



## Information on Tax Basis Allocations and Related Matters

The following charts are designed to assist you in allocating your tax basis in shares of Marriott International, Inc. and shares in any of the other companies that have been directly or indirectly spun off from Marriott Corporation (now called Host Marriott Corporation) since October 1993. The charts also provide information about the taxable spinoff of Crestline Capital Corporation from Host Marriott Corporation in December 1998, and the special dividend paid by Host Marriott Corporation in February 1999.

**We recommend that you consult with your tax advisor regarding the particular federal, foreign, state and local tax consequences of these spinoff transactions to you.**

### 1. ALLOCATION OF TAX BASIS OF MARRIOTT CORPORATION COMMON STOCK

The following table can assist you in allocating your historical tax basis in Marriott Corporation common stock among Host Marriott Corporation, Host Marriott Services Corporation, Marriott International, Inc. and Sodexo Marriott Services, Inc.

Your tax basis in Marriott Corporation common stock should be multiplied by the percentages in the chart below. The resulting amounts should be spread equally among the number of shares (or fractional shares) in each company. **This chart applies only to shares of Marriott Corporation common stock acquired prior to October 8, 1993. The chart assumes that subsequent to October 8, 1993, you did not dispose of any shares in the companies listed below.**

| COMPANY/STOCK  | PERCENTAGE ALLOCATION OF BASIS<br>IN MARRIOTT CORPORATION COMMON STOCK  |
|--|---|
| 1. Host Marriott Corporation (f/k/a/ Marriott Corporation)****   | 16.7489%  |
| 2. Host Marriott Services Corporation (spinoff on 12/29/95 from Host Marriott Corporation*)                            | 2.0481%   |
| 3.(a) Marriott International, Inc. Class A Common Stock (spinoff on 3/27/98 from "old" Marriott International, Inc.**) | 37.5393% (shares initially issued as "common stock" on 3/27/98, and converted into Class A common stock on 5/21/98) |
| (b) Marriott International, Inc. Class A Common Stock (spinoff on 3/27/98 from "old" Marriott International, Inc.**)   | 36.9352% (shares issued as Class A common stock on 3/27/98)   |
| 4. Sodexo Marriott Services, Inc. (f/k/a/ Marriott International, Inc.***)   | 6.7285%   |
| TOTAL  | 100.0000%   |

(Footnotes to chart on next page) ◆

- \* One share of Host Marriott Services Corporation was issued for each five shares of Host Marriott Corporation. On September 1, 1999, Auto Grill S.p.A. purchased all outstanding shares of Host Marriott Services Corporation for \$15.75 per share.
- \*\* One share of “new” Marriott International, Inc. common stock and one share of “new” Marriott International, Inc. Class A common stock were issued for each share of common stock of “old” Marriott International, Inc. (now named Sodexo Marriott Services, Inc.). On May 21, 1998, each share of common stock was automatically converted into one share of Class A common stock.
- \*\*\* Sodexo Marriott Services, Inc. effected a one-for-four reverse stock split on March 27, 1998.
- \*\*\*\* On December 29, 1998, Host Marriott Corporation reorganized itself into a new entity—a real estate investment trust, or REIT. The REIT has retained the name Host Marriott Corporation. Each share of the “old” Host Marriott Corporation became one share in the REIT. Your basis in the new REIT shares is carried over from (i.e., the same as) your basis in the “old” Host Marriott shares.

2. TAX BASIS IN SHARES OF CRESTLINE CAPITAL CORPORATION RECEIVED IN DECEMBER 1998 TAXABLE SPOFF

On December 29, 1998, shareholders of Host Marriott Corporation (“Host Marriott”) received one share of Crestline Capital Corporation (“Crestline”) for each ten shares of Host Marriott, in a taxable spinoff transaction. Fractional shares were paid in cash. This spinoff resulted in 1998 taxable income to Host Marriott shareholders equal to the fair market value of the Crestline shares at the date of the spinoff, which Host Marriott has estimated at \$15.30 per share. Thus, your tax basis in these Crestline shares is \$15.30 per share. Your 1998 taxable income from this distribution is the total of (a) the number of Crestline shares you received, multiplied by \$15.30, and (b) the amount of cash you received in lieu of fractional Crestline shares. You should have received a 1998 Form 1099-DIV for this distribution in January 1999.

3. SPECIAL “STOCK-OR-CASH” HOST MARRIOTT CORPORATION DIVIDEND

On December 28, 1998, the “old” Host Marriott declared a special dividend payable in the form of either (i) \$1.00 per share, or (ii) 0.087 share of Host Marriott per share. Each shareholder elected whether to receive cash or stock. The dividend was paid on February 10, 1999. Host Marriott has determined that all of the special dividend was made out of Host Marriott’s current and accumulated earnings and profits. For 1999 tax purposes, Host Marriott recommends that shareholders treat 96% of the fair market value of the dividend as ordinary taxable income and 4% as capital gains. In January of 2000, Host Marriott sent you a Form 1099-DIV, which will reflect the actual amount of your 1999 ordinary taxable income and capital gains.

