by complete performance of the obligations contained herein. These obligations will not be affected by, and will remain in full force and effect notwithstanding, any bankruptcy, insolvency, liquidation or reorganization of SMS. No delay or omission by New Marriott to exercise any right under this Section 10 shall impair any such right, nor shall it be construed to be a waiver thereof. No amendment, modification, termination or waiver of any provision

of these obligations, or consent to any departure by Sodexo therefrom, shall in any event be effective without the written concurrence of New Marriott. No waiver of any single breach or default under these obligations shall be deemed a waiver of any other breach or default.

Section 11. New Marriott Indemnity. In connection with SMS's

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assumption or retention of certain obligations regarding the Securities, New Marriott agrees to indemnify SMS for losses, costs or expenses resulting from a determination that interest paid by SMS with respect to such obligations (including for this purpose any extension, renewal or refinancing of such obligations) is not deductible for federal income tax purposes.

Section 12. Repayment to SMS. If New Marriott receives any money

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or securities from the Trustee pursuant to Section 3.14 or Section 8.02 of the Indenture, New Marriott shall pay to SMS any such money or securities that are attributable to the SMS Allocable Payment Obligation. Such payment to SMS shall occur on the next Business Day after New Marriott receives such money or securities from the Trustee. If New Marriott fails to make payment on such date, the amount ultimately returned to Sodexo shall include interest from the date such payment was to be made to SMS to the date of payment at the Prime Rate.

Section 13. Certain Representations. Each party hereto represents

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to the other parties hereto that this Agreement

is enforceable against such party in accordance with its terms.

Section 14. Compliance with Indenture.  
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(a) New Marriott agrees to comply with all of its obligations under the Indenture, and not to take any action that would cause any Event of Default under the Indenture.

(b) SMS agrees to comply with all of its obligations under the Indenture, and not to take any action that would cause an Event of Default under the Indenture.

Section 15. Remedies. New Marriott and SMS acknowledge and agree  
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that money damages would be inadequate relief from any breach of threatened breach of their obligations hereunder, and that either party shall be entitled to injunctive or other equitable relief for any breach or threatened breach thereof.

Section 16. Severability. The invalidity or partial invalidity or  
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unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provisions.

Section 17. Choice of Law. THIS AGREEMENT SHALL BE CONSTRUED UNDER  
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AND ENFORCED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO PRINCIPLES OF CONFLICT OF LAWS.

Section 18. Entire Agreement. This Agreement and the Indenture  
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constitute the entire agreement and understanding

between the parties with respect to its subject matter, are intended as a complete and exclusive statement of the terms of their agreement with respect to the Securities and supersede any prior or contemporaneous agreement or understanding related to the subject matter hereof. To the extent that there is any conflict between the terms of the Indenture and the terms of this Agreement, the terms of the Indenture shall control.

Section 19. Amendments. This Agreement may not be amended,  
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supplemented or modified in any respect except by written agreement between the parties, duly signed by their respective authorized representatives.

Section 20. Counterparts. This Agreement may be executed in one or  
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more counterparts, each of which shall be deemed an original, and all such counterparts together shall constitute but one and the same instrument.

Section 21. Waiver. Either party may specifically waive any breach  
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of this Agreement by the other party, but no such waiver shall be deemed effective unless in writing, signed by the waiving party, and specifically designating the breach waived. No waiver shall constitute a continuing waiver of similar or other breaches.

Section 22. Notices. Any notice required or permitted hereunder  
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shall be delivered in the manner set forth in sections 13.02 and 13.02A of the Indenture.

Section 23. Headings. The descriptive headings of the several

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Sections of this Agreement are for convenience only and do not constitute a part of the Agreement or affect its meaning or interpretation.



IN WITNESS WHEREOF, the duly authorized representatives of the parties have executed this LYONS Allocation Agreement as of the date first written above.

NEW MARRIOTT MI, INC. (To Be Renamed  
"Marriott International, Inc.")

