

MARRIOTT INTERNATIONAL INC /MD/
Form 424B5
October 16, 2007
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The information in this prospectus supplement and the accompanying prospectus is not complete and may be changed. This prospectus supplement and accompanying prospectus are not an offer to sell these securities and are not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

Filed Pursuant to Rule 424(b)(5)
Registration No. 333-130212

PRELIMINARY PROSPECTUS SUPPLEMENT

(To prospectus dated December 8, 2005)

Subject to Completion

Preliminary Prospectus Supplement dated October 16, 2007

\$

Marriott International, Inc.

% Series J Notes due 20

We will pay interest on the notes on _____ and _____ of each year, beginning _____, 2008. The notes will mature on _____, 20____. We may redeem some or all of the notes prior to maturity at the redemption prices described in this prospectus supplement. If a change of control repurchase event as described herein occurs, unless we have exercised our option to redeem the notes, we will be required to offer to purchase the notes at the price described in this prospectus supplement, plus accrued and unpaid interest, if any, to the date of purchase.

The notes will be our unsecured obligations and rank equally with all of our other unsecured senior indebtedness. The notes will be issued only in minimum denominations of \$1,000.

Investing in the notes involves risks that are described in the Risk Factors section beginning on page S-5 of this prospectus supplement.

	<u>Per Note</u>	<u>Total</u>
Public offering price (1)	%	\$
Underwriting discount	%	\$
Proceeds, before expenses, to Marriott International, Inc.	%	\$

(1) Plus accrued interest from October , 2007, if settlement occurs after that date.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The notes will be ready for delivery in book-entry form only through The Depository Trust Company on or about October , 2007.

Joint Book Running Managers

Citi

Merrill Lynch & Co.

The date of this prospectus supplement is October , 2007.

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Prospectus

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You should rely only on the information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus or any free writing prospectus provided, authorized or used by us. We have not, and the underwriters have not, authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. We are not, and the underwriters are not, making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should assume that the information appearing in this prospectus supplement, the accompanying prospectus and the documents incorporated by reference is accurate only as of their respective dates. Our business, financial condition, results of operations and prospects may have changed since those dates.

As used in this prospectus supplement and the accompanying prospectus, unless the context requires otherwise, we, us, the Company or Marriott means Marriott International, Inc. and its predecessors and consolidated subsidiaries.

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ABOUT THIS PROSPECTUS SUPPLEMENT

This document contains two parts. The first part is this prospectus supplement, which describes the specific terms of the notes we are offering and certain other matters relating to us. The second part, the accompanying prospectus, gives more general information about securities we may offer from time to time, some of which does not apply to the notes we are offering by this prospectus supplement. You should read this entire prospectus supplement, as well as the accompanying prospectus, and the documents incorporated by reference. See [Where You Can Find More Information](#).

To the extent any inconsistency or conflict exists between the information included in this prospectus supplement and the information included in the accompanying prospectus, the information included or incorporated by reference in this prospectus supplement updates and supersedes the information in the accompanying prospectus. This prospectus supplement incorporates by reference important business and financial information about us that is not included in or delivered with this prospectus supplement.

FORWARD-LOOKING STATEMENTS

We make forward-looking statements in this prospectus supplement, the accompanying prospectus and the documents incorporated by reference based on the beliefs and assumptions of our management and on information currently available to us. Forward-looking statements include information about our possible or assumed future results of operations in [Management's Discussion and Analysis of Financial Condition and Results of Operations](#) under the headings [Business and Overview](#) and [Liquidity and Capital Resources](#) included in our Annual Report on Form 10-K for the fiscal year ended December 29, 2006, and in our Quarterly Report on Form 10-Q for the fiscal quarter ended September 7, 2007, and other statements preceded by, followed by or that include the words [believes](#), [expects](#), [anticipates](#), [intends](#), [plans](#), [estimates](#) or similar expressions.

Forward-looking statements are subject to a number of risks and uncertainties which could cause actual results to differ materially from those expressed in these forward-looking statements, including the risks and uncertainties described on page S-5 of this prospectus supplement and other factors described from time to time in our various public filings which we incorporate by reference in this prospectus supplement and in the accompanying prospectus. We therefore caution you not to rely unduly on any forward-looking statements. The forward-looking statements in this prospectus supplement, the accompanying prospectus and the documents incorporated by reference speak only as of the date of the document in which the forward-looking statement is made, and we undertake no obligation to update or revise any forward-looking statement, whether as a result of new information, future developments or otherwise.

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The following summary highlights selected information from this prospectus supplement and may not contain all of the information that is important to you. This prospectus supplement includes the basic terms of the notes we are offering, as well as information regarding our business and financial data. We encourage you to read this prospectus supplement and the accompanying prospectus in their entirety as well as the information incorporated by reference.

The Company

Marriott International, Inc. is one of the world's leading lodging companies. We are a worldwide operator and franchisor of hotels and related lodging facilities. We group our operations into six business segments, North American Full-Service Lodging, North American Limited-Service Lodging, International Lodging, Luxury Lodging, Timeshare and Synthetic Fuel, which represented 43%, 17%, 12%, 12%, 15% and 1%, respectively, of our total sales in the fiscal year ended December 29, 2006.

In our Lodging business, which includes our North American Full-Service, North American Limited-Service, International, Luxury and Timeshare segments, we develop, operate and franchise hotels and corporate housing properties under 13 separate brand names, and we develop, operate and market Marriott timeshare, fractional ownership and whole ownership properties under four separate brand names. Our synthetic fuel operation consists of our interest in four coal-based synthetic fuel production facilities whose operations qualify for tax credits based on Section 45K of the Internal Revenue Code (Section 45K) (Section 29 for fiscal years prior to 2006). The tax credits provided under Section 45K are only available for the production and sale of synthetic fuels produced from coal through December 31, 2007 and we plan to cease operations at our synthetic fuel facilities on or before that date.

We operate or franchise 2,942 lodging properties worldwide, with 527,307 rooms as of the end of the 2007 third quarter, September 7, 2007. At the end of the 2007 third quarter, total unit counts also include 20 projects encompassing 1,700 homes and condominiums where we manage the related home or condominium owners association, typically in conjunction with a hotel or timeshare project. In addition, we provide 1,936 furnished corporate housing rental units. We believe that our portfolio of lodging brands is the broadest of any company in the world and that we are the leader in the quality tier of the vacation timesharing business. Consistent with our focus on management and franchising, we own very few of our lodging properties. Our lodging brands include:

North American Full-Service Lodging Segment	North American Limited-Service Lodging Segment
<i>Marriott Hotels & Resorts</i>	<i>Courtyard by Marriott</i>
<i>Marriott Conference Centers</i>	<i>Fairfield Inn by Marriott</i>
<i>JW Marriott Hotels & Resorts</i>	<i>SpringHill Suites by Marriott</i>
<i>Renaissance Hotels & Resorts</i>	<i>Residence Inn by Marriott</i>
<i>Renaissance ClubSpots</i>	<i>TownePlace Suites by Marriott</i>
	<i>Marriott ExecuStay</i>
International Lodging Segment	Luxury Segment
<i>Marriott Hotels & Resorts</i>	<i>The Ritz-Carlton</i>
<i>JW Marriott Hotels & Resorts</i>	<i>Bulgari Hotels & Resorts</i>
<i>Renaissance Hotels & Resorts</i>	Timeshare Segment
<i>Courtyard by Marriott</i>	<i>Marriott Vacation ClubSM</i>
<i>Fairfield Inn by Marriott</i>	<i>The Ritz-Carlton Club</i>
<i>Residence Inn by Marriott</i>	<i>Grand Residences by Marriott</i>
<i>Ramada International</i>	<i>Horizons by Marriott Vacation Club</i>

Marriott Executive Apartments[®]

Our principal executive offices are located at 10400 Fernwood Road, Bethesda, Maryland 20817. Our telephone number is (301) 380-3000.