- If you elected to receive stock:

If you elected to receive your dividend in stock, you received 0.087 share of Host Marriott for each share of Host Marriott you owned on December 28, 1998, with any fractional shares paid in cash. Thus, your tax basis in this stock is \$11.84375 per share. This distribution of Host Marriott stock results in 1999 taxable income to Host Marriott shareholders equal to the fair market value of the Host Marriott shares at the date of distribution, which Host Marriott has estimated at \$11.84375 per share, plus the amount of any cash received in lieu of fractional shares. Host Marriott used this valuation for purposes of reporting the fair market value of the stock distribution on the Form 1099-DIV that was sent to shareholders in January of 2000.

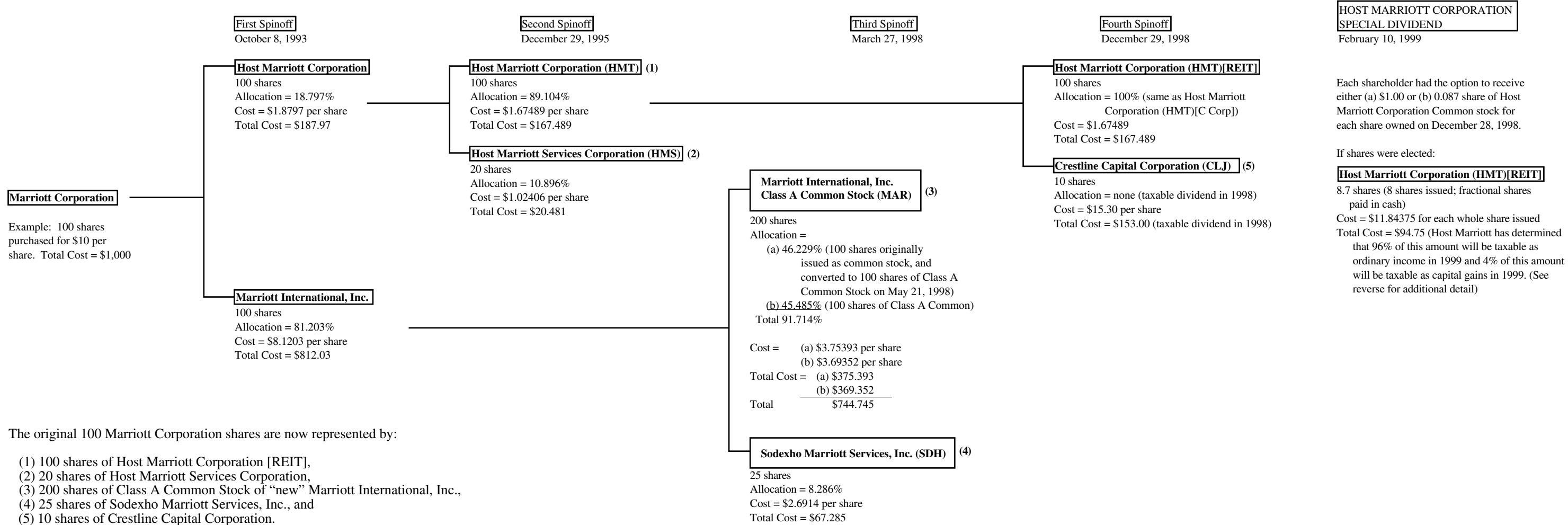
- If you elected to receive cash:

If you elected to receive your dividend in cash, you received \$1.00 in cash for each share of Host Marriott you owned on December 28, 1998. This amount will be taxable income to you in 1999.

## EXAMPLE OF TAX BASIS ALLOCATION

The following chart illustrates the basis allocations resulting from each of the four spinoff transactions listed below and the February 1999 Host Marriott special dividend. The chart assumes that 100 shares of Marriott Corporation were purchased for \$10 per share prior to October 8, 1993, and that none of these shares, or shares in the spun off companies, have been disposed of.

**We recommend that you consult with your tax advisor regarding the particular consequences of these spinoff transactions to you.**



The original 100 Marriott Corporation shares are now represented by:

- (1) 100 shares of Host Marriott Corporation [REIT],
- (2) 20 shares of Host Marriott Services Corporation,
- (3) 200 shares of Class A Common Stock of “new” Marriott International, Inc.,
- (4) 25 shares of Sodexho Marriott Services, Inc., and
- (5) 10 shares of Crestline Capital Corporation.

You would own an additional 8 shares of Host Marriott Corporation [REIT] if you elected to receive the February 10, 1999 special dividend in stock instead of cash.