By: /s/ Raymond G. Murphy

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Title: Vice President and Treasurer

MARRIOTT INTERNATIONAL, INC. (To Be  
Renamed "Sodexo Marriott Services,  
Inc.")

By: /s/ Lawrence E. Hyatt

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Title: Vice President

SODEXHO ALLIANCE, S.A.

By: /s/ Bernard Carton

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Title: Senior Vice President and Chief  
Financial Officer

Amendment No. 3 to  
Distribution Agreement

Amendment No. 3 dated as of March 3, 1998 (this "Amendment") between Marriott International, Inc. ("Old MII") (the name of which will be changed to Sodexo Marriott Services, Inc. on or about the Amendment Effective Date), Host Marriott Corporation ("Host Marriott"), Host Marriott Services Corporation ("HMSC") and New Marriott MI, Inc. ("New MII") (the name of which will be changed to Marriott International, Inc. on or about the Amendment Effective Date) to Distribution Agreement dated as of September 15, 1993, among Old MII and Host Marriott (as successor by change of name to Marriott Corporation), as amended by Amendment No. 1 dated as of December 29, 1995 and Amendment No. 2 dated as of June 21, 1997, each among Old MII, Host Marriott, and HMSC (the Distribution Agreement, as amended by Amendments No. 1 and No. 2, the "Present Agreement"). All capitalized terms used herein, unless otherwise defined herein, shall have the same meanings as set forth in the Present Agreement.

Recitals:

Whereas, Pursuant to a Distribution Agreement dated as of September 30, 1997 between Old MII and its wholly-owned subsidiary, New MII (the "SMS Distribution Agreement"), Old MII intends to "spin off" to its shareholders New MII, which will directly or through subsidiaries own all or substantially all of Old MI's lodging, senior living and distribution services businesses; and

Whereas, immediately following the spin off, (i) New MII will be renamed "Marriott International, Inc." and (ii) Old MI's food service and facilities management division, which will be the only business remaining in Old MII, will enter into a business combination with Sodexo Alliance's North American operations, after which Old MII will be renamed "Sodexo Marriott Services, Inc."; and

Whereas, The spin-off and related transactions (the "1998 Spin Off") are more fully described in Old MII's definitive Proxy Statement dated February 12, 1998 which was filed with the Securities and Exchange Commission; and

Whereas, in connection with the 1998 Spin Off, Old MII and New MII have requested that New MII assume all of Old MI's rights and obligations under the Present Agreement, and that Old MII be released from all obligations under the Present Agreement other than those relating to the businesses which Old MII will retain after the Spin Off; and

Whereas, the parties hereto are, subject to the terms and conditions set forth below, are amenable to amending the Present Agreement and agree to do so as hereafter provided.

Agreement:

Now, therefore, it is agreed:

I. Assignment, Assumption, and Release. In consideration of the mutual covenants and agreements set forth below, HMSC and Host Marriott hereby agree with Old MII and New MII that from and after the closing of the 1998 Spin Off (the "Amendment Effective Date"):

1. New MII assumes and shall be liable for all liabilities and obligations of Old MII under the Present Agreement (including, without limitation, the indemnification under Section 5.02 for MII Liabilities, which include HMT's pre-distribution guaranty of certain [Inflight industrial development revenue bonds] and certain obligations with respect to the Athens, Greece and Cairo, Egypt Marriott hotels from which Host Marriott was not released at the time of the Distribution) and Old MII shall be released from any and all such liabilities and obligations, whether such liabilities or obligations arose before or may arise after the Closing, provided that any such liabilities or obligations which are also "Retained Liabilities" within the meaning of the SMS Distribution Agreement shall, with respect to HMSC and Host Marriott, remain joint and several obligations of New MII and Old MII.