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The Offering

The following is a brief summary of some of the terms of this offering. For a more complete description of the terms of the notes, see Description of the Series J Notes.

Issuer	Marriott International, Inc.
Notes offered	\$ _____ aggregate principal amount of _____ % Series J Notes due 20 _____.
Maturity	_____, 20 _____.
Interest payment dates	Interest will be payable semi-annually on _____ and _____ of each year, beginning on _____, 2008.
Ranking	The notes will be our unsecured senior obligations and will rank equally with all of our existing and future unsecured and unsubordinated indebtedness. The notes will effectively rank junior to all liabilities of our subsidiaries.
Optional redemption	We may redeem the notes prior to maturity, in whole or in part, as described in this prospectus supplement. See Description of the Series J Notes Redemption at Our Option.
Purchase of notes upon a change of control repurchase event	If we experience a change of control (defined herein) and the notes are rated below investment grade (defined herein) by Standard & Poor's Ratings Services and Moody's Investors Service, Inc. (or the equivalent under any successor rating categories of Standard and Poor's or Moody's, respectively), we will offer to repurchase all of the notes at a price equal to 101% of the principal amount plus accrued and unpaid interest to the repurchase date. See Description of the Series J Notes Change of Control.
Covenants	We will agree to certain restrictions on liens, sale and leaseback transactions, mergers, consolidations and transfers of substantially all of our assets. These covenants are subject to important qualifications and exceptions. See Description of the Series J Notes Certain Covenants.
Further issuances of notes	We will issue the notes under the Indenture. We may, without the consent of the existing holders of the notes, issue additional notes having the same terms so that the existing notes and the additional notes form a single series under the Indenture.
Governing law	The notes and the Indenture will be governed by New York law.
Use of proceeds	We estimate that the net proceeds from this offering of notes, after deducting the underwriting discount and estimated expenses of this offering, will be approximately \$ _____ million. We intend to use these net proceeds for general corporate purposes, including working capital,

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capital expenditures, acquisitions, stock repurchases and repayment of outstanding commercial paper borrowings. We had \$1,021 million in U.S. dollar denominated commercial paper outstanding with a weighted average interest rate of 5.59% on October 12, 2007, and expect to use approximately \$ million of the proceeds from the notes to reduce our commercial paper balances over time as existing U.S. dollar denominated commercial paper borrowings come due. Pending this application of the proceeds of the notes, we intend to invest the net proceeds in short term investment grade securities. See Use of Proceeds.

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The following table presents certain summary financial data for the third fiscal quarter year-to-date periods of 2007 and 2006 and for the five most recent fiscal years, which is from our consolidated financial statements. Since the information in this table is only a summary and does not provide all of the information contained in our financial statements, including the related notes, you should read Management's Discussion and Analysis of Financial Condition and Results of Operations and our consolidated financial statements contained in our Annual Report on Form 10-K for the fiscal year ended December 29, 2006 and our Quarterly Report on Form 10-Q for the fiscal quarter ended September 7, 2007.

	Fiscal Quarter(2)		Fiscal Year(3)				
	Q3, 2007 Year-to-Date	Q3, 2006 Year-to-Date	2006	2005	2004	2003	2002
(in millions, except per share data and ratios)							
Income Statement Data:							
Revenues(1)	\$ 9,154	\$ 8,299	\$ 12,160	\$ 11,550	\$ 10,099	\$ 9,014	\$ 8,415
Operating income(1)	\$ 684	\$ 706	\$ 1,011	\$ 555	\$ 477	\$ 377	\$ 321
Income from continuing operations	\$ 520	\$ 497	\$ 717	\$ 668	\$ 594	\$ 476	\$ 439
Discontinued operations				1	2	26	(162)
Income before cumulative effect of a change in accounting principle(4)	520	497	717	669	596	502	277
Cumulative effect of change in accounting principle, net of tax(4)		(109)	(109)				
Net income	\$ 520	\$ 388	\$ 608	\$ 669	\$ 596	\$ 502	\$ 277
Per Share Data(6):							
Diluted earnings per share from continuing operations	\$ 1.29	\$ 1.14	\$ 1.66	\$ 1.45	\$ 1.24	\$ 0.97	\$ 0.87
Diluted earnings (loss) per share from discontinued operations						0.05	(0.32)
Diluted loss per share from cumulative effect of change in accounting principle, net of tax		(0.25)	(0.25)				
Diluted earnings per share	\$ 1.29	\$ 0.89	\$ 1.41	\$ 1.45	\$ 1.24	\$ 1.02	\$ 0.55
Cash dividends declared per share	\$ 0.2125	\$ 0.1775	\$ 0.2400	\$ 0.2000	\$ 0.1650	\$ 0.1475	\$ 0.1375
Balance Sheet Data (at end of period):							
Total assets	\$ 9,110	\$ 8,314	\$ 8,588	\$ 8,530	\$ 8,668	\$ 8,177	\$ 8,296
Long-term debt (1)	2,701	1,622	1,818	1,681	836	1,391	1,553
Shareholders' equity	1,651	2,702	2,618	3,252	4,081	3,838	3,573
Other Data:							
Base management fees(1)	417	380	553	497	435	388	379
Incentive management fees(1)	243	185	281	201	142	109	162
Franchise fees(1)	303	269	390	329	296	245	232
Ratio of earnings to fixed charges(5)	3.7x	5.4x	4.9x	4.3x	4.7x	3.6x	3.2x

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- (1) Balances reflect our Senior Living Services and Distribution Services businesses as discontinued operations.
 - (2) The third quarter year-to-date periods included 36 weeks. The third fiscal quarter 2007 ended on September 7, 2007 and the third fiscal quarter 2006 ended on September 8, 2006.
 - (3) All fiscal years included 52 weeks, except for 2002, which included 53 weeks.
 - (4) We adopted Statement of Position 04-2 Accounting for Real Estate Time-Sharing Transactions, in our 2006 first quarter which we reported in our Consolidated Statement of Income as a cumulative effect of change in accounting principle.
 - (5) See Ratio of Earnings to Fixed Charges for an explanation of the calculation of these ratios.
 - (6) All per share amounts in the table above have been adjusted to reflect the June 9, 2006, stock split effected in the form of a stock dividend.

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RISK FACTORS

You should consider carefully the following risks and all of the information set forth or incorporated by reference in this prospectus supplement and the accompanying prospectus, including the risks and uncertainties described under the heading Risk Factors included in our Annual Report on Form 10-K for the fiscal year ended December 29, 2006, and in our Quarterly Report on Form 10-Q for the fiscal quarter ended September 7, 2007, before investing in the notes offered by this prospectus supplement.

We depend on cash flow of our subsidiaries to make payments on our securities.

Marriott International, Inc. is in part a holding company. Our subsidiaries conduct a significant percentage of our consolidated operations and own a significant percentage of our consolidated assets. Consequently, our cash flow and our ability to meet our debt service obligations depend in large part upon the cash flow of our subsidiaries and the payment of funds by the subsidiaries to us in the form of loans, dividends or otherwise. Our subsidiaries are not obligated to make funds available to us for payment of our debt securities or preferred stock dividends or otherwise. In addition, their ability to make any payments will depend on their earnings, the terms of their indebtedness, business and tax considerations and legal restrictions. The notes effectively rank junior to all liabilities of our subsidiaries. In the event of a bankruptcy, liquidation or dissolution of a subsidiary and following payment of its liabilities, the subsidiary may not have sufficient assets remaining to make payments to us as a shareholder or otherwise. The indenture governing the notes does not limit the amount of unsecured debt which our subsidiaries may incur. In addition, we and our subsidiaries may incur secured debt and enter into sale and leaseback transactions, subject to certain limitations. See Description of the Series J Notes Certain Covenants.

A liquid trading market for the notes may not develop.

There is no existing trading market for the notes. We have been advised by the underwriters for this offering that they presently intend to make a market in the notes after the consummation of the offering contemplated by this prospectus supplement, although they are under no obligation to do so and may discontinue any market-making activities at any time without any notice. The liquidity of any market for the notes will depend upon the number of holders of the notes, our performance, the market for similar securities, the interest of securities dealers in making a market in the notes and other factors. A liquid trading market may not develop for the notes. As a result, the market price of the notes could be adversely affected.

We may not be able to repurchase the notes upon a change of control repurchase event.

Upon the occurrence of specific kinds of change of control events accompanied by a below investment grade rating event, we will be required to offer to purchase all of the notes at a price equal to 101% of their principal amount, plus accrued and unpaid interest, if any, to the date of purchase, unless we had previously exercised our right to redeem the notes. If we experience such a change of control and rating downgrade, there can be no assurance that we would have sufficient financial resources available to satisfy our obligations to repurchase the notes. Our failure to purchase the notes as required under the terms of the notes would result in a default, which could have material adverse consequences for us and the holders of the notes. See Description of the Series J Notes Change of Control.

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We estimate that the net proceeds from this offering of notes, after deducting the underwriting discount and estimated expenses of this offering, will be approximately \$ million. We intend to use these net proceeds for general corporate purposes, including working capital, capital expenditures, acquisitions, stock repurchases and repayment of outstanding commercial paper borrowings. We had \$1,021 million in U.S. dollar denominated commercial paper outstanding with a weighted average interest rate of 5.59% on October 12, 2007, and expect to use approximately \$ million of the proceeds from the notes to reduce our commercial paper balances over time as existing U.S. dollar denominated commercial paper borrowings come due. Pending this application of the proceeds of the notes, we intend to invest the net proceeds in short term investment grade securities.

RATIO OF EARNINGS TO FIXED CHARGES

Our ratio of earnings to fixed charges for the periods indicated is as follows:

Third Quarter		Fiscal Year				
Year-to-Date						
2007	2006	2006	2005	2004	2003	2002
3.7x	5.4x	4.9x	4.3x	4.7x	3.6x	3.2x

In calculating the ratio of earnings to fixed charges, earnings represent income from continuing operations before income taxes and minority interest (i) plus (income)/loss for equity method investees, fixed charges, distributed income of equity method investees and minority interest in pre-tax loss and (ii) minus interest capitalized. Fixed charges represent interest (including amounts capitalized) and that portion of rental expense deemed representative of interest.

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DESCRIPTION OF THE SERIES J NOTES

General

The notes are governed by a document called the Indenture. The Indenture is a contract between us and The Bank of New York, as successor to JPMorgan Chase Bank, N.A., formerly known as The Chase Manhattan Bank, which acts as Trustee. The Indenture and its associated documents contain the full legal text of the matters described in this section. The Indenture and the notes are governed by New York law. A copy of the Indenture has been filed with the Securities and Exchange Commission (SEC). See Where You Can Find More Information for information on how to obtain a copy.

Because this section is a summary, it does not describe every aspect of the notes. This summary is subject to and qualified in its entirety by reference to all the provisions of the Indenture, including definitions of certain terms used in the Indenture. For example, in this section we use capitalized words to signify defined terms that have been given special meaning in the Indenture. We describe in this prospectus supplement the meaning of some terms defined in the Indenture. You should refer to the Indenture for the meanings of all of the defined terms. We also include references in parentheses to certain sections of the Indenture. Whenever we refer to particular sections or defined terms of the Indenture in this prospectus supplement, such sections or defined terms are incorporated by reference here.

Terms

The notes will be our general unsecured and senior obligations and will initially be limited to \$ aggregate principal amount. The notes will mature on , 20 . The notes will rank equally with all of our other unsecured and unsubordinated debt. We will issue the notes under the Indenture. We may, without the consent of the existing holders of the notes, issue additional notes having the same terms so that the existing notes and the additional notes form a single series under the Indenture.

The notes will bear interest at a rate of % per annum from October , 2007. We will pay interest on the notes on and of each year, beginning , 2008, to the person listed as the holder of the note, or any predecessor note, in the security register at the close of business on the preceding or , as the case may be. These dates are the regular record dates.

Marriott International, Inc. is a legal entity separate and distinct from its subsidiaries. Our subsidiaries are not obligated to make required payments on the notes. Accordingly, Marriott's rights and the rights of holders of the notes to participate in any distribution of the assets or income from any subsidiary is necessarily subject to the prior claims of creditors of the subsidiary. The Indenture does not limit the amount of unsecured debt which our subsidiaries may incur. In addition, we and our subsidiaries may incur secured debt and enter into sale and leaseback transactions, subject to the limitations described under Certain Covenants.

The notes will not be entitled to the benefit of any sinking fund or other mandatory redemption provisions.

The Trustee

The Trustee under the Indenture has two main roles. First, the Trustee can enforce your rights against us if we default on our obligations under our debt securities. There are some limitations on the extent to which the Trustee acts on your behalf, described below under Remedies If an Event of Default Occurs. Second, the Trustee performs administrative duties for us, such as sending you interest payments, sending you notices and transferring your debt securities to a new buyer if you sell.

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Redemption at Our Option

We may, at our option, redeem the notes in whole or in part at any time at a redemption price equal to the greater of:

100% of the principal amount of the notes to be redeemed, plus accrued and unpaid interest to, but not including, the redemption date, and

as determined by the Independent Investment Banker, the sum of the present values of the principal amount of, and remaining scheduled payments of interest on, the notes to be redeemed (not including any interest accrued as of the redemption date) discounted to the redemption date on a semi-annual basis at the Treasury Rate plus basis points, plus accrued and unpaid interest to, but not including, the redemption date for the notes.