2. Except to the extent that they refer to historical events which took place prior to the Amendment Effective Date and subject to the proviso to paragraph 1 above, all references to "MII" in the Present Agreement shall be deemed to refer to New MII, and not Old MII, as if New MII, and not Old MII were originally the named entity.

3. New MII shall succeed to all rights, title and interest of Old MII in and under the Present Agreement, provided that Old MII shall retain all rights, title and interest under the Present Agreement to the extent related to the "Retained Business" within the meaning of the SMS Distribution Agreement.

A. Reference to and Effect on the Agreement. On and after the Amendment Effective Date each reference in the Present Agreement to "this Agreement", "hereunder", "hereof" or words of like import referring to the Agreement shall mean and be a reference to the Present Agreement as amended hereby. Except as specifically amended hereby, the Present Agreement is and shall continue to be in full force and effect and is hereby in all respects ratified and confirmed. The execution, delivery and effectiveness of this Amendment shall not, except as expressly provided herein, operate as a waiver of any provision of the Agreement.

B. Termination Prior to Amendment Effective Date. This Amendment No. 2 will be automatically canceled and its provisions will be of no further force or effect if Old MII and New MII notify Host Marriott and HMSC in writing prior to the Amendment Effective Date that they no longer intend to go forward with the 1998 Spin Off.

C. Execution in Counterparts. This Amendment may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed to be an original and all of which taken together shall constitute but one and the same agreement.

D. Governing Law. This Amendment shall be governed by, and construed in accordance with, the laws of the State of Maryland.

In witness whereof, the parties hereto have caused this Amendment to be executed and delivered by their respective duly authorized officers as of the date first written above.

Old MII:  
  
Marriott International, Inc. (to be renamed Sodexo Marriott Services, Inc.)  
  
By: /s/ James L. Best  
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James L. Best  
Authorized Signatory

Host Marriott:  
  
Host Marriott Corporation  
  
By: /s/ C.G. Townsend  
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Its: Senior Vice President  
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New MII:  
  
New Marriott MI, Inc. (to be renamed Marriott International, Inc.)  
  
By: /s/ James L. Best  
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James L. Best  
Authorized Signatory

HMSC:  
  
Host Marriott Services Corporation  
  
By: /s/ Joe P. Martin  
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Its: SR VP & General Counsel  
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RESTATED NONCOMPETITION AGREEMENT  
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THIS RESTATED NONCOMPETITION AGREEMENT ("Agreement") is made and entered into as of March 3, 1998, by and between HOST MARRIOTT CORPORATION, a Delaware corporation ("Host Marriott"), NEW MARRIOTT MI, INC., a Delaware corporation (to be renamed Marriott International, Inc.) ("New Marriott"), and, subject to Section 5.14 hereof, MARRIOTT INTERNATIONAL, INC., a Delaware corporation (to be renamed Sodexo Marriott Services, Inc.) ("SMS"). As used in this Agreement, and subject to the provisions of Section 5.14 hereof with respect to Marriott International, the terms "Host Marriott" and "Marriott International" shall mean Host Marriott and New Marriott, respectively, and their respective Subsidiaries and Affiliates, other than any Subsidiaries and Affiliates in which the respective direct or indirect ownership interest of Host Marriott or Marriott International is less than fifty percent (50%).

WHEREAS, SMS and Host Marriott entered into a Noncompetition Agreement dated as of October 8, 1993, as amended (the "Original Agreement"), in connection with and pursuant to that certain Distribution Agreement between them dated as of September 15, 1993, (as thereafter amended from time to time, "Distribution Agreement").

WHEREAS, on December 29, 1995, Host Marriott spun off certain of the businesses subject to the Original Agreement through a distribution of the stock of its then subsidiary, Host Marriott Services Corporation ("HMSC"), to its shareholders, and accordingly, SMS, Host Marriott and HMSC entered into an amendment dated as of December 29, 1995 to the Original Agreement which added HMSC as a party (the Original Agreement, as so amended, the "Existing Agreement").