The redemption price will be calculated assuming a 360-day year consisting of twelve 30-day months.

Treasury Rate means, with respect to any redemption date, the rate per year equal to the semiannual equivalent yield to maturity of the Comparable Treasury Issue, calculated on the third business day preceding the redemption date, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for that redemption date.

Comparable Treasury Issue means the United States Treasury security selected by the Independent Investment Banker as having a maturity comparable to the remaining term of the notes that would be used, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of the notes.

Comparable Treasury Price means, with respect to any redemption date:

the average of the Reference Treasury Dealer Quotations for that redemption date, after excluding the highest and lowest of the Reference Treasury Dealer Quotations, or

if the trustee obtains fewer than three Reference Treasury Dealer Quotations, the average of all Reference Treasury Dealer Quotations so received.

Independent Investment Banker means one of the Reference Treasury Dealers appointed by the trustee after consultation with us.

Reference Treasury Dealer means each of Citigroup Global Markets Inc. and Merrill Lynch, Pierce, Fenner & Smith Incorporated and its successors, unless it ceases to be a primary U.S. government securities dealer in New York City (a **Primary Treasury Dealer**), in which case we shall substitute another Primary Treasury Dealer, and (b) any other Primary Treasury Dealer selected by us.

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Reference Treasury Dealer Quotations means, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by the trustee, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the trustee by that Reference Treasury Dealer at 5:00 p.m., New York City time, on the third business day preceding that redemption date.

We will mail notice of any redemption at least 30 days but not more than 60 days before the redemption date to each holder of the notes to be redeemed.

Unless we default in payment of the redemption price, on and after the redemption date, interest will cease to accrue on the notes or portions of the notes called for redemption.

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Change of Control

If a change of control repurchase event occurs, unless we have exercised our right to redeem the notes as described under **Redemption at Our Option**, we will make an offer to each holder of notes to repurchase all or any part (in integral multiples of \$1,000) of that holder's notes at a repurchase price in cash equal to 101% of the aggregate principal amount of notes repurchased plus any accrued and unpaid interest on the notes repurchased to the date of purchase. Within 30 days following any change of control repurchase event or, at our option, prior to any change of control, but after the public announcement of the change of control, we will mail a notice to each holder, with a copy to the trustee, describing the transaction or transactions that constitute or may constitute the change of control repurchase event and offering to repurchase notes on the payment date specified in the notice, which date will be no earlier than 30 days and no later than 60 days from the date such notice is mailed. The notice shall, if mailed prior to the date of consummation of the change of control, state that the offer to purchase is conditioned on the change of control repurchase event occurring on or prior to the payment date specified in the notice. We will comply with the requirements of Rule 14e-1 under the Securities Exchange Act of 1934, as amended, which we refer to as the Exchange Act, and any other securities laws and regulations thereunder to the extent those laws and regulations are applicable in connection with the repurchase of the notes as a result of a change of control repurchase event. To the extent that the provisions of any securities laws or regulations conflict with the change of control repurchase event provisions of the notes, we will comply with the applicable securities laws and regulations and will not be deemed to have breached our obligations under the change of control repurchase event provisions of the notes by virtue of such conflict.

On the change of control repurchase event payment date, we will, to the extent lawful:

1. accept for payment all notes or portions of notes properly tendered pursuant to our offer;
2. deposit with the paying agent an amount equal to the aggregate purchase price in respect of all notes or portions of notes properly tendered; and
3. deliver or cause to be delivered to the trustee the notes properly accepted, together with an officers' certificate stating the aggregate principal amount of notes being purchased by us.

The paying agent will promptly mail to each holder of notes properly tendered the purchase price for the notes, and the trustee will promptly authenticate and mail (or cause to be transferred by book-entry) to each holder a new note equal in principal amount to any unpurchased portion of any notes surrendered; *provided* that each new note will be in a principal amount of \$1,000 or an integral multiple of \$1,000.

We will not be required to make an offer to repurchase the notes upon a change of control repurchase event if a third party makes such an offer in the manner, at the times and otherwise in compliance with the requirements for an offer made by us and such third party purchases all notes properly tendered and not withdrawn under its offer.

Below investment grade rating event means the notes are rated below investment grade by both rating agencies on any date from the date of the public notice of an arrangement that could result in a change of control until the end of the 60-day period following public notice of the occurrence of a change of control (which period shall be extended so long as the rating of the notes is under publicly announced consideration for possible downgrade by either of the rating agencies); *provided* that a below investment grade rating event otherwise arising by virtue of a particular reduction in rating shall not be deemed to have occurred in respect of a particular change of control (and thus shall not be deemed a below investment grade rating event for purposes of the definition of change of control repurchase event hereunder) if the rating agencies making the reduction in rating to which this definition would otherwise apply do not announce or publicly confirm or inform the trustee in writing at its request that the reduction was the result, in whole or in part, of any event or circumstance comprised of or arising as a result of, or

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in respect of, the applicable change of control (whether or not the applicable change of control shall have occurred at the time of the below investment grade rating event).

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Change of control means the consummation of any transaction (including, without limitation, any merger or consolidation) the result of which is that any person (as that term is used in Section 13(d)(3) of the Exchange Act) becomes the beneficial owner, directly or indirectly, of more than 50% of our voting stock, measured by voting power rather than number of shares. Notwithstanding the foregoing, a transaction effected to create a holding company for us will not be deemed to involve a change of control if: (1) pursuant to such transaction we become a direct or indirect wholly owned subsidiary of such holding company and (2)(A) the direct or indirect holders of the voting stock of such holding company immediately following that transaction are substantially the same as the holders of our voting stock immediately prior to that transaction or (B) immediately following that transaction no person (other than a holding company satisfying the requirements of this sentence) is the beneficial owner, directly or indirectly, of more than 50% of the voting stock of such holding company, measured by voting power rather than number of shares.

Change of control repurchase event means the occurrence of both a change of control and a below investment grade rating event.

Investment grade means a rating of Baa3 or better by Moody's (or its equivalent under any successor rating categories of Moody's); a rating of BBB- or better by S&P (or its equivalent under any successor rating categories of S&P); and the equivalent investment grade credit rating from any replacement rating agency or rating agencies selected by us.

Moody's means Moody's Investors Service Inc.

Rating agency means (1) each of Moody's and S&P; and (2) if either of Moody's or S&P ceases to rate the notes or fails to make a rating of the notes publicly available for reasons outside of our control, a nationally recognized statistical rating organization within the meaning of Rule 15c3-1(c)(2)(vi)(F) under the Exchange Act, selected by us (as certified by a resolution of our board of directors) as a replacement agency for Moody's or S&P, or both, as the case may be.

S&P means Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc.

Voting stock of any specified person (as that term is used in Section 13(d)(3) of the Exchange Act) as of any date means the capital stock of such person that is at the time entitled to vote generally in the election of the board of directors of such person.

LEGAL OWNERSHIP

Street Name and Other Indirect Holders

Investors who hold the notes in accounts at banks or brokers will generally not be recognized by us as legal Holders of the notes. This is called holding in Street Name. Instead, we would recognize only the bank or broker, or the financial institution the bank or broker uses to hold its notes. These intermediary banks, brokers and other financial institutions pass along principal, interest and other payments, on the notes, either because they agree to do so in their customer agreements or because they are legally required to. If you hold notes in Street Name, you should check with your own institution to find out:

how it handles securities payments and notices;

whether it imposes fees or charges;

how it would handle voting if ever required;

whether and how you can instruct it to send you notes registered in your own name so you can be a direct Holder as described below; and

how it would pursue rights under the notes if there were a default or other event triggering the need for Holders to act to protect their interests.

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Direct Holders

Our obligations, as well as the obligations of the Trustee and those of any third parties employed by us or the Trustee, run only to Persons who are registered as Holders of notes. We do not have obligations to you if you hold in Street Name or other indirect means, either because you choose to hold notes in that manner or because the notes are issued in the form of Global Securities as described below. For example, once we make payment to the registered Holder, we have no further responsibility for the payment if that Holder is legally required to pass the payment along to you as a Street Name customer but does not do so.

Global Securities

The notes will initially be issued only as a registered note in global form without interest coupons, known as a global security.

What is a Global Security? A Global Security is a special type of indirectly held Security, as described above under Street Name and Other Indirect Holders. The financial institution that acts as the sole direct Holder of the Global Security is called the Depository. Any person wishing to own a Global Security must do so indirectly by virtue of an account with a broker, bank or other financial institution that in turn has an account with the Depository.

Special Investor Considerations for Global Securities. As an indirect holder, an investor's rights relating to a Global Security will be governed by the account rules of the investor's financial institution and of the Depository, as well as general laws relating to securities transfers. We do not recognize this type of investor as a Holder of the notes and instead deal only with the Depository that holds the Global Security.

An investor holding interests in a Global Security should be aware that:

the investor cannot get the notes registered in his or her own name;

the investor cannot receive physical certificates for his or her interest in the notes;

the investor will hold in Street Name and must look to his or her own bank or broker for payments on the notes and protection of his or her legal rights relating to the notes;

the investor may not be able to sell interests in the notes to some insurance companies and other institutions that are required by law to own their securities in the form of physical certificates;

the Depository's policies will govern payments, transfers, exchange and other matters relating to the investor's interest in the Global Security;

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we and the Trustee have no responsibility for any aspect of the Depository's actions or for its records of ownership interests in the Global Security and do not supervise the Depository in any way; and

payment for purchases and sales in the market for corporate bonds and notes is generally made in next-day funds. In contrast, the Depository will usually require that interests in a Global Security be purchased or sold within its system using same-day funds. This difference could have some effect on how Global Security interests trade, but we do not know what that effect will be.

Special Situations When Global Security Will Be Terminated. In a few special situations described below, the Global Security will terminate and interests in it will be exchanged for physical certificates representing the notes. After that exchange, the choice of whether to hold the notes directly or in Street Name will be up to the investor. Investors must consult their own bank or brokers to find out how to have their interests in the notes transferred to their own name, so that they will be direct Holders. The rights of Street Name investors and direct Holders in the debt securities have been previously described in the subsections entitled Street Name and Other Indirect Holders and Direct Holders.

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The special situations for termination of a Global Security are:

When the Depository notifies us that it is unwilling, unable or no longer qualified to continue as Depository.

When an Event of Default on the notes has occurred and has not been cured. We discuss defaults below under Events of Default.

In the remainder of this description you means direct Holders and not Street Name or other indirect holders of debt securities. Indirect holders should read the previous subsection entitled Street Name and Other Indirect Holders.

OVERVIEW OF REMAINDER OF THIS DESCRIPTION

The remainder of this description summarizes:

additional mechanics relevant to the notes under normal circumstances, such as how you transfer ownership and where we make payments;

your rights under several special situations, such as if we merge with another company or, if we want to change a term of the notes;

promises we make to you about how we will run our business, or business actions we promise not to take (known as restrictive covenants); and

your rights if we default or experience other financial difficulties.

ADDITIONAL MECHANICS

Form, Exchange and Transfer

The notes will be issued:

only in fully registered form;

without interest coupons; and

in denominations that are even multiples of \$1,000. (Section 302)

You may have your notes broken into more notes of smaller denominations or combined into fewer notes of larger denominations, as long as the total principal amount is not changed. (Section 305) This is called an exchange.

You may exchange or transfer notes at the office of the Trustee. The Trustee acts as our agent for registering notes in the names of Holders and transferring notes. We may change this appointment to another entity or perform it ourselves. The entity performing the role of maintaining the list of registered Holders is called the Security Registrar. It will also perform transfers. (Section 305) You will not be required to pay a service charge to transfer or exchange notes, but you may be required to pay for any tax or other governmental charge associated with the exchange or transfer. The transfer or exchange will only be made if the Security Registrar is satisfied with your proof of ownership.

We may cancel the designation of any particular transfer agent. We may also approve a change in the office through which any transfer agent acts. (Section 1002)

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Interest in a global security may be transferred only in compliance with the customary procedures of the Depositary, including the delivery of appropriate certificates and information. If we redeem at our option less than all of the notes, we may block the transfer or exchange of the notes during the period beginning 15 days before the day we mail the notice of redemption and ending on the day of that mailing in order to freeze the list of holders of notes to prepare the mailing. We may also refuse to register transfers or exchanges of notes selected for redemption, except that we will continue to permit transfers and exchanges of the unredeemed portion of notes.

Payment and Paying Agents

We will pay interest to you if you are a direct Holder listed in the Trustee's records at the close of business on a particular day in advance of each due date for interest, even if you no longer own the notes on the interest due date. That particular day, usually about two weeks in advance of the interest due date, is called the Regular Record Date and is stated above under Terms. (Section 307) Holders buying and selling notes must work out between them how to compensate for the fact that we will pay all the interest for an interest period to the one who is the registered Holder on the Regular Record Date. The most common manner is to adjust the sales price of the notes to pro rate interest fairly between buyer and seller. This pro rated interest amount is called accrued interest.

We will pay interest, principal and any other money due on the debt securities at the corporate trust office of the Trustee in Dallas, Texas. That office is currently located at 2001 Bryant Street, Dallas, Texas 75202. You may elect to have your payments picked up at or wired from that office. We may also choose to pay interest by mailing checks.

Street Name and other indirect holders should consult their banks or brokers for information on how they will receive payments.

We may also arrange for additional payment offices, and may cancel or change these offices, including our use of the Trustee's corporate trust office. These offices are called Paying Agents. We may also choose to act as our own Paying Agent. We must notify you of changes in the Paying Agents for the notes. (Section 1002)

Notices

We and the Trustee will send notices regarding the debt securities only to direct Holders, using their addresses as listed in the Trustee's records. (Sections 101 and 106)

Regardless of who acts as Paying Agent, all money paid by us to a Paying Agent that remains unclaimed at the end of two years after the amount is due to direct Holders will be repaid to us. After that two-year period, you may look only to us for payment and not to the Trustee, any other Paying Agent or anyone else. (Section 1003)

SPECIAL SITUATIONS

Mergers and Similar Events

We are generally permitted to consolidate or merge with another company or entity. We are also permitted to sell substantially all of our assets to another entity. However, we may not take any of these actions unless all the following conditions are met:

Where we merge out of existence or sell substantially all of our assets, the other entity may not be organized under a foreign country's laws (that is, it must be a corporation, partnership or trust organized under the laws of a State or the District of Columbia or under federal law) and it must agree to be legally responsible for the notes.