WHEREAS, on October 1, 1997, SMS announced its intention to spin off to its shareholders a new company, New Marriott, which will directly or through subsidiaries own all or substantially all of Marriott International's lodging, senior living and distribution services businesses; and to rename SMS, the corporate entity which will retain its management services business, Sodexo Marriott Services, Inc.

WHEREAS, as a result of consummation the two spin off transactions described above, the businesses subject to the Existing Agreement will be owned by four separate companies, Host Marriott, HMSC, SMS, and Marriott International; with the result that four companies would need to be participate in any and every future modification of or waiver under the Existing Agreement, even though any such waiver or modification would likely have no relevance to two of the four companies.

WHEREAS, New Marriott, SMS, Host Marriott and HMSC now wish to replace the Existing Agreement with two bilateral agreements, of which this Agreement is one, each covering only that subset of the businesses covered by the Existing Agreement which are germane to such parties and each of which is to be deemed by the parties thereto to be a continuation of the Original Agreement with respect to such parties; and accordingly are entering into an Acknowledgment and Release substantially in the form of Exhibit A attached hereto.

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NOW, THEREFORE, in consideration of the premises and the mutual covenants contained herein and for other valuable consideration, the receipt and sufficiency of which are hereby mutually acknowledged, Host Marriott and Marriott International agree as between themselves to Amend and Restate the Existing Agreement as follows:

ARTICLE ONE  
DEFINITIONS

1. Definitions. The following terms when used herein shall have the meaning set forth below:

"Affiliates" shall mean any Person directly or indirectly controlling or

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controlled by, or under direct or indirect common control with, Host Marriott or Marriott International, as the case may be. For purposes of this definition "control", when used with respect to any Person, means the power to direct the management and policies of such Person, directly or indirectly, through the ownership of voting securities, by contract, or otherwise. Notwithstanding the foregoing, Host Marriott's Affiliates shall not include Marriott International or its Subsidiaries or Affiliates, and Marriott International's Affiliates shall not include Host Marriott or its Subsidiaries or Affiliates.

"Common Name" shall mean any single or multiple hotel management or

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franchise system operating under one or more common brand names.

"Compete" shall mean (i) to conduct or participate or engage in, or bid for

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or otherwise pursue a business, whether as a principal, sole proprietor, partner, stockholder, or agent of, or consultant to or manager for, any Person or in any other capacity, or (ii) have any ownership interest in any Person or business which conducts, participates or engages in, or bids for or otherwise pursues a business, whether as a principal, sole proprietor, partner, stockholder, or agent of, or consultant to or manager for, any Person or in any other capacity.

"Conference Centers" shall mean the facilities for conferences and meetings

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of groups and associations (together with the lodging, food and other services related thereto), principally utilized by Persons belonging to or affiliated with educational, health care, governmental, corporate or other organizations, or other facilities marketed primarily for such conference and group meeting business, such as the U.S. Postal Service Conference Center located in Norman, Oklahoma, substantially as it is being operated by Marriott International as of October 8, 1993.

"Effective Period" shall mean that period commencing on October 8, 1993 and

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automatically terminating without further documentation on October 8, 2000.

"Hotel Management Business" means the business of managing, operating or

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franchising limited service or full service hotel properties with respect to matters incident to the operation of such properties including, without limitation, management services with respect to food, beverages, housekeeping, laundry, vending, plant and equipment operation and maintenance, grounds care, gift or merchandise shops within such properties, reservations, sales and marketing services, conference and meeting facilities, health rooms, swimming and other sports facilities and all other services related to the operation of such hotel properties.

"Host Marriott" shall have the meaning set forth in the first paragraph of

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this Agreement.

"Marriott International" shall have the meaning set forth in the first

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paragraph of this Agreement.

"New Marriott" shall have the meaning set forth in the first paragraph of

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this Agreement.

"New Marriott Spinoff" means the spinoff of New Marriott to the

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shareholders of SMS which was announced on October 1, 1997 and is expected to be consummated on or about March 27, 1998.