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The merger, sale of assets or other transaction must not cause a default on the notes, and we must not already be in default (unless the merger or other transaction would cure the default). For purposes of this no-default test, a default would include an Event of Default that has occurred and not been cured, as described under [What is An Event of Default](#). A default for this purpose would also include any event that would be an Event of Default if the requirements for giving us default notice or our default having to exist for a specific period of time were disregarded.

It is possible that the merger, sale of assets or other transaction would cause some of our property to become subject to a mortgage or other legal mechanism giving lenders preferential rights in that property over other lenders or over our general creditors if we fail to pay them back. We have promised to limit these preferential rights on our property, called [Liens](#), as discussed under [Certain Covenants Restrictions on Liens](#). If a merger or other transaction would create any Liens on our property, we must comply with that covenant. We would do this either by deciding that the Liens were permitted, or by following the requirements of the covenant to grant an equivalent or higher-ranking Lien on the same property to you and the other direct Holders of the notes entitled to that protection. (Section 801)

Modification and Waiver

There are three types of changes we can make to the Indenture and the notes.

Changes Requiring Your Approval. First, there are changes that we cannot make to the Indenture or your notes without your specific approval. We cannot do the following without your specific approval:

change the Stated Maturity of the principal or interest on a note;

reduce any amounts due on a note;

reduce the amount of principal payable upon acceleration of the Maturity of a note following a default;

change the place or currency of payment on a note;

impair your right to sue for payment;

reduce the percentage of Holders of notes whose consent is needed to modify or amend the Indenture;

reduce the percentage of Holders of notes whose consent is needed to waive compliance with certain provisions of the Indenture or to waive certain defaults; or

modify any other aspect of the provisions dealing with modification and waiver of the Indenture (Section 902)

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Changes Requiring a Majority or 50% Vote. Second, there are changes that we cannot make to the Indenture or the notes without a vote in favor by Holders of notes owning not less than 50% of the principal amount of the particular series affected. Most changes fall into this category, except for clarifying changes and certain other changes that would not adversely affect Holders of the notes. A majority vote would be required for us to obtain a waiver of all or part of the covenants described below, or a waiver of a past default. However, we cannot obtain a waiver of a payment default or any other aspect of the Indenture or the notes listed in the first category described above under **Changes Requiring Your Approval** unless we obtain your individual consent to the waiver. (Section 513)

Changes Not Requiring Approval. The third type of change does not require any vote by Holders of the notes. This type is limited to clarifications and certain other changes that would not adversely affect Holders of the notes. (Section 901)

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Further Details Concerning Voting. When taking a vote, notes will not be considered Outstanding, and therefore not eligible to vote, if we have deposited or set aside in trust for you money for their payment or redemption. Notes will also not be eligible to vote if they have been fully defeased as described below under **Defeasance Full Defeasance.** (Section 101)

We will generally be entitled to set any day as a record date for the purpose of determining the Holders of Outstanding notes that are entitled to vote or take other action under the Indenture. In certain limited circumstances, the Trustee will be entitled to set a record date for action by Holders. If we or the Trustee set a record date for a vote or other action to be taken by Holders that vote or action may be taken only by persons who are Holders of Outstanding notes on the record date and must be taken within 180 days following the record date or another shorter period that we may specify (or as the Trustee may specify, if it set the record date). We may shorten or lengthen (but not beyond 180 days) this period from time to time. (Section 104)

Street Name and other indirect holders should consult their banks or brokers for information on how approval may be granted or denied if we seek to change the Indenture or the notes or request a waiver.

LIMITED PROTECTION IN THE EVENT OF A CHANGE OF CONTROL

Other than as described in this prospectus supplement under **Change of Control,** the notes will not contain any provisions which may afford holders of the debt securities protection in the event of a change in control of our company or in the event of a highly leveraged transaction (whether or not such transaction results in a change in control) which could adversely affect Holders of notes.

CERTAIN COVENANTS

Restrictions on Liens. Some of our property may be subject to a mortgage or other legal mechanism that gives our lenders preferential rights in that property over other lenders (including you and any other Holders of the debt securities) or over our general creditors if we fail to pay them back. These preferential rights are called **Liens.** Neither Marriott International, Inc. nor its Restricted Subsidiaries will place a Lien on any of our Principal Properties, or on any shares of stock or debt of any of our Restricted Subsidiaries, to secure new debt unless we grant an equivalent or higher-ranking Lien on the same property to you and any other Holders of the notes. (Section 1008)

However, we do not need to comply with this restriction if the amount of all debt that would be secured by Liens on Principal Properties (including the new debt and all **Attributable Debt,** as described under **Restriction on Sales and Leasebacks** below, that results from a sale and leaseback transaction involving Principal Properties) is less than the greater of \$400 million or 10% of our Consolidated Net Assets.

This restriction on Liens also does not apply to certain types of Liens, and we can disregard these Liens when we calculate the limits imposed by this restriction. We may disregard a Lien on any Principal Property or on any shares of stock or debt of any Restricted Subsidiary if:

the Lien existed on the date of the Indenture;

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the Lien existed at the time the property was acquired or at the time an entity became a Restricted Subsidiary;

the Lien secures Debt that is no greater than the Acquisition Cost;

the Cost of Construction on a Principal Property or Restricted Subsidiary (if the Lien is created no later than 24 months after such acquisition or completion of construction);

the Lien is in favor of us or any Subsidiary; or

the Lien is granted in order to assure our performance of any tender or bid on any project (and other similar Liens).

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Subject to certain limitations, we may also disregard any Lien that extends, renews or replaces any of these types of Liens.

We and our subsidiaries are permitted to have as much unsecured debt as we may choose and except as provided in this Restriction on Liens, the Indenture does not contain provisions that would afford protection to you in the event of a highly leveraged transaction involving us.

Restrictions on Sales and Leasebacks. We promise that neither we nor any of our Restricted Subsidiaries will enter into any sale and leaseback transaction involving a Principal Property, unless we comply with this covenant. A sale and leaseback transaction generally is an arrangement between us or a Restricted Subsidiary and any lessor (other than the Company or a Subsidiary) where we or the Restricted Subsidiary lease a Principal Property for a period in excess of three years, if such property was or will be sold by us or such Restricted Subsidiary to that lender or investor.

We can comply with this promise in either of two different ways. First, we will be in compliance if we or a Restricted Subsidiary could grant a Lien on the Principal Property in an amount equal to the Attributable Debt for the sale and leaseback transaction without being required to grant an equivalent or higher-ranking Lien to you and the other Holders of the debt securities under the Restriction on Liens described above. Second, we can comply if we retire an amount of Debt ranking on a parity with, or senior to, the debt securities, within 240 days of the transaction, equal to at least the net proceeds of the sale of the Principal Property that we lease in the transaction or the fair value of that property, whichever is greater. (Section 1009)

Certain Definitions Relating to our Covenants. Following are the meanings of the terms that are important in understanding the covenants previously described. (Section 101)

Attributable Debt means the total present value of the minimum rental payments called for during the term of the lease (discounted at the rate that the lessee could borrow over a similar term at the time of the transaction).

Consolidated Net Assets is the consolidated assets (less reserves and certain other permitted deductible items), after subtracting all current liabilities (other than the current portion of long-term debt and Capitalized Lease Obligations) as such amounts appear on our most recent consolidated balance sheet and computed in accordance with generally accepted accounting principles.

Debt means notes, bonds, debentures or other similar evidences of indebtedness for borrowed money or any guarantee thereof.

A Principal Property is any parcel or groups of parcels of real estate or one or more physical facilities or depreciable assets, the net book value of which exceeds 2% of the Consolidated Net Assets.

Restricted Subsidiary means any Subsidiary:

organized and existing under the laws of the United States, and

the principal business of which is carried on within the United States of America, and

which either (1) owns or is a lessee pursuant to a capital lease of any real estate or depreciable asset which has a net book value in excess of 2% of Consolidated Net Assets, or (2) in which the investment of the Company and all its Subsidiaries exceeds 5% of Consolidated Net Assets.

The definition of a Restricted Subsidiary does not include any Subsidiaries principally engaged in our timeshare or senior living services businesses or the major part of whose business consists of finance, banking, credit, leasing, insurance, financial services or other similar operations, or any combination thereof. The definition also does not include any Subsidiary formed or acquired after the date of the Indenture for the purpose of developing new assets or acquiring the business or assets of another person and which does not acquire all or any substantial part of our business or assets or those of any Restricted Subsidiary.

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A **Subsidiary** is a corporation in which we and/or one or more of our other subsidiaries owns at least 50% of the voting stock, which is a kind of stock that ordinarily permits its owners to vote for the election of directors.

Defeasance

Full Defeasance. If there is a change in federal tax law, as described below, we can legally release ourselves from any payment or other obligations on the notes (called **full defeasance**) if we put in place the following other arrangements for you to be repaid:

we must deposit in trust for your benefit and the benefit of all other direct Holders of the notes a combination of money and U.S. government or U.S. government agency notes or bonds that will generate enough cash to make interest, principal and any other payments on the notes on their various due dates;

there must be a change in current federal tax law or an Internal Revenue Service ruling that lets us make the above deposit without causing you to be taxed on the notes any differently than if we did not make the deposit and just repaid the notes ourselves (under current federal tax law, the deposit and our legal release from the notes would be treated as though we took back your notes and gave you your share of the cash and notes or bonds deposited in trust and, in that event, you could be required to recognize gain or loss on the debt securities you give back to us); and

we must deliver to the Trustee a legal opinion of our counsel confirming the tax law change or ruling described above. (Sections 1302 and 1304)

If we ever did accomplish full defeasance, as described above, you would have to rely solely on the trust deposit for repayment on the notes. You could not look to us for repayment in the unlikely event of any shortfall. Conversely, the trust deposit would most likely be protected from claims of our lenders and other creditors if we ever become bankrupt or insolvent.

Covenant Defeasance. Under current federal tax law, we can make the same type of deposit described above and be released from some of the covenants in the series of notes for which such deposit is made. This is called **covenant defeasance**. In that event, you would lose the protection of those covenants but would gain the protection of having money and securities set aside in trust to repay the notes. In order to achieve covenant defeasance, we must, among other things, do the following:

deposit in trust for your benefit and the benefit of all other direct Holders of the notes a combination of money and U.S. government or U.S. government agency notes or bonds that will generate enough cash to make interest, principal and any other payments on notes on their maturity date; and

deliver to the Trustee a legal opinion of our counsel confirming that under current federal income tax law we may make the above deposit without causing you to be taxed on the notes any differently than if we did not make the deposit and just repaid such debt securities ourselves.

If we accomplish covenant defeasance, the following provisions of the Indenture with respect to the notes would no longer apply:

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our promises regarding conduct of our business previously described under Certain Covenants;

our obligation to purchase the notes in the event of a change of control repurchase event at the price previously described under Change of Control;

the condition regarding the treatment of Liens when we merge or engage in similar transactions, as previously described under Mergers and Similar Events; and

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the Events of Default relating to breach of covenants and acceleration of the maturity of other debt, described later under **What Is an Event of Default?**

If we accomplish covenant defeasance, you can still look to us for repayment of the notes if there were a shortfall in the trust deposit. In fact, if one of the remaining Events of Default occurred (such as our bankruptcy) the notes become immediately due and payable, there may be such a shortfall. Depending on the event causing the default, you may not be able to obtain payment of the shortfall. (Sections 1303 and 1304)

DEFAULT AND RELATED MATTERS

Events of Default

Holders of notes will have special rights if an Event of Default occurs and is not cured, as described below.

What Is An Event of Default? The term **Event of Default** means any of the following:

we do not pay the principal or any premium on a note on its due date;

we do not pay interest on a note within 30 days of its due date;

we remain in breach of a covenant described under **Certain Covenants** or any other term of the Indenture for 60 days after we receive a notice of default stating we are in breach, which notice must be sent by either the Trustee or Holders of 25% of the principal amount of notes;

we or any Restricted Subsidiary default on other debt (excluding any non-recourse debt) which totals over \$100 million (or 4% of our Consolidated Net Assets, whichever amount is greater) and the lenders of such debt shall have taken affirmative action to enforce the payment of such debt, and this repayment obligation remains accelerated for 10 days after we receive a notice of default as described in the previous paragraph; or

we file for bankruptcy or certain other events in bankruptcy, insolvency or reorganization occur. (Section 501)

A payment default or other default under one series of notes may, but will not necessarily, cause a default to occur under any other series of notes issued under the Indenture.

Remedies If an Event of Default Occurs. If an Event of Default has occurred and has not been cured, the Trustee or the Holders of 25% in principal amount of the notes of the affected series may declare the entire principal amount of all the notes to be due and immediately payable. This is called a declaration of acceleration of maturity. If an Event of Default occurs because of certain events in bankruptcy, insolvency or reorganization, the principal amount of all the notes will be automatically accelerated, without any action by the Trustee or any Holder. A

declaration of acceleration of maturity may be cancelled by the Holders of at least a majority in principal amount of the notes. (Section 502)

Except in cases of default, where the Trustee has some special duties, the Trustee is not required to take any action under the Indenture at the request of any Holders unless the Holders offer the Trustee reasonable protection from expenses and liability (called an indemnity). (Section 603) If reasonable indemnity is provided, the Holders of a majority in principal amount of the Outstanding notes of the affected series may direct the time, method and place of conducting any lawsuit or other formal legal action seeking any remedy available to the Trustee. These majority Holders may also direct the Trustee in performing any other action under the Indenture. (Section 512)

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Before you bypass the Trustee and bring your own lawsuit or other formal legal action or take other steps to enforce your rights or protect your interests relating to the notes, the following must occur:

you must give the Trustee written notice that an Event of Default has occurred and remains uncured;

the Holders of 25% in principal amount of all Outstanding notes must make a written request that the Trustee take action because of the default, and must offer reasonable indemnity to the Trustee against the cost and other liabilities of taking that action; and

the Trustee must have not taken action for 60 days after receipt of the above notice and offer of indemnity. (Section 507)

However, you are entitled at any time to bring a lawsuit for the payment of money due on your notes on or after the due date. (Section 508)

Street Name and other indirect holders should consult their banks or brokers for information on how to give notice or direction to or make a request of the Trustee and to make or cancel a declaration of acceleration.