"Person" shall mean any person, firm, corporation, general or limited

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partnership, association, or other entity.

"SMS" shall have the meaning set forth in the first paragraph of this

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Agreement.

"Subsidiaries" shall mean corporations or other entities which are more

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than fifty percent (50%) owned, directly or indirectly, by Host Marriott or Marriott International, as the case may

be, and partnerships in which Host Marriott or Marriott International, as the case may be, or a subsidiary corporation, is a general partner.

"Territory" shall mean the United States, Canada, and their respective  
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territories and protectorates.

"Transfer" shall mean the sale, conveyance, disposal of or other transfer  
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of ownership, title or other interest.

Any capitalized terms defined in the Distribution Agreement and used herein shall have the meanings ascribed to them in the Distribution Agreement unless otherwise defined herein. By this reference, the Distribution Agreement is incorporated in this Agreement.

ARTICLE TWO  
NONCOMPETITION WITH RESPECT TO THE MMS BUSINESS

2. [Intentionally deleted].

ARTICLE THREE  
NONCOMPETITION WITH RESPECT TO THE HOST BUSINESS

3. [Intentionally deleted].

ARTICLE FOUR  
NONCOMPETITION WITH RESPECT TO THE HOTEL MANAGEMENT BUSINESS

4.1 Certain Restrictions on Host Marriott.  
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A. Except as provided in Sections 4.1.B., 4.1.C. and 4.1.D., Host Marriott shall be entitled to (i) own, lease, acquire and develop hotel properties, (ii) operate or manage (self-managed or managed by a third party) Host Marriott's hotel properties, and (iii) Compete in the Hotel Management Business.

B. Host Marriott shall not own, lease or subsequently acquire any hotel properties using the names "Marriott", "Courtyard", "Residence Inn" or "Fairfield" unless Marriott International



is operating, managing or franchising such properties pursuant to an agreement with Host Marriott.

C. Notwithstanding the foregoing Section 4.1.A., during the Effective Period, but solely with respect to hotel properties acquired subsequent to the Effective Date, Host Marriott shall comply with the following restrictions:

(i) Host Marriott may operate an unlimited number of hotel properties so long as Host Marriott does not operate more than ten (10) such properties under a Common Name.

(ii) Host Marriott may contract with a third party manager for operation of an unlimited number of hotel properties so long as the number so operated is not more than the greater of (a) ten (10) such properties operated under a common name or (b) twenty-five percent (25%) of the system operated by such manager or managers under a Common Name.

(iii) Host Marriott may franchise as franchisor an unlimited number of hotel properties so long as Host Marriott is not franchisor for more than ten (10) such properties under a Common Name.

The foregoing restrictions in this Section 4.1.C. shall not be binding upon a lender of Host Marriott nor on a purchaser of the aforementioned hotel properties.

D. Nothing in this Agreement shall give any party the right to be a franchisee or franchisor of Marriott International without the approval of Marriott International.

ARTICLE FIVE  
MISCELLANEOUS

5.1 [Intentionally deleted].

5.2 Entire Agreement. This Agreement, the Distribution Agreement and the

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Related Documents constitute the entire agreement of the parties concerning the subject matter hereof. Additional restrictions on competition may be contained in the Assignment and License Agreement between Host Marriott and Marriott International of even date herewith, or in certain hotel facility

management agreements, and restrictions contained therein shall be in addition to the restrictions contained herein.

5.3 Modification. This Agreement may only be amended, modified or  
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supplemented in a written agreement signed by both parties hereto.

5.4 Waiver. No term or condition of this Agreement shall be deemed to  
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have been waived, nor shall there be any estoppel against the enforcement of any provision hereof, except by written instrument of the party charged with such waiver or estoppel.