We will furnish to the Trustee every year a written statement of certain of our officers certifying that to their knowledge we are in compliance with the Indenture and the debt securities, or else specifying any default. (Section 1004)

Regarding the Trustee

The Bank of New York, as successor to JPMorgan Chase Bank, N.A., formerly known as The Chase Manhattan Bank, is the Trustee, Security Registrar and Paying Agent under the Indenture. We have certain existing banking relationships with The Bank of New York, including that one of its affiliates is a lender under our revolving credit facilities. In addition, affiliates of The Bank of New York may be a purchaser of our securities.

If an Event of Default (or an event that would be an Event of Default if the requirements for giving us default notice or our default having to exist for a specific period of time were disregarded) occurs, the Trustee may be considered to have a conflicting interest with respect to the notes for purposes of the Trust Indenture Act of 1939. In that case, the Trustee may be required to resign as Trustee under the Indenture and we would be required to appoint a successor Trustee.

BOOK-ENTRY SYSTEM

We will issue the notes in the form of one or more fully registered global notes which will be deposited with, or on behalf of, The Depository Trust Company, New York, New York, also referred to as DTC. DTC will act as the depository. The notes will be registered in the name of DTC or its nominee.

Ownership of beneficial interests in a global note will be limited to institutions that have accounts with DTC, known as participants, and to persons that may hold interests through DTC participants. Beneficial interests in a global note will be shown on, and transfers of those ownership interests will be effected only through, records maintained by DTC and its participants for such global note. The conveyance of notices and other communications by DTC to its participants and by its participants to owners of beneficial interests in the notes will be governed by arrangements among them, subject to any statutory or regulatory requirements in effect. You will not receive written confirmation from DTC of your purchase of the notes. The DTC rules applicable to its participants are on file with the SEC. More information about DTC can be found at www.dtcc.com and www.dtc.org.

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DTC holds the securities of its participants and facilitates the clearance and settlement of securities transactions among its participants in such securities through electronic book-entry changes in accounts of its participants. The electronic book-entry system eliminates the need for physical certificates. DTC's participants include:

securities brokers and dealers, including the underwriters;

banks;

trust companies;

clearing corporations; and

certain other organizations, some of which or their representatives, own DTC.

Banks, brokers, dealers, trust companies and others that clear through or maintain a custodial relationship with a participant, either directly or indirectly, also have access to DTC's book-entry system.

Principal and interest payments on the notes represented by a global note will be made to DTC or its nominee, as the case may be, as the sole registered owner and the sole holder of the notes represented by the global note for all purposes under the indenture. Accordingly, we, the trustee and any paying agent will have no responsibility or liability for:

any aspect of DTC's records relating to, or payments made on account of, beneficial ownership interests in a note represented by a global note;

any other aspect of the relationship between DTC and its participants or the relationship between such participants and the owners of beneficial interests in a global note held through such participants; or

the maintenance, supervision or review of any of DTC's records relating to such beneficial ownership interests.

DTC has advised us that upon receipt of any payment of principal or interest on a note, DTC will credit, on its book-entry registration and transfer system, the accounts of participants with payments in amounts proportionate to their respective holdings shown on DTC's records. The underwriters will initially designate the accounts to be credited.

Payments by participants to owners of beneficial interests in a global note will be governed by standing instructions and customary practices, as is the case with securities held for customer accounts registered in street name, and will be the sole responsibility of those participants.

A global note can only be transferred:

as a whole by DTC to one of its nominees;

as a whole by a nominee of DTC to DTC or another nominee of DTC; or

as a whole by DTC or a nominee of DTC to a successor of DTC or a nominee of such successor.

Notes represented by a global note can be exchanged for definitive notes in registered form only if:

DTC notifies us that it is unwilling, unable or no longer qualified to continue as the depositary for such global note;

we in our sole discretion determine that such global note will be exchangeable for definitive notes in registered form and notify the trustee of our decision; or

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an event of default with respect to the notes represented by such global note has occurred and is continuing.

A global note that can be exchanged for a definitive note under the preceding sentence will be exchanged for definitive notes that are issued in authorized denominations in registered form for the same aggregate amount. Such definitive notes will be registered in the names of the owners of the beneficial interests in such global notes as directed by DTC.

Except as provided above, (1) owners of beneficial interests in such global note will not be entitled to receive physical delivery of notes in definitive form and will not be considered the holders of the notes for any purpose under the indenture and (2) no notes represented by a global note will be exchangeable. Accordingly, each person owning a beneficial interest in a global note must rely on the procedures of DTC, and if such person is not a participant, on the procedures of the participant through which such person owns its interest, to exercise any rights of a holder under the indenture or such global note. The laws of some jurisdictions require that certain purchasers of securities take physical delivery of the securities in definitive form. Such laws may impair the ability to transfer beneficial interests in a global note.

DTC and the underwriters have informed us that, under existing industry practices, if we request holders to take any action, or if an owner of a beneficial interest in a global note desires to take any action which a holder is entitled to take under the indenture, then (1) DTC would authorize the participants holding the relevant beneficial interests to take such action and (2) such participants would authorize the beneficial owners owning through such participants to take such action or would otherwise act upon the instructions of beneficial owners owning through them.

DTC has provided the following information to us. DTC is:

- a limited-purpose trust company organized under the laws of the State of New York;
- a banking organization within the meaning of the New York Banking Law;
- a member of the Federal Reserve System;
- a clearing corporation within the meaning of the New York Uniform Commercial Code; and
- a clearing agency registered under the Exchange Act.

Settlement for the notes will be made by the underwriters in immediately available funds. The notes will trade in the DTC settlement system until maturity or until definitive notes are issued. DTC will require secondary trading activity in the notes to be settled in immediately available funds.

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UNDERWRITING

General

We intend to offer the notes through the underwriters. Subject to the terms and conditions contained in an underwriting agreement and the related terms agreement among us and Citigroup Global Markets Inc. and Merrill Lynch, Pierce, Fenner & Smith Incorporated as representatives of each of the underwriters named below, we have agreed to sell to the underwriters, and the underwriters severally have agreed to purchase from us, the principal amount of the notes listed opposite their names below.

<u>Underwriter</u>	<u>Principal Amount</u>
Citigroup Global Markets Inc.	\$
Merrill Lynch, Pierce, Fenner & Smith	
Incorporated	
Total	\$

The underwriters have agreed to purchase all of the notes sold pursuant to the underwriting agreement if any of the notes are purchased. If an underwriter defaults, the underwriting agreement provides that the purchase commitments of the nondefaulting underwriters may be increased or the underwriting agreement may be terminated.