5.5 Severability. Host Marriott and Marriott International agree that the  
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period of restriction and the geographical area of restriction imposed upon the parties are fair and reasonable and are reasonably required for the protection of each of the parties hereto. If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced by any rule of law or public policy, all other conditions and provisions of this Agreement shall nevertheless remain in full force and effect as though the invalid portions were not a part hereof. If the provisions of this Agreement relating to the area of restriction or the period of restriction shall be deemed to exceed the maximum area or period which a court having jurisdiction over the matter would deem enforceable, such area or period shall, for purposes of this Agreement, be deemed to be the maximum area or period which such court would deem valid and enforceable.

5.6 Remedies. Marriott International and Host Marriott agree that  
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irreparable damage would occur in the event any of the provisions of this Agreement were not to be performed in accordance with the terms hereof, and that their remedy at law for any breach of the other party's obligations hereunder would be inadequate. Marriott International and Host Marriott agree and consent that temporary and permanent injunctive relief may be granted in any proceeding which may be brought to enforce any provision hereof without the necessity of proof of actual damage.

5.7 Enforceability. The terms, conditions and promises contained in this  
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Agreement shall be binding upon and shall inure to the benefit of each of the parties hereto, their heirs, personal representatives, or successors and assigns. Each of the parties hereto shall cause its subsidiaries to comply with such party's obligations hereunder. Nothing herein, expressed or implied, shall be construed to give any other Person any legal or equitable rights hereunder.

5.8 Assignment and Successors and Assigns. Neither party shall, without  
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the prior written consent of the other, assign any rights or delegate any obligations under this Agreement.

5.9 Consent to Jurisdiction. Subject to Section 5.1 hereof, the parties

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irrevocably submit to the exclusive jurisdiction of (a) the Courts of the State of Maryland in Montgomery County, and (b) if federal jurisdiction exists, the United States District Court for the State of Maryland for the purposes of any suit, action or other proceeding arising out of this Agreement. Each party hereby irrevocably designates, appoints and empowers Prentice Hall Corporation System, Inc. as its true and lawful agent and attorney-in-fact in its name, place, and stead to receive on its behalf service of process in any action, suit, or proceeding with respect to any matters as to which it has submitted to jurisdiction as set forth in the immediately preceding sentence.

5.10 Interpretation. When a reference is made in this Agreement to a

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Section, Article, or Schedule, such reference shall be to a Section, Article, or Schedule of this Agreement unless otherwise indicated. The headings contained in this Agreement are for reference purposes only and shall neither affect the meaning or interpretation of this Agreement, nor define or limit the scope or intent of any provision or part hereof. Whenever the words "include," or "includes" or "including" are used in this Agreement, they shall be deemed to be followed by the words "without limitation."

5.11 Notices. All notices and other communications hereunder shall be in

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writing and shall be delivered by hand, by facsimile or mailed by registered or certified mail (return receipt requested) to the parties at the following addresses (or at such other addresses for a party as shall be specified by like notice) and shall be deemed given on the date on which such notice is received:

To Host Marriott:

Host Marriott Corporation  
10400 Fernwood Road  
Washington, D.C. 20058 (registered or certified mail)  
Bethesda, Maryland 20817 (express mail or courier)  
Attention: General Counsel  
Dept. 72/923  
FAX NO.

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To Marriott International:

Marriott International, Inc.  
One Marriott Drive

Washington, D.C. 20058 (registered or certified mail)  
Attention: General Counsel  
Dept. 52/923  
FAX NO. 301/380-6727

or

10400 Fernwood Road  
Bethesda, Maryland 20817 (express mail or courier)  
Attention: General Counsel  
Dept. 52/923  
FAX NO. 301/380-6727

5.12 Governing Law. This Agreement shall be governed by, and construed in accordance with, the laws of the State of Maryland, regardless of the laws that might be applied under applicable principles of conflicts of laws.

5.13 Relationship of Parties. It is understood and agreed that nothing in this Agreement shall be deemed or construed by the parties or any third party as creating an employer-employee, principal/agent, partnership or joint venture relationship between the parties.

5.14 New Marriott Spinoff; Release of SMS. Until such time as the New Marriott Spinoff is consummated, the term "Marriott International" shall mean SMS and its Subsidiaries (including, without limitation, New Marriott) and Affiliates, other than any Subsidiaries and Affiliates in which the direct or indirect ownership interest of SMS is less than fifty percent (50%). Upon consummation of the New Marriott Spinoff, SMS shall automatically cease to be a party to this Agreement, and shall have no further rights and be released from all duties hereunder.

5.15 Effectiveness and Effect on Existing Agreement. This Agreement shall not become effective, and the Existing Agreement shall remain in effect, until such time as New Marriott, Host Marriott, SMS, and HMSC have executed and delivered an Acknowledgment and Release substantially in the form of Exhibit A hereto. Thereafter, as between Marriott International and Host Marriott, this Agreement shall for all purposes be deemed to be an amendment, restatement and continuation of the Existing Agreement, which shall then have no further independent force or effect.

[Signatures on following page]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered, all as of the day and year first above written.

Marriott International:

NEW MARRIOTT MI, INC. (to be renamed  
Marriott International, Inc.)

By: /s/ Raymond G. Murphy  
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Raymond G. Murphy  
Senior Vice President and Treasurer

Host Marriott:

HOST MARRIOTT CORPORATION

By: /s/ C.G. Townsend  
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Name: C.G. Townsend  
Title: Senior Vice President

SMS [Subject to the provisions of Section 5.14]

MARRIOTT INTERNATIONAL, INC. (to be  
renamed Sodexo Marriott Services, Inc.)

By: /s/ Raymond G. Murphy  
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Raymond G. Murphy  
Senior Vice President and Treasurer



3-MOS	3-MOS	3-MOS
JAN-01-1999	JAN-02-1998	JAN-04-1997
JAN-03-1998	JAN-04-1997	JAN-04-1997
MAR-27-1998	MAR-28-1997	MAR-28-1997
	478	0
0	0	0
851	0	0
0	0	0
113	0	0
1,671	1,561	0
322	0	0
6,016	0	0
1,600	0	0
0	755	0
0	0	0
2	0	0
2,689	0	0
6,016	0	0
2,192	0	1,909
2,029	0	1,774
0	0	0
0	0	0
3	7	7
145	113	113
56	44	44
0	0	0
0	0	0
0	0	0
0	0	0
89	69	69
.35	.27	.27
.33	.26	.26





## 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:** The Company's 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 the Company's current strategic arrangements will be continued, or that the Company 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 the Company's lodging facilities and retirement communities are influenced by contract terms offered by the Company's competitors at the time such agreements are entered into. Accordingly, there can be no assurance that contracts entered into or renewed in the future will be on terms that are as favorable to the Company as those under existing agreements.

**Competition:** The profitability of hotels, vacation timeshare resorts, retirement communities, and distribution centers operated by the Company 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. The Company generally operates in markets that contain numerous competitors and the continued success of the Company will be dependent, in large part, upon the 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:** During the 1980s, construction of lodging facilities in the United States resulted in an excess supply of available rooms, and the oversupply had an adverse effect on occupancy levels and room rates in the industry. Although industry conditions have improved, the lodging industry may be adversely affected in the future by (i) international, national and regional economic conditions, (ii) changes in travel patterns, (iii) taxes and government regulations which influence or determine wages, prices, interest rates, construction procedures and costs, and (iv) the availability of capital. The Company's timeshare and senior living service businesses are also subject to the same or similar uncertainties and, accordingly, there can be no assurance 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 the Company is able to sell or rent units.

**Effect of Acquisitions:** The benefit to the Company of potential future acquisitions depends, in part, on the Company's ability to integrate the acquired businesses into existing operations. Such integration may be more difficult, costly and time consuming than initially anticipated.